

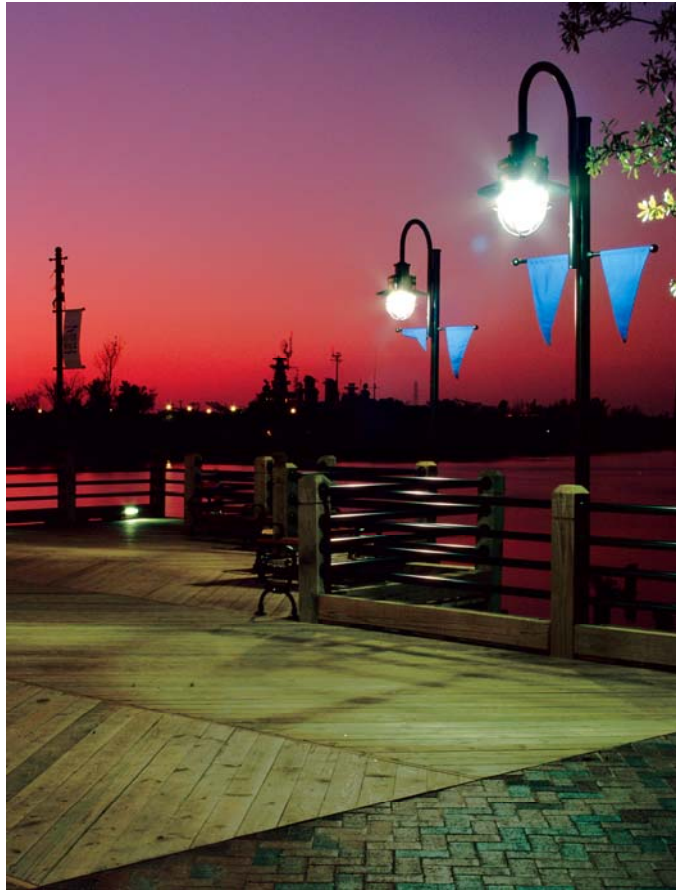
# Comprehensive Annual Financial Report



City of Wilmington North Carolina  
For the Fiscal Year Ended June 30, 2009

**(BACK OF COVER)**

# City of Wilmington North Carolina



Riverwalk at Dusk  
Photograph Courtesy of WK Dickson

## Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2009



Prepared by  
Finance Department

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**INTRODUCTORY SECTION TAB (FRONT)**

**INTRODUCTORY SECTION TAB (BACK)**

# CITY OF WILMINGTON, NORTH CAROLINA

## Comprehensive Annual Financial Report

Year Ended June 30, 2009

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**City Council**

Bill Saffo, Mayor  
James L. Quinn, III, Mayor Pro-Tem  
Margaret Haynes  
Laura W. Padgett  
Earl Sheridan  
Ronald W. Sparks  
Kristi Tomey

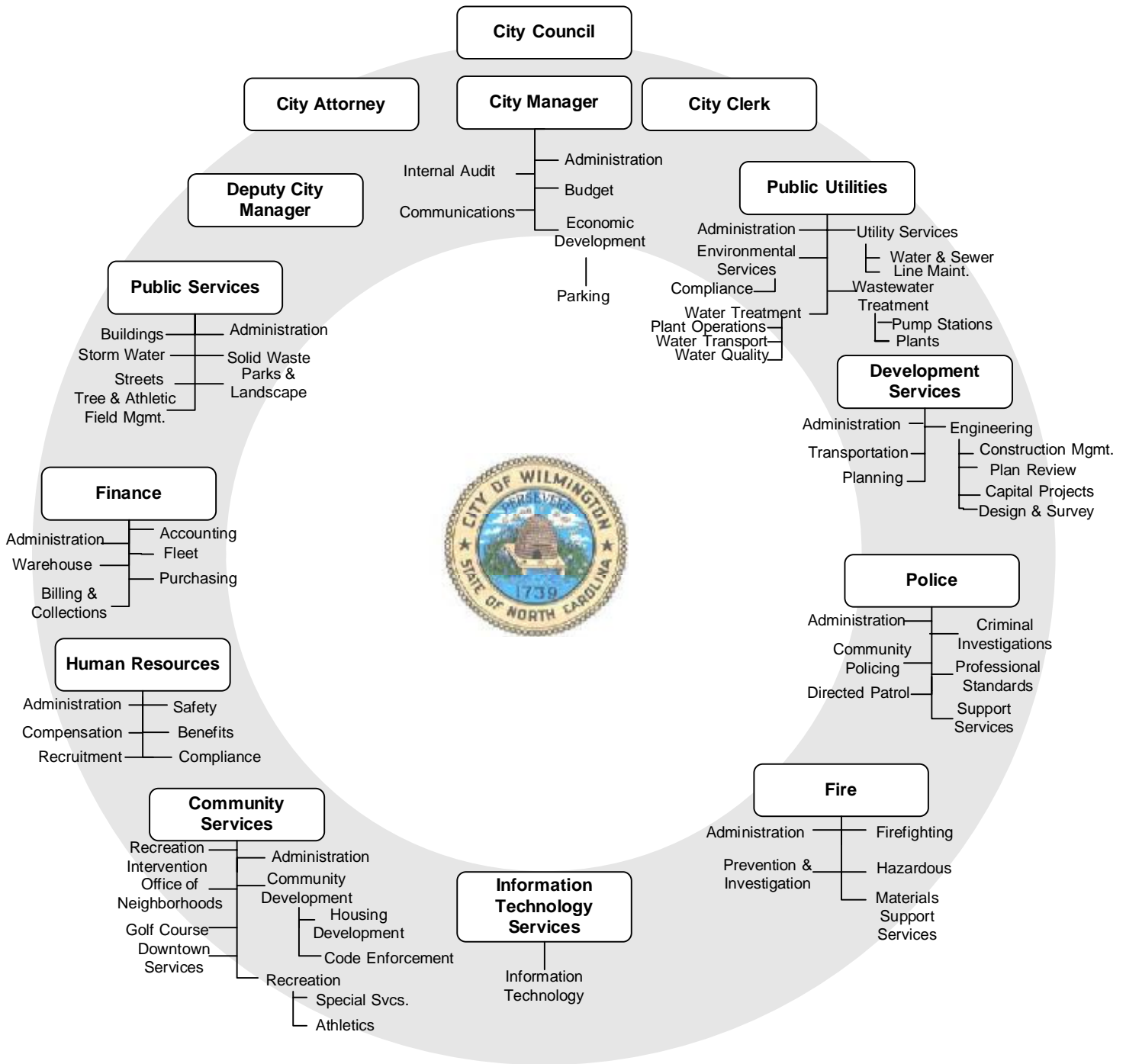
**City Manager**

Sterling B. Cheatham

**Finance Director**

Debra H. Mack

# City of Wilmington North Carolina





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October 30, 2009



## **TO THE HONORABLE MAYOR, MEMBERS OF THE CITY COUNCIL AND CITIZENS OF THE CITY OF WILMINGTON, NORTH CAROLINA**

It is our pleasure to submit the Comprehensive Annual Financial Report of the City of Wilmington, North Carolina for the fiscal year ended June 30, 2009. State law requires that all general-purpose local governments annually publish a complete set of financial statements. The financial statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This report complies with these requirements.

The Comprehensive Annual Financial Report consists of management's representations concerning the finances of the City. 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 has established a comprehensive internal control framework that is designed both to protect City assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of the internal controls should not outweigh their benefits, the City's comprehensive framework on internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. 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's financial statements have been audited by Lanier, Whaley, Craft and Company, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2009 are free of material misstatement. The independent auditor concluded, based upon the audit that the City's financial statements for the fiscal year ended June 30, 2009 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federal and state mandated "Single Audit" designed to meet the special needs of 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 on the City's compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal and state programs. These auditor reports are available in the Single Audit section of this report.

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

# PROFILE OF THE CITY OF WILMINGTON



Wilmington, incorporated in 1739, is located approximately at the midpoint of the eastern seaboard of the United States, in the southeastern coastal section of North Carolina. The City is an active business, service and industrial center for the surrounding four-county area with a population of more than 359,000 persons county-wide. Numerous State and Federal agencies have regional offices in the area and the City serves as the financial, medical, legal, communications and transportation center for the southeastern part of the State. With a land area of approximately 52.76 square miles, the City is on the Cape Fear River approximately 30 miles from the Atlantic Ocean, the County seat of New Hanover County and home to the State's largest port. The City has a population of 101,526, making it the eighth largest city in North Carolina.



The City has a Council-Manager form of government. The Council is comprised of the Mayor and six Council members. The Mayor is elected at large every two years and the Council members are elected at large every four years with staggered terms. The Council is the legislative body of city government with the Mayor as a voting member and the presiding officer. The city manager is appointed by the Council and administers the daily operations of the City through appointed department heads.

The City provides the full range of services contemplated by statute. This includes police, fire, sanitation, streets, public improvements, planning and zoning and general administrative services. The City also operates parking facilities, a golf course, and provides solid waste and storm water management services. In addition, the Cape Fear Public Transportation Authority, a component unit, provides bus transit services within the City.

The City is empowered to levy a property tax on both real and personal properties located within its boundaries and New Hanover County is the only other unit that levies taxes within the City's corporate limits. The City is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing board.

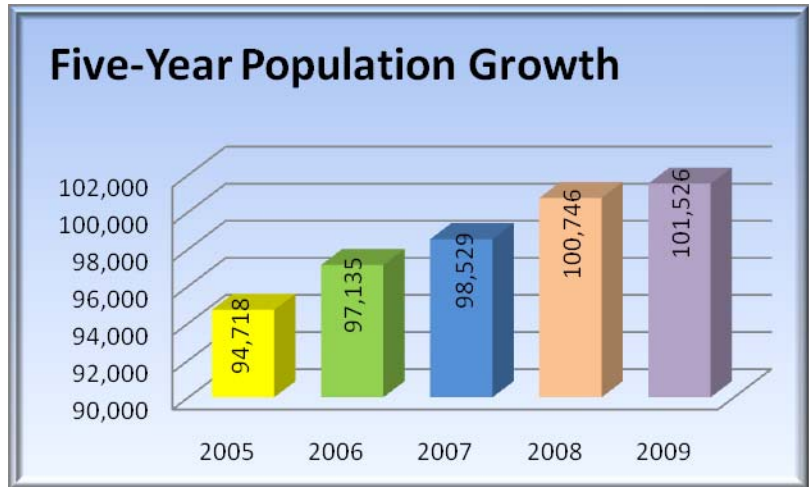


The Annual Budget serves as the foundation of the City's financial planning and control. The City's strategic plan is revised as needed and priorities for the upcoming budget process are identified. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than June 30, the close of the fiscal year. The annual budget is prepared at a functional level (e.g. public safety). Department heads may make transfers of appropriations within a department. Transfers of appropriations between functions (e.g. public safety), however, require the special approval of the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund and enterprise fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented as part of the basic financial statements for the governmental funds. For enterprise funds with appropriated annual budgets, this comparison is presented in the enterprise funds subsection of this report. Also included are budget-to-actual comparisons for each governmental fund and enterprise fund for which a project-length budget has been adopted (i.e., special revenue funds and capital projects funds).

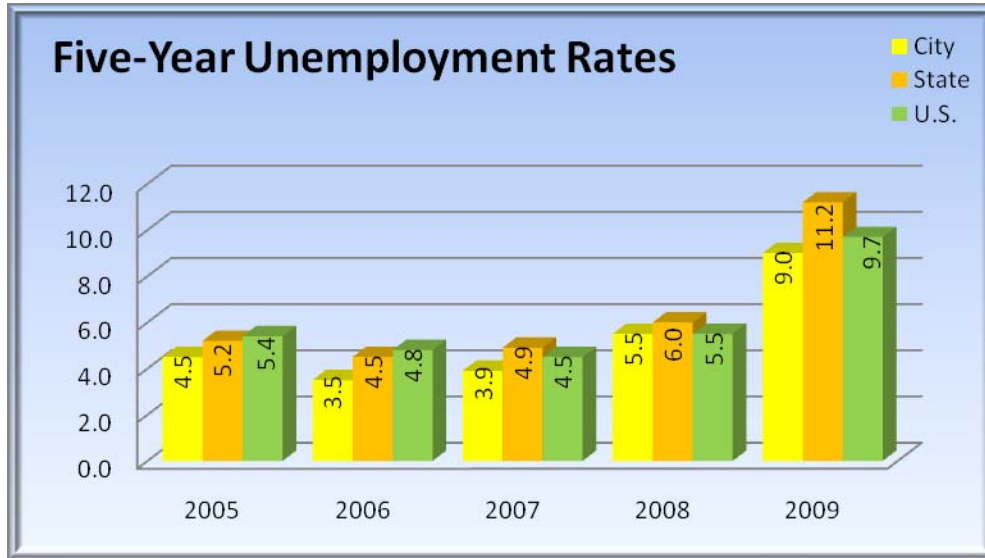
## ECONOMIC CONDITIONS AND OUTLOOK

The City serves as the economic, cultural, and services hub for southeastern North Carolina. The historic attractions, mild climate, water related activities, and business opportunities have made the region one of the fastest growing areas of the nation. The Milken Institute/Greenstreet Real Estate Partners Best Performing Cities Index for 2008 ranks the Wilmington MSA 6<sup>th</sup> in the nation in the largest metropolitan areas category for its ability to create and sustain jobs making it the 2<sup>nd</sup> highest ranked large metropolitan area in North Carolina. Fortune Small Business ranked the Wilmington MSA 14<sup>th</sup> among mid-size metro areas for "Best Places to Launch Small Business". Forbes Magazine's 11<sup>th</sup> annual ranking of Best Places for Business and Careers ranked Wilmington 13<sup>th</sup> out of the 200 largest metropolitan areas in the US; and Forbes "Best Cities for Technology Jobs" ranked Wilmington 5<sup>th</sup> in the number of information-sector jobs created since 2000.

The city's population has increased over 33% since 2000. According to New Hanover County, development exceeded \$540 million in fiscal year 2008-2009. An annual forecast prepared by the University of North Carolina at Wilmington's Cameron School of Business estimates the area's economy will grow at a rate of 4.0% in 2010, more than that forecast for the state of North Carolina, 1.5% and the nation, 2.1%.



**Wilmington's unemployment rate has consistently been less than state and federal levels.** This is in part due to the diversity of the local economy with professional services, trade, health care, the hospitality industry, telecommunications equipment, pharmaceuticals and construction.



**No single industry or employer dominates the local economy.** Major employers in the City with over 1,000 employees include New Hanover Health Network, New Hanover County Board of Education, General Electric Company, UNCW, Pharmaceutical Product Development Inc., New Hanover County, Cape Fear Community College, Verizon Wireless, City of Wilmington, and Corning.

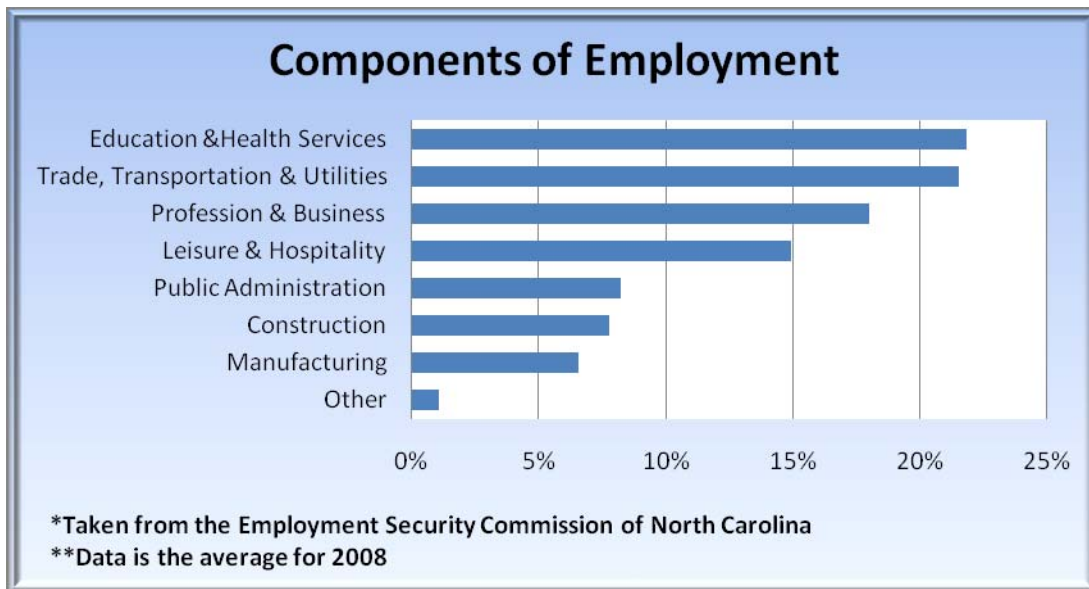
Top Ten Employers			Percentage of Total Employment (1)
Employer	Product/Service	Employees	
New Hanover Health Network*	Health Care	4,887	4.61%
New Hanover County Schools**	Education	4,129	3.90%
General Electric Nuclear Fuel/Aircraft***	Uranium Enrichment & Nuclear Fuel	3,000	2.83%
University of N. C. (Wilmington)*	Education	1,809	1.71%
Pharmaceutical Products Dev.*	Pharmaceuticals	1,800	1.70%
New Hanover County**	Education	1,673	1.58%
Cape Fear Community College*	Education	1,256	1.19%
Verizon Wireless*	Telecommunications	1,200	1.13%
City of Wilmington*	Government	1,114	1.05%
Corning, Inc.***	Optical Fiber	1,000	0.94%
<b>Total</b>		<b>21,868</b>	<b>20.64%</b>

Source: Wilmington Industrial Development

Notes:

- \* Located within the City of Wilmington
- \*\* Located partially in City
- \*\*\* Located within New Hanover County

(1) Total employment numbers available from North Carolina Employment Security Commission only on a county basis.



Local industries are involved in a range of operations from simple assembly to manufacturing processes producing synthetic fibers, fiber optics, nuclear fuel and jet engine components. **Wilmington is home to the Global Headquarters of Pharmaceutical Product Development, Inc., General Electric Nuclear Fuel and Guilford Mills, Inc.**

Corning Inc. operates an optical fiber plant in the City. Although Corning has idled several lines at the plant in the past, employment levels have increased with the current work force estimated at 1,000 jobs up from 928 in 2008. In July 2007, Corning announced the invention of a fiber capable of twisting and turning without losing its signal. Verizon Communications, which helped Corning develop the new fiber (known as ClearCurve®), is spending \$23 billion to put down 80,000 miles of fiber to reach the homes of 18 million customers by 2010. Corning’s goal for the new fiber is to facilitate connecting to the estimated 680 million apartment homes worldwide, 25 million of them in the United States. ClearCurve fiber is hundreds of times more bendable than standard single-mode fiber and can be pulled through wall studs and stapled to wood. Verizon Communications announced in February 2008 that it had chosen the ClearCurve® fiber manufactured at the City’s Corning plant to install fiber-optic service.

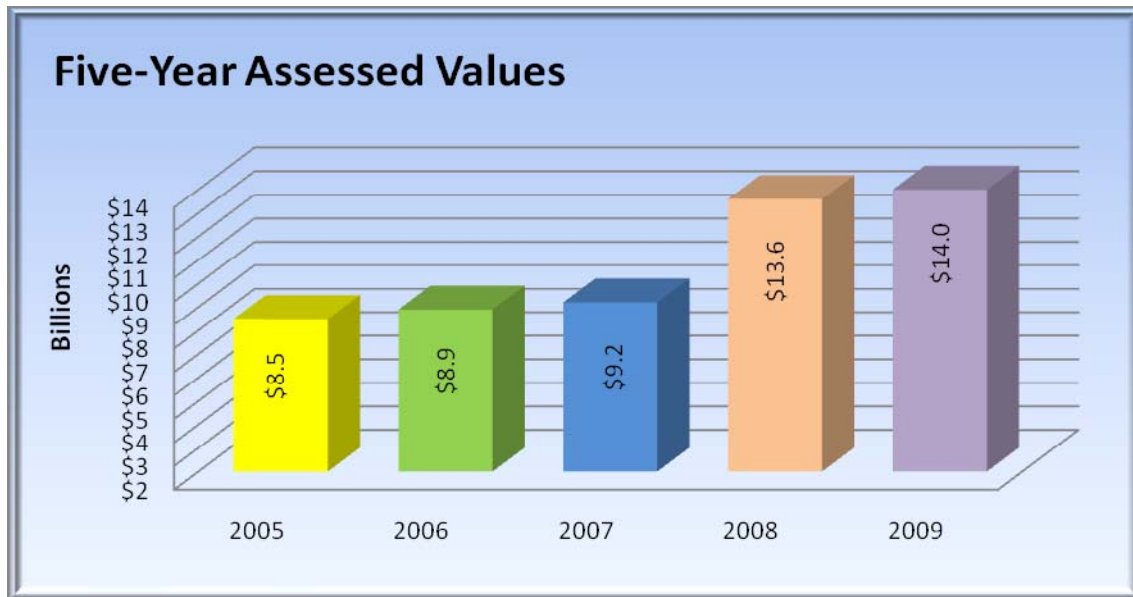
On January 13, 2009 Corning announced a new ClearCurve® ultra-bendable multimode optical fiber for use in data centers and enterprise networks. Corning ClearCurve® multimode fiber is the world’s first laser-optimized multimode fiber that meets the high bandwidth requirements of today’s enterprise networks and also delivers significantly improved bend performance at bend radii below 10 mm. ClearCurve® multimode fiber maximizes system reliability, minimizes system downtime and provides opportunities for cost reduction. In addition, cabling and system integrators can take advantage of the improved bend in smaller and lighter cable, hardware and equipment designs. These new designs will enable smaller, denser, more “green”, and easier to install data centers and enterprise networks.

In February 2005, the City and the County approved and authorized the execution and delivery of a business investment grant agreement with Pharmaceutical Product Development, Inc. (“PPD”) in connection with the construction of a new world headquarters facility in the City’s downtown area. PPD is a leading global contract research organization providing discovery, development and post-approval services as well as compound partnering programs for pharmaceutical, biotechnology, medical device, academic and government organizations. For the year ended December 31, 2008, PPD had net income of \$187.5 million on net revenues of \$1.57 billion and income from operations of \$281.8 million, representing increases of 14.7% or \$24.1 million in net

income, 11% or \$160 million in net revenues and 22.5% or \$51.8 million in income from operations over the year ended December 31, 2007. PPD was named one of North Carolina's Best Employers for 2009 and was featured in the July/August issue of NC Magazine. PPD ranked number seven among all companies and was the only contract research organization to receive the award.

In October 2003, General Electric announced the relocation of its global headquarters for nuclear fuel to its New Hanover County campus. Although not located in the City, the move has resulted in the creation of 200 new jobs in the Wilmington area. The average salary of the jobs relocating to the Wilmington area is more than \$100,000 a year.

In April 2008, GE Hitachi Nuclear Energy (GEH) announced plans to embark on a major expansion of its already sizable presence in the greater Wilmington area as it pioneers new uranium enrichment technologies that have important ramifications for the nation's commercial energy producers. GEH intends to build new manufacturing capacity, training centers, simulation buildings and testing facilities at its 1,600-acre campus in New Hanover County. The move brings the region more than \$700 million in new investment and 900 technical, operational and support jobs averaging \$85,000 in annual pay. Some 22 North American locations were under contention for the facility.



Construction began in 2004 on a mixed use development known as Mayfaire. This development includes more than 400 acres and, upon completion, will have a wide range of residential, retail and office development with 140 acres of open space. The total development is estimated at \$400 million and is expected to be completed in 2010. As of June 2009, approximately 85% of the overall Mayfaire project was complete. In May 2004, the Town Center portion of the project was opened with more than 386,000 square feet of restaurant and retail space.

In September of 2007, Phase II, portions of Phase III and an 80,000 square foot grocery-anchored retail center were opened, bringing the total to more than 650,000 square feet of retail and restaurant space. Phase II tenants include Pottery Barn, Victoria's Secret, Eddie Bauer and other retailers. The developer at Mayfaire is currently working with several tenants to occupy the second phase of the Mayfaire Community Center which will consist of approximately 100,000 square feet of new retail. Construction is expected to commence on this portion of the project in approximately one year. The second of two programmed hotels, a 118 room Homewood Suites,

started construction in March of 2009. Completion of the second hotel is scheduled for spring of 2010. **Wachovia selected the Mayfaire Office Park for the location of its corporate mortgage operations center.** The first phase, a 90,000 square-foot building opened in 2006 and has been programmed for future expansion. Construction of more office buildings containing both traditional and medical office uses are expected within the next year. The project also boasts a wide range of residential units, with 84 condominiums in mixed use buildings, 212 free-standing condominiums, more than 100 single family detached housing units in a neo-traditional setting and a for-rent apartment component.

Construction began in 2007 on a mixed use development known as “Autumn Hall.” This development includes more than 200 acres and will have a wide range of residential, retail and office development including approximately 274 single family residential lots, 33 town homes, 110 residential condominiums, 403,000 square feet of retail space, 355,000 square feet of office space, a 135 room hotel and 72 acres of common/open space. The total development is estimated to have a value of \$420 million and is expected to be completed by 2018. Phase I, which is currently under construction, consists of approximately 100 single family home sites and approximately 131,000 square feet of office and commercial use, including Novant, a 40,000 square foot medical office facility.

The View on Water Street, located at 101 North Front Street downtown, was approved for construction in 2009. Once completed, the project will be 188,550 square feet, including 71 residential dwelling units, 95 private parking spaces, and 5,193 square feet of commercial space.

A voluntarily annexation was approved in 2009 that brought approximately 1,358 acres into the city limits. The majority of the project, known as "River Lights," is zoned R-7(CD), Residential (Conditional District), and will contain a blend of single-family and multi-family residential units. The remaining land, which is zoned MX, Mixed Use and concentrated along the Cape Fear River, will contain office and retail uses, as well as a marina. The project will provide connectivity to adjacent existing neighborhoods and includes a re-alignment of River Road. The developer will provide off-site traffic improvements including upgrades to Independence Boulevard and River Road. The applicant submitted a development agreement in conjunction with the re-zoning request. The agreement limits the development to a maximum of 2,290 residential dwelling units and also allows flexibility for the developer to transfer density within phases up to 25%. The developer will provide funding or property to the City of Wilmington Fire Department to extend fire protection services and also will dedicate land for public parks and funds for the New Hanover County school system.

Tourism is the area’s largest economic component in terms of employment and revenues. Nearby beaches, the historic river front area, and the USS North Carolina Battleship Memorial are attractions for tourism business. A variety of special events held year-round, such as the Azalea Festival and Riverfest, add to the area’s appeal to tourists. The New Hanover County Tourism Development Authority (“TDA”) was established to expand the tourism industry and to maintain the health of the local economy. Funded in large part by the room occupancy tax discussed herein, the TDA serves as an umbrella organization representing all of the services available to a visitor within the area. The North Carolina Division of Travel and Tourism has estimated that in 2008, travel and tourism generated \$422.65 million. This number represents a .08% decrease from revised 2007 revenues. Despite the slight decrease, New Hanover County maintains its rank of number eight among North Carolina’s 100 counties in tourism expenditures.

State and local tax revenues from travel to New Hanover County amounted to \$37.14 million. Travel generated \$99.73 million in payroll in 2008 and provided 5,510 jobs.

The filmmaking industry has been an important economic force in the City and the County since the construction of production facilities in 1983 by DEG Inc. Now owned by EUE/Screen Gems Studios it is the largest television and movie production facility outside of California. The studio has nine sound stages offering over 88,400 square feet of stage space with stage 10 under construction adding another 37,500 square feet of stage space, totaling 125,900 square feet. Stage 10 will be the 3<sup>rd</sup> largest stage in the United States and will have one of the largest special effects water tanks in North America. The County continues to be one of the most productive and cost effective filmmaking destinations. From 1984 to present, the County has hosted more than 350 feature films, mini-series, “movies of the week,” eight television series along with numerous commercials and music videos. Producers continue to utilize the available resources for filmmaking and it is expected that the studio will remain a popular facility in the State.

**No single taxpayer comprising more than 1.4% of the total tax base provides further confirmation of the City’s diversity.**

<b>Top Ten Taxpayers</b>		
Taxpayer	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
Corning Inc.	\$ 195,438,384	1.40 %
UDRT of North Carolina LLC	66,567,697	0.48
Carolina Power & Light Co.	63,125,623	0.45
BellSouth Tel Co.	50,383,340	0.36
Independence Shoppingtown	48,459,567	0.35
Mayfaire Retail LLC	34,199,668	0.25
River Ventures LLC	25,939,121	0.19
Piedmont Natural Gas Co. Inc.	24,069,475	0.17
PPD Development	24,015,363	0.17
AAI	20,615,535	0.15
Total	<u>\$ 552,813,773</u>	<u>3.97 %</u>

**Source:** New Hanover County Tax Office

## HOSPITAL AND MEDICAL FACILITIES

New Hanover Health Network (NHHN) continues to expand its services and is southeastern North Carolina's leading health-care provider with over 4,800 employees. Construction is underway for a four-year \$221 million expansion of their Wilmington facilities which will provide for the addition of approximately 332,500 square feet of space and the renovation of approximately 289,320 square feet of space. The plan features a new women's and children's center with an expanded service line to include the area's first pediatric intensive care facility which was completed in April 2008. The current nine floor patient tower is being completely renovated and converted to almost all private rooms with an anticipated completion around the end of 2010. A new 100,000 square foot surgical pavilion on the main campus began taking patients in June 2008 and features 26 operating rooms and 76 recovery rooms.

## TRANSPORTATION

### *The Road System*

The City is served by Interstate 40, U.S. highways 17, 117, 74, 76 and 421 and by North Carolina Highways 132 and 133. These highways connect the area to the major cities in North Carolina, South Carolina and Virginia.

### *Ground Based Freight and Mass Transit*

Other transportation resources in the City include the CSX Rail Transport Group which provides rail freight service in the area with one scheduled train daily. Local bus service is provided by the Cape Fear Public Transportation Authority, which is governed by an eleven-member board with five members appointed by the Wilmington City Council, five members appointed by the County and one member jointly appointed by the City and the County. A private management firm operates a system of ten routes, UNCW Shuttle service, and historic downtown trolley. The City's subsidy to the system is budgeted at \$1,140,000 for fiscal year ending June 30, 2009. This amount represents approximately 18% of the current year's transit budget. There are also approximately 55 trucking companies serving the greater Wilmington area.

### *Wilmington International Airport*

The Wilmington International Airport, a component unit of New Hanover County (the "Airport") is operated by the New Hanover County Airport Authority. The Airport is the fourth largest in the State. In calendar year 2008, the Airport served 814,502 passengers, an increase of 1.7% over 2007. Three commercial airlines, US Airways, ASA Delta Connection, and Allegiant Air, provide regular jet and commuter service with 25 daily flights, offering direct (non-stop) service to Atlanta, Charlotte, New York, Philadelphia, and Orlando Sanford and one-stop connections to 100's of destinations both domestically and internationally.

The Airport has recently constructed a new U.S. Customs and Border Protection General Aviation International Clearance Facility. This 13,500 square feet facility will process commercial and general aviation public passengers entering and exiting the United States. The Airport has been a designated U.S. Customs facility for many years; however, rapid growth through the years created such a demand that it became necessary to build a new facility in order to handle current and future capacity.

## *The State Port*

The City's location affords industries equal accessibility to major markets to the north and south. The Wilmington port, located in the City on the east bank of the Cape Fear River, is one of two deep water harbors in the State. In the fiscal year ended June 30, 2009, the State-owned port terminal in the City handled 3,074,844 tons of cargo. The Port of Wilmington has ample capacity to support today's cargo volumes and continues to invest in expanding the facility to meet projected growth in international trade, with a major expansion project currently under way. An aggressive capital program has positioned the Port of Wilmington in a new class of service to the maritime transportation industry. A 42-foot navigational channel offers customers additional vessel capacity. Readily available modern transit and warehouse facilities, new state-of-the-art Panamax container cranes and support equipment, and the latest in cargo management technology provide a broad platform for supporting international trade to the fast-growing Southeast U.S. market. Recent and ongoing improvements to regional and national highway networks make surface transportation supporting the Port of Wilmington superior to neighboring ports. CSX Transportation provides daily service for boxcar, tanker and general cargo services.

## EDUCATION

Cape Fear Community College ("CFCC"), the 5th largest school in the North Carolina Department of Community Colleges system, is located in the City. CFCC offers 63 technical and vocational programs along with 21 college transfer programs and serves 7,622 part-time and full-time equivalent students. Funding for CFCC is provided through the County, State and Federal governments.



[Union Station Project](#)

Cape Fear Community College's new Union Station project will be a major new addition to the landscape of downtown Wilmington. The project is the first building funded by the \$164 million bond referendum passed by New Hanover County voters in November 2008. The local bond funds are being spent locally to provide more job training opportunities for the local community. Located at the corner of Front and Red Cross streets, the building will enable CFCC to better serve local citizens by providing more classrooms for general college classes, expanded health care training labs, and a student services center.



The University of North Carolina at Wilmington (“UNCW”), also located within the city, was founded as Wilmington College in 1947 and designated a university in 1969. UNCW is the only public university in southeastern North Carolina. Expanding from three buildings in 1961 to more than 90 today, the campus still reflects the Georgian style of architecture that has made the institution one of the most attractive in the State of North Carolina. UNCW manages the nation’s only underwater ocean laboratory, Aquarius, owned by NOAA and located in the Florida Keys National Marine Sanctuary.



UNCW, for the 12<sup>th</sup> consecutive year, was rated among the top 10 public master’s universities in the south by *U.S. News and World Report* and sixth on its list of “up-an-coming” master’s universities in the South. Among all 117 public and private universities in the South that provide a full range of undergraduate and master’s level programs, UNCW is ranked 12th, up from 14th in 2009 and steadily advancing from 24th in 2002. UNCW is one of best colleges and universities in the Southeast, according to the *Princeton Review*. This is the sixth consecutive year that UNC Wilmington has been named to this elite group. UNCW was included, for the first time, in the prestigious *Fiske Guide to Colleges* and was named as a 2010 Military Friendly School by *G.I. Jobs*. The Master of Fine Arts in creative writing is one of the most respected on the East Coast, cited as one of “Five Top Innovative/Unique Programs in Creative Writing” in 2007 by *Atlantic Monthly*.

UNCW is a comprehensive level I university in the 16-campus University of North Carolina system. It is accredited by the Southern Association of Colleges and Schools and offers bachelor’s degrees in 52 majors, 35 master’s degrees, and 2 Doctoral programs. UNCW is funded with State appropriations and receives federal funds for research and financial aid programs. UNCW had a Fall 2009 enrollment of 12,413 full-time-equivalent undergraduate and graduate students.

## LONG-TERM FINANCIAL PLANNING

The City seeks to consistently maintain a strong financial position as evidenced by its AA/AA+/Aa2 by Fitch, Standard and Poor’s and Moody’s respectively. This objective requires regular long-term planning of operating and capital requirements for its major general government and enterprise programs. In doing so, the City relies on key financial policies and procedures for dealing with future events in financially responsible ways.

Annually the City adopts a 5-year Capital Improvement Program (CIP) that looks ahead to project and plan for capital needs addressing both project needs and financial strategy. Major areas covered by the CIP are transportation, parks, stormwater utility, downtown infrastructure improvements and general public improvements.

A key financial goal of the City for many years has been the maintenance of an undesignated fund balance equal to 20% of current year General Fund expenditures. In addition, the City has desired to appropriate a consistent level of fund balance each year resulting from positive budget variances. These goals are met in the fiscal year 2009 results that are built into the 2009-2010 operating budgets. A number of financial models are also used in the budget process and provide a means of projecting long-term resource requirements. These include a debt model, a parking fund model, a cash flow model, rate sensitivity analyses and financing pro formas. Other practices followed are designed to avoid the meeting of recurring expense needs with one-time revenue resources and to ensure an ongoing mix of pay-as-you-go funding of capital needs with long-term debt.

## MAJOR INITIATIVES

### *Public Facilities*

On May 1, 2008, the City completed financings for a new 113,000 square-foot convention center and related 581-space parking deck being constructed on the Cape Fear River in downtown Wilmington. The cost of the facility is expected to be \$56.6 million, including the parking deck and reimbursement for the cost of land. The facility is currently under construction and is expected to be completed in early 2010.

### *Water and Sewer Consolidation*

In September 2005 a resolution was concurrently approved by the Wilmington City Council and the New Hanover County Commissioners declaring the intention of the two bodies to form a separate authority to consolidate water and sewer operations. In June of 2006, the two bodies created a Water Sewer Advisory Committee to guide the consolidation effort. In May 2007, the City Council of the City and the New Hanover County Board of Commissioners each adopted resolutions creating a water and sewer authority to consolidate the water and sewer systems of the City, the County and the New Hanover Water and Sewer District (the "District"). The articles of incorporation for the Cape Fear Public Utility Authority (the "Authority") were approved by the State of North Carolina on July 2, 2007. An interlocal transition and operating agreement was approved by the City, the County and the Authority in January, 2008. This agreement provided for the transfer of the water and sewer assets and liabilities of the City, the County and the District to the Authority. This transfer took place on July 1, 2008.

### *Private Facilities*

A three-story, 52,500 square foot medical office building has been submitted for review on Sir Tyler Drive. The projected \$2.7 million project will be home to Westfall Medical Offices. The project is currently under review by the planning staff.

## AWARDS AND ACKNOWLEDGMENTS

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 for its comprehensive annual financial report for the fiscal year ending June 30, 2008. The Certificate of Achievement is a prestigious national award recognizing achievement with the highest standards in government accounting and financial reporting.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR) whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Wilmington has received a Certificate of Achievement for twenty-six consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to the GFOA.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We especially express our appreciation to Ellen Owens, Cristal Jenkins, Scott Steinhilber, Alice Johnson, Barbara Richburg and Eric Olsen for their efforts and contributions to the preparation of this report and Kathy Mann for the cover design.

Respectfully submitted,



Debra H. Mack  
Finance Director



Bryon Dorey  
Assistant Finance Director-Treasurer



Stephanie Jacobs  
Assistant Finance Director - Controller

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Wilmington  
North Carolina

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2008

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.



A handwritten signature in black ink, appearing to read "M. L. R.", is written above the title "President".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer", is written above the title "Executive Director".

Executive Director

**FINANCIAL SECTION TAB (FRONT)**

**FINANCIAL SECTION TAB (BACK)**



**Lanier, Whaley, Craft & Co.**  
*Certified Public Accountants and Consultants*

**Independent Auditor's Report**

The City Council  
City of Wilmington, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Wilmington, North Carolina, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Wilmington's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Wilmington, North Carolina as of June 30, 2009, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison of 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 our report dated October 30, 2009 on our consideration of the City of Wilmington's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of the 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 read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance and Other Postemployment Benefits' Schedules of Funding Progress and Schedules of Employer Contributions on pages 3 through 12 and 87 through 90 respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the City of Wilmington, North Carolina. The introductory information, combining and individual nonmajor fund financial statements and schedules and, the statistical tables, as well as the accompanying schedule of expenditures of federal and State awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules, as well as the accompanying schedule of expenditures of federal and State awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory information and the statistical tables have not been subjected to the auditing procedures applied by us in the audit of basic financial statements and, accordingly, we express no opinion on them.

*Lanier, Whaley, Craft & Co.*

Wilmington, North Carolina  
October 30, 2009



## Management's Discussion and Analysis

As management of the City of Wilmington, we offer readers of the City of Wilmington's financial statements this narrative overview and analysis of the financial activities of the City of Wilmington for the fiscal year ended June 30, 2009. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

### Financial Highlights

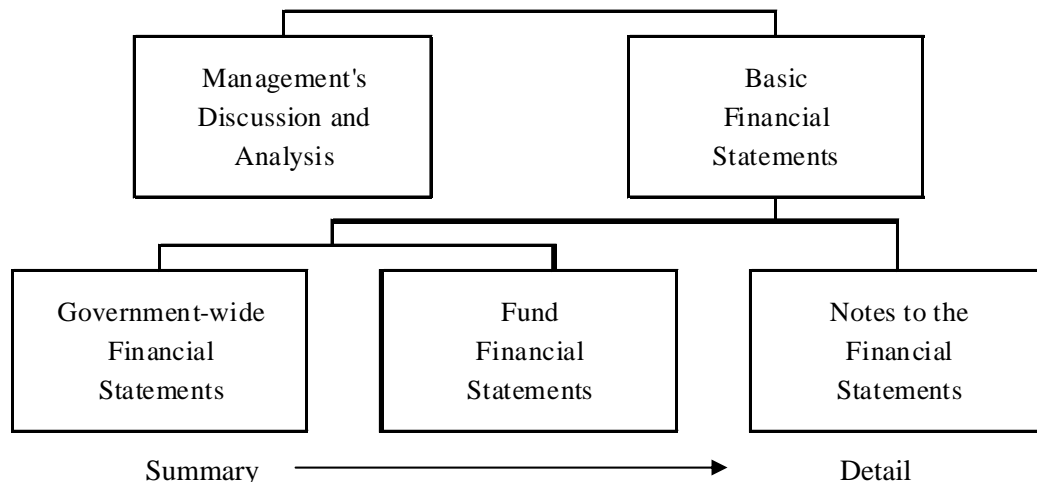
- The assets of the City of Wilmington exceeded its liabilities at the close of the fiscal year by \$294,853,714 (*net assets*).
- The government's total net assets decreased by \$167,615,513, with approximately 98.2% of that amount accounted for in the net assets of the business-type activities and 1.8% in the net assets of the governmental activities. The most significant factor contributing to this decrease was the conveyance of assets and liabilities of the water, sewer and ground water systems to the Cape Fear Public Utility Authority (CFPUA) as more fully described in the notes to the financial statements.
- As of the close of the current fiscal year, the City of Wilmington's governmental funds combined ending fund balances decreased \$21,118,932 from the prior year to a total of \$111,205,528. Approximately 10.50% of the combined fund balances, or \$11,679,210, is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$18,648,976 or 26.1% of total general fund expenditures for the fiscal year.
- The City of Wilmington's total long-term liabilities decreased by \$63,993,696 or 21.6% during the current fiscal year. Total long-term liabilities increased for governmental activities by \$44,586,612 and decreased for the business-type activities by \$108,580,308. The most significant factor contributing to the overall decrease was the conveyance of revenue bond debt associated with the water, sewer and ground water system to the CFPUA. However, the increase in governmental activities was due to the city retaining the debt for the general obligation bonds and installment purchase obligations for which the CFPUA reimburses the city by contractual obligation.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Wilmington's basic financial statements. The City's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see figure 1). The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City of Wilmington.

### Required Components of Annual Financial Report

Figure 1



## **Basic Financial Statements**

The first two statements in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the City's financial status.

The next statements are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the City's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

## **Government-wide Financial Statements**

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

The two government-wide statements report the City's net assets and how they have changed. Net assets are the difference between the City's total assets and total liabilities. Measuring net assets is one way to evaluate the City's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the City's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the City charges customers to provide. These include solid waste services, parking facilities, storm water management, and a golf course operated by the City. The final category is the component unit. Although legally separate from the City, the Cape Fear Public Transportation Authority is important because of the financial support provided to the Authority by the City and the appointment of Authority members.

The government-wide financial statements are on pages 13 - 15 of this report.

## **Fund Financial Statements**

The fund financial statements (see figure 2) provide a more detailed look at the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Wilmington, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All of the funds of the City of Wilmington can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds** – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City of Wilmington adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

**Proprietary Funds** – The City of Wilmington has two different kinds of proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Wilmington uses enterprise funds to account for its golf course operations, solid waste services, storm water management, and operations of the parking facilities. These funds are the same as those functions shown in the business-type activities in the Statement of Net Assets and the Statement of Activities. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the functions of the City of Wilmington. The City uses an internal service fund to account for two activities – fleet operations and personal computer replacement. Because these operations benefit predominantly governmental rather than business-type activities, the internal service fund has been included within the governmental activities in the government-wide financial statements.

**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 are on pages 36 - 86 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Wilmington’s progress in funding its obligation to provide pension and other postemployment benefits to its employees. Required supplementary information can be found beginning on page 87 of this report.

### **Government-Wide Financial Analysis**

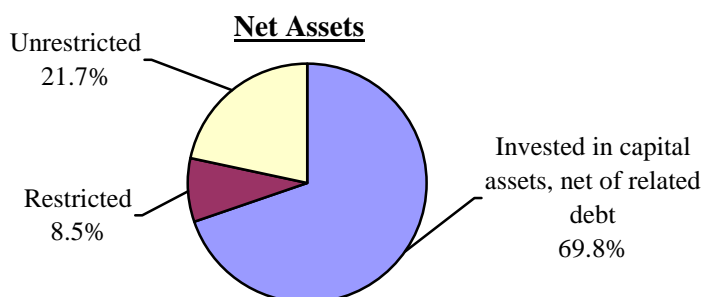
As noted earlier, net assets may serve over time as one useful indicator of a government’s financial condition. The assets of the City of Wilmington exceeded liabilities by \$294,853,714 as of June 30, 2009. The City’s net assets decreased by \$167,615,513 for the fiscal year ended June 30, 2009. As mentioned previously, the most significant factor contributing to this decrease was the conveyance of assets and liabilities of the water, sewer and ground water systems to the CFPWA as more fully described in the notes to the financial statements.

A significant portion of the City of Wilmington’s net assets \$205,845,220 (69.8%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The City of Wilmington uses these capital assets to provide services to citizens; consequently those assets are not available for future spending. Although the City of Wilmington’s investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

An additional portion of the City of Wilmington’s net assets of \$24,985,763 (8.5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$64,022,731 (21.7%) is unrestricted and may be used to meet the City’s ongoing obligations to citizens and creditors. At the end of the current fiscal year the City of Wilmington was able to report positive balances in all three categories of net assets, both for the City as a whole, as well as for its separate governmental and business-type activities.

**Net Assets  
Figure 2**

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
<b>ASSETS:</b>						
Current and other assets	\$ 173,346,722	\$ 163,308,199	\$ 21,505,592	\$ 82,237,220	\$ 194,852,314	\$ 245,545,419
Capital assets	<u>306,021,883</u>	<u>273,401,823</u>	<u>40,298,963</u>	<u>262,842,192</u>	<u>346,320,846</u>	<u>536,244,015</u>
Total assets	<u>479,368,605</u>	<u>436,710,022</u>	<u>61,804,555</u>	<u>345,079,412</u>	<u>541,173,160</u>	<u>781,789,434</u>
<b>LIABILITIES:</b>						
Long-term liabilities	208,580,429	163,993,817	23,763,496	132,343,804	232,343,925	296,337,621
Current and other liabilities	<u>12,799,115</u>	<u>11,688,863</u>	<u>1,176,406</u>	<u>11,293,723</u>	<u>13,975,521</u>	<u>22,982,586</u>
Total liabilities	<u>221,379,544</u>	<u>175,682,680</u>	<u>24,939,902</u>	<u>143,637,527</u>	<u>246,319,446</u>	<u>319,320,207</u>
<b>NET ASSETS:</b>						
Invested in capital assets, net of related debt	187,569,283	181,571,647	18,275,937	133,916,632	205,845,220	315,488,279
Restricted	22,617,510	21,704,213	2,368,253	7,760,499	24,985,763	29,464,712
Unrestricted	<u>47,802,268</u>	<u>57,751,482</u>	<u>16,220,463</u>	<u>59,764,754</u>	<u>64,022,731</u>	<u>117,516,236</u>
Net assets	<u>\$ 257,989,061</u>	<u>\$ 261,027,342</u>	<u>\$ 36,864,653</u>	<u>\$ 201,441,885</u>	<u>\$ 294,853,714</u>	<u>\$ 462,469,227</u>



**Governmental activities.** Governmental activities decreased the City's net assets by \$3,038,281 accounting for 1.8% of the total decrease in the net assets of the City of Wilmington. Key elements of this decrease are as follows:

- Revenues related to governmental activities increased by \$2,681,385 or 3.0% over the prior year despite a \$2,324,456 decrease in other taxes which was mostly comprised of a reduction in sales tax revenue due to the reduction in consumer spending as a result of the economy.
- Property taxes increased by \$4,934,441 or 11.9% over the prior year. Continued diligence in the collection of property taxes by maintaining a tax collection rate of 98.46% which is slightly above the statewide average of 98.25% as reported for cities over 50,000 in population without electrical systems, for the year ending June 30, 2008.
- Program revenues provided 18.8% of the support for governmental activities.
- Expenses related to governmental activities increased by \$14,090,400 or 17.4% over the prior year. The two largest increases were in cultural and recreational of \$3,565,734 and \$6,513,181 in interest and other charges. Interest and other charges includes \$1,809,237 in interest payments reimbursed by the Cape Fear Public Utility Authority and the balance of the increase is due to interest payments being incurred for the first year.

- The conveyance of vehicles and equipment with a net book value of \$983,665 to the Cape Fear Public Utility Authority by the Equipment, Maintenance and Replacement Fund, an internal service fund, contributed to the decrease in net assets as it is reported in the governmental activities.

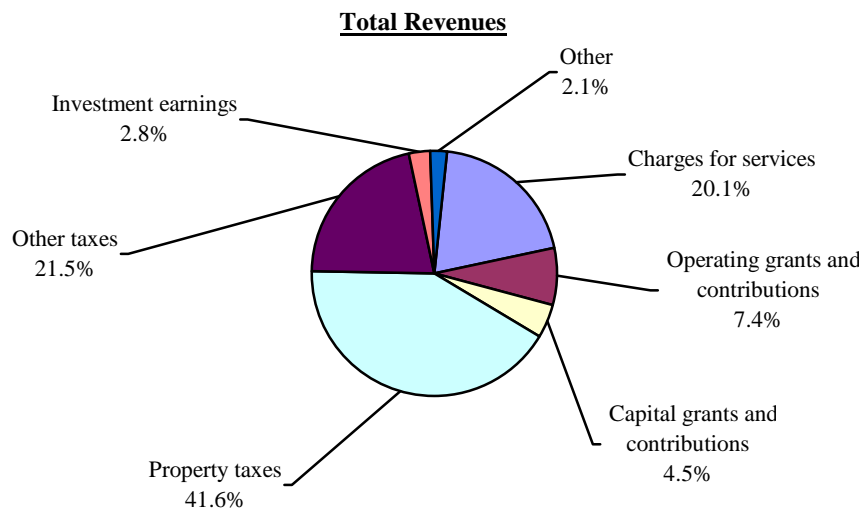
**Business-type activities.** Business-type activities decreased the City of Wilmington's net assets by \$164,577,232 accounting for 98.2% of the total decrease in the government-wide net assets. The largest decrease in net assets was \$166,183,586 due to the conveyance of assets and liabilities to the Cape Fear Public Utility Authority of which \$4,751,862 was in the Ground Water Utility Fund and \$161,431,724 was in the Water and Sewer Fund. Key elements of the decrease are as follows:

- Charges for services decreased by \$34,774,374 or 66.2% from the prior year mainly due to the conveyance of the water, sewer and ground water systems to the Cape Fear Public Utility Authority; decreases in all other categories were a result of the conveyance of the water, sewer and ground water systems as well.
- Expenses related to business-type activities decreased by \$31,088,448 or 64.3% from the prior year mainly due to the conveyance of the water, sewer and ground water systems to the Cape Fear Public Utility Authority.

**Changes in Net Assets**  
**Figure 3**

	Governmental		Business-type		Total	
	Activities	Activities	Activities	Activities	Activities	Activities
	2009	2008	2009	2008	2009	2008
<b>REVENUES:</b>						
Program revenues:						
Charges for services	\$ 4,742,493	\$ 5,665,096	\$ 17,734,478	\$ 52,508,852	\$ 22,476,971	\$ 58,173,948
Operating grants and contributions	8,242,549	6,736,997	-	-	8,242,549	6,736,997
Capital grants and contributions	4,423,055	5,010,259	601,799	3,523,179	5,024,854	8,533,438
General revenues:						
Property taxes	46,423,441	41,489,000	-	-	46,423,441	41,489,000
Other taxes	24,063,830	26,388,286	-	-	24,063,830	26,388,286
Investment earnings	2,627,407	2,672,323	491,543	3,708,352	3,118,950	6,380,675
Other	2,314,265	2,193,694	52,172	-	2,366,437	2,193,694
Total revenues	<u>92,837,040</u>	<u>90,155,655</u>	<u>18,879,992</u>	<u>59,740,383</u>	<u>111,717,032</u>	<u>149,896,038</u>
<b>EXPENSES:</b>						
General government	17,979,039	16,843,180	-	-	17,979,039	16,843,180
Public safety	43,127,730	41,557,316	-	-	43,127,730	41,557,316
Transportation	9,834,553	8,479,949	-	-	9,834,553	8,479,949
Economic and physical development	4,367,773	4,322,396	-	-	4,367,773	4,322,396
Environmental protection	-	7,459	-	-	-	7,459
Cultural and recreational	8,226,690	4,660,956	-	-	8,226,690	4,660,956
Transit system	1,149,733	1,237,043	-	-	1,149,733	1,237,043
Interest and other charges	10,206,138	3,692,957	-	-	10,206,138	3,692,957
Water and sewer	-	-	-	28,340,892	-	28,340,892
Ground water utility	-	-	-	4,369,353	-	4,369,353
Solid waste management	-	-	7,929,943	7,386,926	7,929,943	7,386,926
Storm water management	-	-	5,766,847	4,924,043	5,766,847	4,924,043
Parking facilities	-	-	2,468,358	2,328,314	2,468,358	2,328,314
Golf	-	-	1,108,490	1,012,558	1,108,490	1,012,558
Total expenses	<u>94,891,656</u>	<u>80,801,256</u>	<u>17,273,638</u>	<u>48,362,086</u>	<u>112,165,294</u>	<u>129,163,342</u>

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Increase(decrease) in net assets before special item and transfers	\$ (2,054,616)	\$ 9,354,399	\$ 1,606,354	\$ 11,378,297	\$ (448,262)	\$ 20,732,696
Special item: Cape Fear Public Utility Authority	(983,665)	-	(166,183,586)	-	(167,167,251)	-
Transfers from (to) other funds	-	(481,597)	-	481,597	-	-
Increase(decrease) in net assets	<u>(3,038,281)</u>	<u>8,872,802</u>	<u>(164,577,232)</u>	<u>11,859,894</u>	<u>(167,615,513)</u>	<u>20,732,696</u>
Net assets at beginning of year	<u>261,027,342</u>	<u>252,154,540</u>	<u>201,441,885</u>	<u>189,581,991</u>	<u>462,469,227</u>	<u>441,736,531</u>
Net assets at end of year	<u>\$ 257,989,061</u>	<u>\$ 261,027,342</u>	<u>\$ 36,864,653</u>	<u>\$ 201,441,885</u>	<u>\$ 294,853,714</u>	<u>\$ 462,469,227</u>



### **Financial Analysis of the City's Funds**

As noted earlier, the City of Wilmington uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the City of Wilmington's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City of Wilmington's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the City of Wilmington. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$18,648,976, a 9.8% increase over the prior year; while total fund balance was \$26,040,603, a 4.9% decrease from the prior year. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 26.1% of total General Fund expenditures (excluding transfers), while total fund balance represents 36.5% of that same amount.

The Building Improvements Fund has a reserved fund balance of \$31,663,072, a decrease of \$22,465,701 from the prior year. This decrease was primarily a result of the expenditures for construction of the Convention Center.

At June 30, 2009, the governmental funds of the City of Wilmington reported a combined fund balance of \$111,205,528, a 16.0% decrease from the prior year and this decrease is mainly due to the expenditures for construction of the Convention Center. The General Fund, Special Purpose Fund, Building Improvements Fund, Debt Service Fund, and nonmajor special revenue and capital projects funds are included in this combined amount.

**General Fund Budgetary Highlights.** During the fiscal year, the City revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once more precise information is available; 2) amendments made to recognize new funding amounts from external sources, such as federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Revenues (excluding transfers) were above budget estimates by \$719,547 for the fiscal year. In response to the economy the City was proactive in amending downward projected property tax and sales tax receipts. This resulted in actual receipts higher than the amended projections for these two major revenue sources.

Expenditures (excluding transfers) in the General Fund were \$2,875,940 less than the \$74,237,485 budget. In response to the economy the City moved approximately 5% of budgeted expenditures into budgetary reserve accounts within each function in December 2008. Any use of these funds required special justification to the City Manager for his review and approval prior to expenditure. This management decision was a major factor in the City being able to contain expenditures below the authorized budget.

**Proprietary Funds.** The City of Wilmington's proprietary funds provide the same type of information found in the government-wide statements but in more detail. The major enterprise funds are the Water and Sewer Fund, Ground Water Utility Fund, Solid Waste Management Fund, Storm Water Management Fund and Parking Facilities Fund. Unrestricted net assets of the Solid Waste Management Fund, Storm Water Management Fund and the Parking Facilities Fund at the end of the fiscal year amounted to \$2,158,096, \$9,728,011, and \$3,039,377, respectively. There are no assets or liabilities remaining in the Water and Sewer Fund or the Ground Water Utility Fund at June 30, 2009. The unrestricted net assets of the one nonmajor proprietary fund totaled \$1,294,979.

### **Capital Asset and Debt Administration**

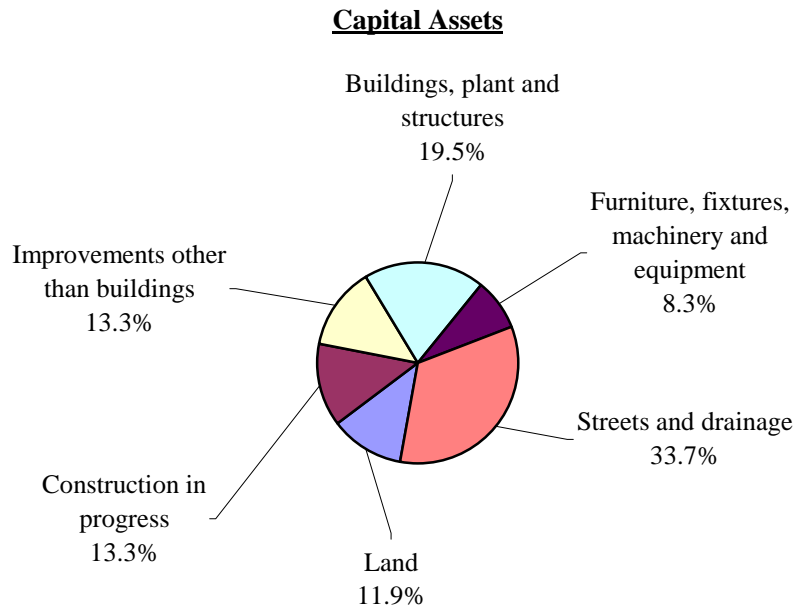
**Capital assets.** The City of Wilmington's investment in capital assets for its governmental and business-type activities as of June 30, 2009 was \$346,320,846 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include the following:

- The largest change in governmental activity capital assets was the construction on the Convention Center which was primarily responsible for the \$29,202,122 increase in construction in progress.
- The purchase of the Downtown park property was largely responsible for the \$3,306,979 increase in land in the governmental activity capital assets.
- An increase of \$11,882,594 in improvements other than buildings for business-type activities represented the largest increase in business-type activities capital assets and was primarily comprised of the completion of various storm water improvements throughout the City.
- The \$222,543,229 decrease in business-type activities capital assets, net was primarily due to the conveyance of the water, sewer and ground water systems to the Cape Fear Public Utility Authority. The capital assets, net that were conveyed were \$207,021,481 related to the water and sewer systems and \$18,513,315 related to the ground water system.

**Capital Assets**  
**Figure 4**

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 52,560,575	\$ 49,253,596	\$ 2,285,567	\$ 6,065,356	\$ 54,846,142	\$ 55,318,952
Construction in progress	59,043,163	29,841,041	2,408,892	63,509,722	61,452,055	93,350,763
Total non-depreciable assets	<u>111,603,738</u>	<u>79,094,637</u>	<u>4,694,459</u>	<u>69,575,078</u>	<u>116,298,197</u>	<u>148,669,715</u>
Improvements other than buildings	20,685,672	16,407,348	40,681,551	28,798,957	61,367,223	45,206,305
Buildings, plant and structures	76,258,952	76,258,952	13,716,411	108,326,530	89,975,363	184,585,482
Water and sewer lines	-	-	-	146,253,293	-	146,253,293
Furniture, fixtures, machinery and equipment	37,804,346	38,236,097	699,277	4,914,606	38,503,623	43,150,703
Streets and drainage	<u>155,254,979</u>	<u>153,302,926</u>	<u>-</u>	<u>-</u>	<u>155,254,979</u>	<u>153,302,926</u>
Total assets being depreciated	290,003,949	284,205,323	55,097,239	288,293,382	345,101,188	572,498,709
Accumulated depreciation	<u>(95,585,804)</u>	<u>(89,898,137)</u>	<u>(19,492,735)</u>	<u>(95,026,272)</u>	<u>(115,078,539)</u>	<u>(184,924,409)</u>
Total capital assets being depreciated, net	<u>194,418,145</u>	<u>194,307,186</u>	<u>35,604,504</u>	<u>193,267,114</u>	<u>230,022,649</u>	<u>387,574,300</u>
Total capital assets, net	<u>\$ 306,021,883</u>	<u>\$ 273,401,823</u>	<u>\$ 40,298,963</u>	<u>\$ 262,842,192</u>	<u>\$ 346,320,846</u>	<u>\$ 536,244,015</u>



Additional information on the City's capital assets can be found in note 3 on pages 52-55 of this report.



**Long-term Liabilities.** As of June 30, 2009, the City of Wilmington had total bonded debt outstanding of \$52,845,000. Of this amount, \$39,355,000 is general obligation debt backed by the full faith and credit of the City. The remainder of the City's debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds) of the storm water system.

In prior years, general obligation bonds that were issued for water and sewer system improvements were repaid from revenues of the water and sewer fund. In connection with the creation of the CFPUA the general obligation bond annual debt service requirements of the former water and sewer fund continue to be obligations of the City and are reimbursed to the City by the CFPUA. General obligation bonds outstanding at June 30, 2009 of the former water and sewer fund are \$17,816,532 and account for an increase in general obligation debt for governmental activities and reduction in the business-type activities. Additionally, the \$67,613,686 decrease in revenue bonded debt outstanding as of June 30, 2009 is primarily attributable to this debt being assigned to the CFPUA.

**Outstanding Long-term Liabilities  
General Obligation and Revenue Bonds  
Figure 5**

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
General obligation bonds	\$ 39,355,000	\$ 8,569,853	\$ -	\$ 21,085,147	\$ 39,355,000	\$ 29,655,000
Revenue bonds	-	-	13,490,000	81,103,686	13,490,000	81,103,686
<b>Total</b>	<u>\$ 39,355,000</u>	<u>\$ 8,569,853</u>	<u>\$ 13,490,000</u>	<u>\$ 102,188,833</u>	<u>\$ 52,845,000</u>	<u>\$ 110,758,686</u>

The City of Wilmington's total bonded debt decreased by \$57,913,686 during the past fiscal year. At June 30, 2009, the general obligation debt was rated AA/AA+/Aa2 by Fitch, Standard and Poor's, and Moody's, respectively. The revenue bonds of the Storm Water Management Fund have been rated AA/A1 by Standard and Poor's and Moody's, respectively. North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt limit for the City of Wilmington is \$1,116,209,834. The City has \$5,000,000 of authorized but unissued bonds at June 30, 2009.

Additional information on the City of Wilmington's long-term debt can be found in note 3 on pages 66-78 of this report.

**Economic Factors and Next Year's Budgets and Rates**

The following key economic indicators reflect the conservative growth projections:

- The City of Wilmington's unemployment rate of 9.0% at June 30, 2009 was below the State average of 11.2% and the national average of 9.7%.
- Reductions in construction were evident as the building permits valued at \$228,216,724 in fiscal year 2009 were \$86,755,107 less than the permitted values in fiscal year 2008.
- Sales tax receipts (county-wide) ended the year down by 15.4% from the prior fiscal year but due to the distribution method selected by New Hanover County a 10.8% reduction was projected for 2010.

All of these factors were included in preparing the City of Wilmington's budget for the 2010 fiscal year.

## **Budget Highlights for the Fiscal Year Ending June 30, 2010**

**Governmental Activities.** The budget includes a tax rate of 33.25 cents per \$100, which is unchanged from the prior year and includes an appropriation of fund balance of \$1,250,000. Sales tax revenue is projected to be 10.8% lower or \$1.8 million less than the previous year. A retirement incentive program is projected to result in a \$1,000,000 savings for the General Fund and a 2% reduction in the City's contribution to the employee deferred compensation plan which is expected to provide an additional \$825,000 savings. The budgeted expenditures, excluding transfers, in the General Fund are expected to drop \$1,807,318 or approximately 2.5% to \$69,554,227.

**Business – type Activities.** Storm water fees increased by 2% to \$5.10 per month per residence and solid waste fees increased by 1% to \$23.75 per month per residence for a large roll out cart.

### **Requests for Information**

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, City of Wilmington, 305 Chestnut Street, 5<sup>th</sup> Floor, Wilmington, N.C. 28401.

## **BASIC FINANCIAL STATEMENTS**

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**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Net Assets**

**June 30, 2009**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 60,069,305	\$ 17,245,736	\$ 77,315,041	\$ 15,283
Taxes receivable, net	1,405,798	-	1,405,798	-
Accounts receivable, net	905,759	3,251,567	4,157,326	39,905
Other receivables	250,000	-	250,000	-
Due from component unit	109,604	-	109,604	-
Due from other governments	12,591,744	86,025	12,677,769	255,347
Inventories	445,861	98,956	544,817	84,002
Deferred charges, net	1,544,701	428,958	1,973,659	-
Notes receivable	13,821,377	-	13,821,377	-
Restricted assets:				
Cash and cash equivalents	47,162,439	394,350	47,556,789	-
Long-term receivables (Note 3D):				
Due within one year	4,426,532	-	4,426,532	-
Due in more than one year	30,475,000	-	30,475,000	-
Net pension asset	138,602	-	138,602	-
Capital assets:				
Land and construction in progress	111,603,738	4,694,459	116,298,197	2,492,939
Other capital assets, net of accumulated depreciation	194,418,145	35,604,504	230,022,649	4,533,253
Total assets	<u>479,368,605</u>	<u>61,804,555</u>	<u>541,173,160</u>	<u>7,420,729</u>
<b>LIABILITIES</b>				
Accounts payable	2,845,285	615,269	3,460,554	93,736
Due to management company	-	-	-	199,645
Due to other governments	1,997,655	175	1,997,830	-
Due to primary government	-	-	-	109,604
Accrued liabilities	4,751,277	389,021	5,140,298	78,809
Customer and escrow deposits	1,084,775	119,105	1,203,880	-
Unearned revenues	8,542	52,836	61,378	-
Payable from restricted assets	2,111,581	-	2,111,581	-
Long-term liabilities:				
Due within one year	16,435,992	1,528,938	17,964,930	-
Due in more than one year	192,144,437	22,234,558	214,378,995	-
Total liabilities	<u>221,379,544</u>	<u>24,939,902</u>	<u>246,319,446</u>	<u>481,794</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	187,569,283	18,275,937	205,845,220	7,026,192
Restricted for:				
Community development housing loans	10,549,455	-	10,549,455	-
Law enforcement grants and contributions	932,191	-	932,191	-
Firemen's relief	97,551	-	97,551	-
Capital projects	-	2,368,253	2,368,253	-
Convention center facility	11,038,313	-	11,038,313	-
Unrestricted (deficit)	47,802,268	16,220,463	64,022,731	(87,257)
Net assets	<u>\$ 257,989,061</u>	<u>\$ 36,864,653</u>	<u>\$ 294,853,714</u>	<u>\$ 6,938,935</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Activities**

**Year Ended June 30, 2009**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 17,979,039	\$ 2,172,178	\$ 20,619	\$ -
Public safety	43,127,730	1,036,796	747,019	605,140
Transportation	9,834,553	907,676	3,482,346	3,817,915
Economic and physical development	4,367,773	64,364	1,865,287	-
Cultural and recreational	8,226,690	561,479	30,397	-
Transit system	1,149,733	-	-	-
Hurricane disaster recovery	-	-	211,934	-
Interest and other charges	10,206,138	-	1,884,947	-
Total governmental activities	<u>94,891,656</u>	<u>4,742,493</u>	<u>8,242,549</u>	<u>4,423,055</u>
Business-type activities:				
Solid waste management	7,929,943	7,814,331	-	-
Storm water management	5,766,847	6,219,759	-	601,799
Parking facilities	2,468,358	2,606,508	-	-
Golf	1,108,490	1,093,880	-	-
Total business-type activities	<u>17,273,638</u>	<u>17,734,478</u>	<u>-</u>	<u>601,799</u>
Total primary government	<u>\$ 112,165,294</u>	<u>\$ 22,476,971</u>	<u>\$ 8,242,549</u>	<u>\$ 5,024,854</u>
Component unit	<u>\$ 7,434,853</u>	<u>\$ 2,256,135</u>	<u>\$ 2,887,108</u>	<u>\$ 570,173</u>

General revenues:  
 Ad valorem taxes  
 Room occupancy tax  
 Grants and contributions not restricted to specific programs  
 Operating subsidy from primary government  
 Operating subsidy from other governments  
 Local option sales tax  
 Franchise tax  
 Video programming sales tax  
 Rental vehicle tax  
 Investment earnings  
 Miscellaneous

Special item: Cape Fear Public Utility Authority (Note 3D)

Total general revenues and transfers

Change in net assets

Net assets at beginning of year

Net assets at end of year

Net (Expenses) Revenues and Changes in Net Assets

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit
\$ (15,786,242)	\$ -	\$ (15,786,242)	\$ -
(40,738,775)	-	(40,738,775)	-
(1,626,616)	-	(1,626,616)	-
(2,438,122)	-	(2,438,122)	-
(7,634,814)	-	(7,634,814)	-
(1,149,733)	-	(1,149,733)	-
211,934	-	211,934	-
(8,321,191)	-	(8,321,191)	-
<u>(77,483,559)</u>	<u>-</u>	<u>(77,483,559)</u>	<u>-</u>
-	(115,612)	(115,612)	-
-	1,054,711	1,054,711	-
-	138,150	138,150	-
<u>-</u>	<u>(14,610)</u>	<u>(14,610)</u>	<u>-</u>
-	1,062,639	1,062,639	-
<u>(77,483,559)</u>	<u>1,062,639</u>	<u>(76,420,920)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,721,437)</u>
46,423,441	-	46,423,441	-
2,196,974	-	2,196,974	-
1,513,778	46,887	1,560,665	-
-	-	-	1,140,000
-	-	-	241,860
14,187,461	-	14,187,461	-
6,053,968	-	6,053,968	-
1,498,944	-	1,498,944	-
126,483	-	126,483	-
2,627,407	491,543	3,118,950	719
800,487	5,285	805,772	-
<u>(983,665)</u>	<u>(166,183,586)</u>	<u>(167,167,251)</u>	<u>-</u>
<u>74,445,278</u>	<u>(165,639,871)</u>	<u>(91,194,593)</u>	<u>1,382,579</u>
(3,038,281)	(164,577,232)	(167,615,513)	(338,858)
<u>261,027,342</u>	<u>201,441,885</u>	<u>462,469,227</u>	<u>7,277,793</u>
<u>\$ 257,989,061</u>	<u>\$ 36,864,653</u>	<u>\$ 294,853,714</u>	<u>\$ 6,938,935</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Balance Sheet -  
Governmental Funds**

**June 30, 2009**

	General Fund	Special Purpose Fund	Building Improvements Fund
<b>ASSETS</b>			
Cash and cash equivalents	\$ 26,399,140	\$ 12,352,897	\$ 2,140,294
Taxes receivable, net	1,405,798	-	-
Accounts receivable, net	840,437	-	-
Due from other funds	-	1,081,332	419,516
Due from component unit	-	66,752	76,506
Due from other governments	6,134,656	747,252	330,316
Inventories	340,556	-	-
Notes receivable	247,620	-	-
Restricted assets:			
Cash and cash equivalents	-	-	31,810,783
Total assets	<u>\$ 35,368,207</u>	<u>\$ 14,248,233</u>	<u>\$ 34,777,415</u>
 <b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 699,549	\$ 194,610	\$ 1,089,596
Due to other funds	-	-	-
Due to component unit	24,654	-	-
Due to other governments	1,997,655	-	-
Accrued liabilities	3,611,967	-	-
Customer and escrow deposits	728,991	-	-
Deferred revenues	2,264,788	-	-
Payable from restricted assets	-	-	2,024,747
Total liabilities	<u>9,327,604</u>	<u>194,610</u>	<u>3,114,343</u>
Fund balances:			
Reserved for encumbrances	687,348	477,931	22,086,395
Reserved for inventories	340,556	-	-
Reserved by State statute	6,363,723	1,895,336	826,338
Reserved for loans	-	-	-
Reserved for firemen's relief	-	-	-
Reserved for capital projects	-	-	8,750,339
Reserved for debt service	-	-	-
Reserved for convention center facility	-	11,859,828	-
Unreserved, General Fund:			
Designated for subsequent year's expenditures	1,250,000	-	-
Designated for self-insurance	1,000,000	-	-
Undesignated (deficit)	16,398,976	(179,472)	-
Unreserved, reported in:			
Nonmajor special revenue funds	-	-	-
Nonmajor capital projects funds	-	-	-
Total fund balances	<u>26,040,603</u>	<u>14,053,623</u>	<u>31,663,072</u>
Total liabilities and fund balances	<u>\$ 35,368,207</u>	<u>\$ 14,248,233</u>	<u>\$ 34,777,415</u>



Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
\$ 8,011,854	\$ 15,920,866	\$ 64,825,051
-	-	1,405,798
-	-	840,437
-	-	1,500,848
-	-	143,258
26,729	1,026,081	8,265,034
-	-	340,556
-	13,573,757	13,821,377
-	3,633,986	35,444,769
<u>\$ 8,038,583</u>	<u>\$ 34,154,690</u>	<u>\$ 126,587,128</u>
\$ 4,740	\$ 814,768	\$ 2,803,263
-	1,500,848	1,500,848
-	9,000	33,654
-	-	1,997,655
-	-	3,611,967
-	355,784	1,084,775
-	59,903	2,324,691
-	-	2,024,747
<u>4,740</u>	<u>2,740,303</u>	<u>15,381,600</u>
7,827	19,096,592	42,356,093
-	-	340,556
26,729	943,861	10,055,987
-	15,010,705	15,010,705
-	97,551	97,551
-	243,501	8,993,840
7,999,287	-	7,999,287
-	2,812,471	14,672,299
-	-	1,250,000
-	-	1,000,000
-	-	16,219,504
-	(1,025,355)	(1,025,355)
-	(5,764,939)	(5,764,939)
<u>8,033,843</u>	<u>31,414,387</u>	<u>111,205,528</u>
<u>\$ 8,038,583</u>	<u>\$ 34,154,690</u>	<u>\$ 126,587,128</u>

CITY OF WILMINGTON, NORTH CAROLINA

Balance Sheet -  
Governmental Funds (Continued)

June 30, 2009

Total fund balances - governmental funds	\$ 111,205,528
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	300,643,621
Amount due from other governments is not available to pay for current expenditures and, therefore, is not reported in the funds.	39,228,242
Internal services funds are used by management to charge the costs of equipment and personal computer replacement to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	8,475,649
Liabilities for earned but deferred revenues in fund statements.	2,316,149
Long-term liabilities including bonds payable, are not due and payable in the current period and, therefore are not reported in the funds.	(204,268,730)
Miscellaneous adjustments to net assets including investment income receivables and pension assets not reported in the governmental funds.	<u>388,602</u>
Net assets - governmental activities	<u>\$ 257,989,061</u>

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**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Revenues, Expenditures and Changes in Fund Balances -  
Governmental Funds**

**Year Ended June 30, 2009**

	General Fund	Special Purpose Fund	Building Improvements Fund
	<u>          </u>	<u>          </u>	<u>          </u>
Revenues:			
Ad valorem taxes	\$ 46,438,613	\$ -	\$ -
Room occupancy tax	-	2,196,974	-
Other taxes	21,866,856	-	-
Unrestricted intergovernmental	1,304,492	-	-
Restricted intergovernmental	3,681,192	1,610,292	-
Licenses and permits	2,359,711	-	-
Sales and services	2,035,533	-	-
Fines and forfeits	71,255	-	-
Investment earnings	817,370	315,637	791,121
Miscellaneous	514,673	624,079	15,481
	<u>79,089,695</u>	<u>4,746,982</u>	<u>806,602</u>
Total revenues			
Expenditures:			
Current:			
General government	15,370,320	-	2,657,329
Public safety	39,922,315	1,293,189	1,467,076
Transportation	6,731,929	836,108	15,147
Economic and physical development	2,553,409	155,384	17,097,235
Cultural and recreational	5,643,572	61,113	2,099,599
Transit system	1,140,000	-	-
Debt service:			
Principal retirement	-	-	-
Interest and other charges	-	-	-
	<u>71,361,545</u>	<u>2,345,794</u>	<u>23,336,386</u>
Total expenditures			
Excess of revenues over (under) expenditures	<u>7,728,150</u>	<u>2,401,188</u>	<u>(22,529,784)</u>
Other financing sources (uses):			
Transfers from other funds	3,054,967	310,215	728,775
Transfers to other funds	(11,956,865)	(53,782)	(799,500)
Issuance of bonds	-	-	-
Issuance of other long-term obligation	-	-	134,808
Premium on bonds	-	-	-
	<u>(8,901,898)</u>	<u>256,433</u>	<u>64,083</u>
Total other financing sources (uses)			
Net change in fund balances	(1,173,748)	2,657,621	(22,465,701)
Fund balances at beginning of year	27,370,625	11,396,002	54,128,773
Change in reserve for inventories	<u>(156,274)</u>	<u>-</u>	<u>-</u>
Fund balances at end of year	<u>\$ 26,040,603</u>	<u>\$ 14,053,623</u>	<u>\$ 31,663,072</u>

Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
\$ -	\$ -	\$ 46,438,613
-	-	2,196,974
-	-	21,866,856
-	-	1,304,492
5,943,562	1,660,918	12,895,964
-	-	2,359,711
-	-	2,035,533
-	-	71,255
156,317	365,765	2,446,210
-	189,712	1,343,945
<u>6,099,879</u>	<u>2,216,395</u>	<u>92,959,553</u>
-	63,384	18,091,033
-	83,700	42,766,280
-	9,762,171	17,345,355
-	1,658,245	21,464,273
-	3,528,598	11,332,882
-	9,733	1,149,733
8,608,348	-	8,608,348
<u>6,197,021</u>	<u>3,219,212</u>	<u>9,416,233</u>
<u>14,805,369</u>	<u>18,325,043</u>	<u>130,174,137</u>
<u>(8,705,490)</u>	<u>(16,108,648)</u>	<u>(37,214,584)</u>
8,686,875	3,624,304	16,405,136
-	(3,594,989)	(16,405,136)
-	14,605,000	14,605,000
-	1,390,937	1,525,745
-	121,181	121,181
<u>8,686,875</u>	<u>16,146,433</u>	<u>16,251,926</u>
(18,615)	37,785	(20,962,658)
8,052,458	31,376,602	132,324,460
-	-	(156,274)
<u>\$ 8,033,843</u>	<u>\$ 31,414,387</u>	<u>\$ 111,205,528</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Revenues, Expenditures and Changes in Fund Balances -  
Governmental Funds (Continued)**

**Year Ended June 30, 2009**

Net change in fund balances - total governmental funds	\$ (20,962,658)
Amounts reported for governmental activities in the statement of activities are different because:	
Change in fund balance due to change in reserve for inventory	(156,274)
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. This is the amount by which capital outlays exceeded depreciation in the current period, including amounts for donations and disposals.	33,838,256
Some revenues in the statement of activities, including tax and other receipts do not provide current financial resources and are therefore deferred and not reported as revenues in the funds.	191,511
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the 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. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(11,717,538)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(2,068,364)
Internal service funds are used by management to charge the costs of equipment and personal computer replacement to individual funds. The net revenue of these activities are reported with governmental activities.	(2,071,169)
This amount represents the difference in funds contributed to the special separation allowance for law enforcement officers below the actuarially determined annual pension cost for the current year.	<u>(92,045)</u>
Change in net assets - governmental activities	<u>\$ (3,038,281)</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Revenues, Expenditures and Changes in Fund Balance -  
Annual Budget and Actual - General Fund**

**Year Ended June 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Ad valorem tax	\$ 47,024,700	\$ 45,950,450	\$ 46,438,613	\$ 488,163
Local option sales tax	16,533,843	13,525,518	14,187,461	661,943
Franchise tax	6,059,709	5,953,709	6,053,968	100,259
Video programming tax	1,229,850	1,503,850	1,498,944	(4,906)
Rental vehicle tax	194,688	194,688	126,483	(68,205)
Unrestricted intergovernmental	1,339,088	1,295,088	1,304,492	9,404
Restricted intergovernmental	4,248,860	3,900,420	3,681,192	(219,228)
Licenses and permits	2,270,400	2,370,400	2,359,711	(10,689)
Sales and services	1,810,650	2,235,665	2,035,533	(200,132)
Fines and forfeits	100,000	100,000	71,255	(28,745)
Interest earnings	600,000	600,000	817,370	217,370
Miscellaneous	600,000	740,360	514,673	(225,687)
Total revenues	<u>82,011,788</u>	<u>78,370,148</u>	<u>79,089,695</u>	<u>719,547</u>
Expenditures:				
Current:				
General government:				
City Council and Clerk	391,140	391,140	381,433	9,707
City Manager	1,460,203	1,460,203	1,342,484	117,719
City Attorney	805,156	805,156	783,542	21,614
Human Resource Management	768,222	768,222	487,760	280,462
Finance	1,870,724	1,870,724	1,740,145	130,579
Information Technology Services	2,493,373	2,493,373	2,028,108	465,265
Development Services	3,293,156	3,230,838	3,014,180	216,658
Public Services	3,314,607	3,213,920	3,038,599	175,321
Contributions to other agencies	334,336	336,857	275,880	60,977
Nondepartmental	2,279,620	2,697,981	2,278,189	419,792
Total	<u>17,010,537</u>	<u>17,268,414</u>	<u>15,370,320</u>	<u>1,898,094</u>
Public safety:				
Police	24,007,776	25,041,276	24,669,827	371,449
Fire	14,370,516	14,944,516	15,252,488	(307,972)
Total	<u>38,378,292</u>	<u>39,985,792</u>	<u>39,922,315</u>	<u>63,477</u>
Transportation:				
Traffic engineering	4,133,283	3,867,871	3,507,237	360,634
Streets	2,209,801	2,048,599	1,907,407	141,192
Storm water management fee	1,317,285	1,317,285	1,317,285	-
Total	<u>7,660,369</u>	<u>7,233,755</u>	<u>6,731,929</u>	<u>501,826</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Revenues, Expenditures and Changes in Fund Balance -  
Annual Budget and Actual - General Fund (Continued)**

**Year Ended June 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures: (continued)				
Current: (continued)				
Economic and physical development:				
Economic and community development	\$ 2,422,024	\$ 2,202,972	\$ 2,004,289	\$ 198,683
Contributions to other agencies	648,844	562,681	549,120	13,561
Total	<u>3,070,868</u>	<u>2,765,653</u>	<u>2,553,409</u>	<u>212,244</u>
Cultural and recreational:				
Parks and recreation	5,565,445	5,346,786	5,203,539	143,247
Contributions to other agencies	423,033	442,175	440,033	2,142
Total	<u>5,988,478</u>	<u>5,788,961</u>	<u>5,643,572</u>	<u>145,389</u>
Transit system:				
Cape Fear Public Transportation Authority	<u>1,187,580</u>	<u>1,194,910</u>	<u>1,140,000</u>	<u>54,910</u>
Total expenditures	<u>73,296,124</u>	<u>74,237,485</u>	<u>71,361,545</u>	<u>2,875,940</u>
Excess of revenues over expenditures	<u>8,715,664</u>	<u>4,132,663</u>	<u>7,728,150</u>	<u>3,595,487</u>
Other financing sources (uses):				
Transfers from other funds	-	3,054,968	3,054,967	(1)
Transfers to other funds	(13,911,643)	(13,043,982)	(11,956,865)	1,087,117
Appropriated fund balance	<u>5,195,979</u>	<u>5,856,351</u>	-	<u>(5,856,351)</u>
Total other financing uses	<u>(8,715,664)</u>	<u>(4,132,663)</u>	<u>(8,901,898)</u>	<u>(4,769,235)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(1,173,748)	<u>\$ (1,173,748)</u>
Fund balance at beginning of year			27,370,625	
Change in reserve for inventories			<u>(156,274)</u>	
Fund balance at end of year			<u>\$ 26,040,603</u>	



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**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Net Assets -  
Proprietary Funds**

**June 30, 2009**

	<b>Enterprise Funds</b>		
	Water and Sewer Fund	Ground Water Utility Fund	Solid Waste Management Fund
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ -	\$ -	\$ 1,025,710
Accounts receivable:			
Customers, net	-	-	1,984,725
Due from other governments	-	-	16,564
Inventory of materials and supplies	-	-	-
Total current assets	-	-	3,026,999
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	-	-	-
Capital assets:			
Land	-	-	-
Improvements other than buildings	-	-	-
Buildings, plant and structures	-	-	-
Furniture, fixtures, machinery and equipment	-	-	12,198
Construction in progress	-	-	-
Less accumulated depreciation	-	-	(4,760)
Total capital assets, net of accumulated depreciation	-	-	7,438
Other assets:			
Deferred charges, net	-	-	-
Total noncurrent assets	-	-	7,438
Total assets	-	-	3,034,437

Storm Water Management Fund	Parking Facilities Fund	Nonmajor Golf Fund	Total	Internal Service Funds
\$ 11,809,433	\$ 2,997,881	\$ 1,412,712	\$ 17,245,736	\$ 6,961,924
1,099,098	167,744	-	3,251,567	65,322
57,599	11,478	384	86,025	-
87,768	-	11,188	98,956	105,305
<u>13,053,898</u>	<u>3,177,103</u>	<u>1,424,284</u>	<u>20,682,284</u>	<u>7,132,551</u>
<u>372,160</u>	<u>22,190</u>	<u>-</u>	<u>394,350</u>	<u>-</u>
820,220	1,355,954	109,393	2,285,567	-
39,916,975	-	764,576	40,681,551	-
1,189,806	12,235,702	290,903	13,716,411	-
244,016	87,311	355,752	699,277	19,513,170
1,857,868	368,639	182,385	2,408,892	-
<u>(13,967,807)</u>	<u>(4,560,639)</u>	<u>(959,529)</u>	<u>(19,492,735)</u>	<u>(14,134,908)</u>
<u>30,061,078</u>	<u>9,486,967</u>	<u>743,480</u>	<u>40,298,963</u>	<u>5,378,262</u>
<u>296,452</u>	<u>132,506</u>	<u>-</u>	<u>428,958</u>	<u>5,735</u>
<u>30,729,690</u>	<u>9,641,663</u>	<u>743,480</u>	<u>41,122,271</u>	<u>5,383,997</u>
<u>43,783,588</u>	<u>12,818,766</u>	<u>2,167,764</u>	<u>61,804,555</u>	<u>12,516,548</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Net Assets -  
Proprietary Funds (Continued)**

**June 30, 2009**

	<b>Enterprise Funds</b>		
	Water and Sewer Fund	Ground Water Utility Fund	Solid Waste Management Fund
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable:			
Trade	\$ -	\$ -	\$ 148,959
Contracts and retainage	-	-	-
Due to other governments	-	-	-
Accrued liabilities:			
Personnel costs	-	-	172,994
Interest	-	-	741
Current portion of long-term liabilities:			
Bonds payable	-	-	-
Installment obligations	-	-	-
Other long-term obligations	-	-	228,870
Accrued vacation and sick leave	-	-	163,634
Customer and escrow deposits	-	-	-
Unearned revenues	-	-	-
Total current liabilities	-	-	715,198
Noncurrent liabilities:			
Bonds payable	-	-	-
Installment obligations	-	-	-
Other long-term obligations	-	-	-
Total noncurrent portion of long-term liabilities	-	-	-
Accrued vacation and sick leave	-	-	28,620
Accrued other postemployment benefits	-	-	125,085
Total noncurrent liabilities	-	-	153,705
Total liabilities	-	-	868,903
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	-	-	7,438
Restricted for:			
Capital projects	-	-	-
Unrestricted	-	-	2,158,096
Net assets	\$ -	\$ -	\$ 2,165,534

Storm Water Management Fund	Parking Facilities Fund	Nonmajor Golf Fund	Total	Internal Service Funds
\$ 19,204	\$ 87,654	\$ 6,558	\$ 262,375	\$ 128,856
343,515	6,756	2,623	352,894	-
-	-	175	175	-
115,747	2,380	11,464	302,585	45,472
56,907	28,788	-	86,436	11,718
425,000	-	-	425,000	-
75,000	406,431	-	481,431	-
-	-	-	228,870	2,154,931
191,811	7,743	30,449	393,637	70,898
119,105	-	-	119,105	-
-	-	52,836	52,836	-
<u>1,346,289</u>	<u>539,752</u>	<u>104,105</u>	<u>2,705,344</u>	<u>2,411,875</u>
13,506,220	-	-	13,506,220	-
1,160,080	7,273,603	-	8,433,683	-
-	-	-	-	1,607,639
<u>14,666,300</u>	<u>7,273,603</u>	<u>-</u>	<u>21,939,903</u>	<u>1,607,639</u>
33,548	1,354	11,471	74,993	3,082
<u>77,797</u>	<u>3,051</u>	<u>13,729</u>	<u>219,662</u>	<u>18,303</u>
<u>14,777,645</u>	<u>7,278,008</u>	<u>25,200</u>	<u>22,234,558</u>	<u>1,629,024</u>
<u>16,123,934</u>	<u>7,817,760</u>	<u>129,305</u>	<u>24,939,902</u>	<u>4,040,899</u>
15,563,390	1,961,629	743,480	18,275,937	1,621,427
2,368,253	-	-	2,368,253	-
<u>9,728,011</u>	<u>3,039,377</u>	<u>1,294,979</u>	<u>16,220,463</u>	<u>6,854,222</u>
<u>\$ 27,659,654</u>	<u>\$ 5,001,006</u>	<u>\$ 2,038,459</u>	<u>\$ 36,864,653</u>	<u>\$ 8,475,649</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Revenues, Expenses and Changes in Fund Net Assets -  
Proprietary Funds**

**Year Ended June 30, 2009**

	<b>Enterprise Funds</b>		
	<u>Water and Sewer Fund</u>	<u>Ground Water Utility Fund</u>	<u>Solid Waste Management Fund</u>
Revenues:			
Charges for services	\$ -	\$ -	\$ 7,814,331
Other operating revenues	-	-	-
Total operating revenues	<u>-</u>	<u>-</u>	<u>7,814,331</u>
Operating expenses:			
Salaries, employee benefits and other personnel costs	-	-	4,172,508
Materials and fuels consumed	-	-	2,100,729
Services	-	-	807,329
Utilities	-	-	5,579
Depreciation	-	-	2,440
Amortization	-	-	-
Other operating expenses	-	-	828,521
Total operating expenses	<u>-</u>	<u>-</u>	<u>7,917,106</u>
Operating income (loss)	<u>-</u>	<u>-</u>	<u>(102,775)</u>
Nonoperating revenues (expenses):			
Investment earnings	-	-	40,803
Solid waste disposal tax	-	-	46,887
Interest and other charges	-	-	(12,837)
Gain on sale of capital assets	-	-	-
Total nonoperating revenues (expenses)	<u>-</u>	<u>-</u>	<u>74,853</u>
Income (loss) before capital contributions, special item and transfers	-	-	(27,922)
Capital contributions	-	-	-
Special item: Cape Fear Public Utility Authority (Note 3D)	(161,431,724)	(4,751,862)	-
Transfers to other funds	-	-	-
Change in net assets	<u>(161,431,724)</u>	<u>(4,751,862)</u>	<u>(27,922)</u>
Net assets at beginning of year	<u>161,431,724</u>	<u>4,751,862</u>	<u>2,193,456</u>
Net assets at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,165,534</u>

Storm Water Management Fund	Parking Facilities Fund	Nonmajor Golf Fund	Total	Internal Service Funds
\$ 6,193,686	\$ 2,606,508	\$ 1,092,857	\$ 17,707,382	\$ 3,797,289
26,073	-	1,023	27,096	13,194
<u>6,219,759</u>	<u>2,606,508</u>	<u>1,093,880</u>	<u>17,734,478</u>	<u>3,810,483</u>
2,889,503	115,713	555,279	7,733,003	880,462
377,990	3,688	228,514	2,710,921	16,599
591,877	1,177,930	52,357	2,629,493	969,964
17,920	52,160	26,631	102,290	7,049
512,321	614,962	67,352	1,197,075	2,139,582
12,763	6,974	-	19,737	3,356
<u>1,006,063</u>	<u>132,023</u>	<u>178,357</u>	<u>2,144,964</u>	<u>668,624</u>
<u>5,408,437</u>	<u>2,103,450</u>	<u>1,108,490</u>	<u>16,537,483</u>	<u>4,685,636</u>
<u>811,322</u>	<u>503,058</u>	<u>(14,610)</u>	<u>1,196,995</u>	<u>(875,153)</u>
329,467	85,725	35,548	491,543	181,197
-	-	-	46,887	-
(358,410)	(364,908)	-	(736,155)	(177,245)
-	-	5,285	5,285	96,401
<u>(28,943)</u>	<u>(279,183)</u>	<u>40,833</u>	<u>(192,440)</u>	<u>100,353</u>
782,379	223,875	26,223	1,004,555	(774,800)
601,799	-	-	601,799	163,342
-	-	-	(166,183,586)	(983,665)
-	-	-	-	(476,046)
<u>1,384,178</u>	<u>223,875</u>	<u>26,223</u>	<u>(164,577,232)</u>	<u>(2,071,169)</u>
<u>26,275,476</u>	<u>4,777,131</u>	<u>2,012,236</u>	<u>201,441,885</u>	<u>10,546,818</u>
<u>\$ 27,659,654</u>	<u>\$ 5,001,006</u>	<u>\$ 2,038,459</u>	<u>\$ 36,864,653</u>	<u>\$ 8,475,649</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Cash Flows -  
Proprietary Funds**

**Year Ended June 30, 2009**

	<b>Enterprise Funds</b>		
	Water and Sewer Fund	Ground Water Utility Fund	Solid Waste Management Fund
Cash flows from operating activities:			
Receipts from customers and users	\$ -	\$ -	\$ 6,271,024
Receipts from interfund services provided	-	-	25,893
Payments to suppliers	-	-	(2,904,791)
Payments to or on behalf of employees	-	-	(3,945,171)
Payments for interfund services used	-	-	(793,017)
Net cash provided by (used in) operating activities	<u>-</u>	<u>-</u>	<u>(1,346,062)</u>
Cash flows from noncapital and related financing activities:			
Solid waste disposal tax	-	-	46,887
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	-	-	-
Principal payments on bonds	-	-	-
Principal payments on installment obligations	-	-	-
Principal payments on other long-term obligations	-	-	(220,165)
Interest and other charges	-	-	(13,550)
Proceeds from sale of capital assets	-	-	-
Special item: Cape Fear Public Utility Authority (Note 3D)	(44,576,142)	(2,834,313)	-
Capital contributions	-	-	-
Net cash used in capital and related financing activities	<u>(44,576,142)</u>	<u>(2,834,313)</u>	<u>(233,715)</u>
Cash flows from investing activities:			
Investment earnings	-	-	40,803
Net decrease in cash and cash equivalents	(44,576,142)	(2,834,313)	(1,492,087)
Cash and cash equivalents at beginning of year	<u>44,576,142</u>	<u>2,834,313</u>	<u>2,517,797</u>
Cash and cash equivalents at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,025,710</u>
Reconciliation to combining balance sheet:			
Cash and cash equivalents	\$ -	\$ -	\$ 1,025,710
Restricted cash and cash equivalents	-	-	-
Total cash and cash equivalents	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,025,710</u>



Storm Water Management Fund	Parking Facilities Fund	Nonmajor Golf Fund	Total	Internal Service Funds
\$ 4,098,558	\$ 2,428,233	\$ 1,120,757	\$ 13,918,572	\$ 383,510
1,377,702	-	-	1,403,595	3,361,651
(1,545,472)	(1,373,652)	(458,182)	(6,282,097)	(1,769,969)
(2,697,408)	(107,914)	(533,333)	(7,283,826)	(844,122)
<u>(488,839)</u>	<u>(7,056)</u>	<u>(46,598)</u>	<u>(1,335,510)</u>	<u>(6,458)</u>
<u>744,541</u>	<u>939,611</u>	<u>82,644</u>	<u>420,734</u>	<u>1,124,612</u>
-	-	-	46,887	-
(3,710,862)	(113,758)	(210,181)	(4,034,801)	(1,523,884)
(405,000)	-	-	(405,000)	-
(75,000)	(406,431)	-	(481,431)	-
-	(191,551)	-	(411,716)	(2,074,703)
(352,078)	(368,429)	-	(734,057)	(183,814)
-	-	5,285	5,285	131,541
-	-	-	(47,410,455)	-
<u>825,323</u>	<u>-</u>	<u>-</u>	<u>825,323</u>	<u>-</u>
<u>(3,717,617)</u>	<u>(1,080,169)</u>	<u>(204,896)</u>	<u>(52,646,852)</u>	<u>(3,650,860)</u>
<u>356,579</u>	<u>92,729</u>	<u>38,936</u>	<u>529,047</u>	<u>199,928</u>
(2,616,497)	(47,829)	(83,316)	(51,650,184)	(2,326,320)
<u>14,798,090</u>	<u>3,067,900</u>	<u>1,496,028</u>	<u>69,290,270</u>	<u>9,288,244</u>
<u>\$ 12,181,593</u>	<u>\$ 3,020,071</u>	<u>\$ 1,412,712</u>	<u>\$ 17,640,086</u>	<u>\$ 6,961,924</u>
\$ 11,809,433	\$ 2,997,881	\$ 1,412,712	\$ 17,245,736	\$ 6,961,924
<u>372,160</u>	<u>22,190</u>	<u>-</u>	<u>394,350</u>	<u>-</u>
<u>\$ 12,181,593</u>	<u>\$ 3,020,071</u>	<u>\$ 1,412,712</u>	<u>\$ 17,640,086</u>	<u>\$ 6,961,924</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Cash Flows -  
Proprietary Funds (Continued)**

**Year Ended June 30, 2009**

	<b>Enterprise Funds</b>		
	Water and Sewer Fund	Ground Water Utility Fund	Solid Waste Management Fund
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ -	\$ -	\$ (102,775)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	-	-	2,440
Changes in assets and liabilities:			
Accounts receivable	-	-	(1,517,414)
Due from other governments	-	-	-
Inventory of materials and supplies	-	-	-
Accounts payable and accrued liabilities	-	-	160,491
Accrued vacation and sick leave	-	-	(13,889)
Accrued other postemployment benefits	-	-	125,085
Deferred revenues	-	-	-
Net cash provided by (used in) operating activities	\$ -	\$ -	\$ (1,346,062)
Supplemental disclosure of noncash investing, capital and related financing activities:			
Capital assets acquired on account	\$ -	\$ -	\$ -
Capital contributions from developers	-	-	-
Capital contributions receivable	-	-	-
Transfer of capital assets to governmental funds	-	-	-
Special item: Cape Fear Public Utility Authority (Note 3D.)	(116,855,582)	(1,917,549)	-
Capital contributions from governmental funds	-	-	-

Storm Water Management Fund	Parking Facilities Fund	Nonmajor Golf Fund	Total	Internal Service Funds
\$ 811,322	\$ 503,058	\$ (14,610)	\$ 1,196,995	\$ (875,153)
525,084	621,936	67,352	1,216,812	2,142,938
(743,499)	(167,744)	(322)	(2,428,979)	(65,322)
-	(10,531)	-	(10,531)	-
(7,255)	-	(1,855)	(9,110)	13,729
45,997	(13,916)	(14,116)	178,456	(94,247)
35,095	3,757	5,267	30,230	(15,636)
77,797	3,051	13,729	219,662	18,303
-	-	27,199	27,199	-
<u>\$ 744,541</u>	<u>\$ 939,611</u>	<u>\$ 82,644</u>	<u>\$ 420,734</u>	<u>\$ 1,124,612</u>

\$ 100,582	\$ 6,557	\$ (57,540)	\$ 49,599	\$ -
104,242	-	-	104,242	-
(327,766)	-	-	(327,766)	-
-	-	-	-	(476,046)
-	-	-	(118,773,131)	(983,665)
-	-	-	-	163,342

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Fiduciary Net Assets -  
Pension Trust Funds**

**June 30, 2009**

**ASSETS**

Cash and cash equivalents

\$ 1,635,153

**NET ASSETS**

Assets held in trust for pension  
and other postemployment benefits

\$ 1,635,153

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Changes in Fiduciary Net Assets -  
Pension Trust Funds**

**Year Ended June 30, 2009**

Additions:	
Contributions:	
Employer	\$ 2,126,249
Plan members	<u>178,006</u>
Total contributions	2,304,255
Investment earnings	<u>23,400</u>
Total additions	<u>2,327,655</u>
Deductions:	
Benefit payments	1,609,769
Administrative expense	<u>86,337</u>
Total deductions	<u>1,696,106</u>
Change in net assets	631,549
Net assets at beginning of year	<u>1,003,604</u>
Net assets at end of year	<u>\$ 1,635,153</u>

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# **CITY OF WILMINGTON, NORTH CAROLINA**

## **Notes to Financial Statements June 30, 2009**

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Wilmington, North Carolina (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

#### **A. REPORTING ENTITY**

The City of Wilmington is a municipal corporation, incorporated in 1739, located in the southeastern corner of North Carolina with a population of 101,526. The City has a Council-Manager form of government with a seven-member council, which includes an elected mayor. As required by generally accepted accounting principles, these financial statements present the City and its component units, legally separate entities for which the City is financially accountable.

Blended component units, although legally separate entities, are in substance part of the government's operations and so data from these units is combined with data of the primary government. The discretely presented component unit, on the other hand, is reported in a separate column in the financial statements to emphasize that it is legally separate from the primary government. One component unit has no financial transactions or account balances and, therefore, does not appear in the financial statements. Each blended and discretely presented component unit has a June 30 year-end.

#### **BLENDED COMPONENT UNIT**

##### **Wilmington Future, Inc.:**

Wilmington Future, Inc. (the Corporation), a North Carolina nonprofit corporation, exists to issue tax-exempt obligations pursuant to the Internal Revenue Code of 1986, as amended. The Corporation is governed by a three-member Board of Directors and may, by Board action, dismiss members and appoint up to four additional members. The Corporation has no financial transactions or account balances; therefore, it is not presented in the combined financial statements. The Corporation does not issue separate financial statements.

#### **DISCRETELY PRESENTED COMPONENT UNIT**

##### **Cape Fear Public Transportation Authority**

The Cape Fear Public Transportation Authority (Authority), operating as Wave Transit, is a public authority created in 2005 by a concurrent resolution of New Hanover County (County) and the City. The interlocal agreement adopted by the County and City provides for the operation of transportation facilities and transportation services throughout the City and up to 30 miles outside its corporate limits and effectively merged the transportation facilities and services provided by New Hanover County and the City. The interlocal agreement between the County and the City, with an initial effective term of two years beginning July 1, 2004, may be terminated upon six months written notice to the other party. Unless notice of termination is provided the agreement shall be automatically renewed for successive five year terms. The agreement is currently in effect through June 30, 2011.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued)

June 30, 2009

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### A. REPORTING ENTITY (continued)

##### DISCRETELY PRESENTED COMPONENT UNIT (continued)

##### Cape Fear Public Transportation Authority (continued)

The Authority is governed by an eleven member board. The Authority board consists of five members appointed by the County, five members appointed by the City and one member appointed jointly by the County and City from a human service agency served by public transportation services.

Each proposed annual budget shall be submitted to the County and City for approval by the County Commissioners and City Council. The County and City provide annual funding to the Authority as their budgets permit. Any debt necessary for the maintenance, improvement or expansion of the Authority will be incurred by the County or City for the benefit of the Authority. The Authority establishes and revises, from time-to-time, schedules of rates, fees and charges for the use of the services of the Authority. An interlocal agreement between the City and the Authority, effective July 1, 2005, provides that the City will (a) make available to the Authority on July 1 of each fiscal year the annual appropriation approved in the adopted City budget, and (b) allow the Authority access to additional necessary operating funds that exceed the City's annual operating assistance where the Authority has not received awarded federal and/or State operating funds. The agreement may be terminated by the mutual written consent of the parties or upon the lack of an award or termination of federal and/or State funding to the Authority. For financial reporting purposes, in conformity with GASB Statement No. 14, the Authority is a component unit of the City and is included as such in the City's comprehensive annual financial report.

The Authority's complete financial statements for the year ended June 30, 2009 may be obtained at their administrative offices:

Cape Fear Public Transportation Authority  
1110 Castle Street  
Wilmington, N.C. 28401

#### B. BASIS OF PRESENTATION

**Government-wide Statements:** The statement of net assets and the statement of activities display information about the primary government and its component unit. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.



# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2009

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### B. BASIS OF PRESENTATION (continued)

**Government-wide Statements (continued):** The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**Fund Financial Statements:** The fund financial statements provide information about the City's funds. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies, tax distributions, and investment earnings, result from non-exchange transactions or ancillary activities.

The City reports the following major governmental funds:

**General Fund.** The General Fund is the general operating fund of the City. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety, street maintenance and construction and parks and recreation.

**Special Purpose Fund.** The Special Purpose Fund accounts for revenues derived from certain governmental grants or other revenue sources that are designated to finance particular functions or activities of the City.

**Building Improvements Fund.** The Building Improvements Fund accounts for resources used for the acquisition, renovation and construction of major capital improvements, other than those financed by proprietary funds.

**Debt Service Fund.** The Debt Service Fund accumulates resources to pay maturing principal and interest on general obligation bonds, certain installment obligations and other long-term obligations issued for governmental capital projects and equipment purchases. Obligations issued for solid waste disposal, storm water management and parking facilities, plus related debt service, are recorded in the respective enterprise funds. On July 1, 2008 the assets and liabilities of the City's water, ground water and sewer operations were transferred to the Cape Fear Public Utility Authority (CFPUA). Certain general obligation bonds and installment obligations previously issued for the benefit of these enterprise operations were not assigned to the CFPUA and became obligations of the debt service fund. These payments are reimbursed to the debt service fund by the CFPUA. See Note 3D to the financial statements for additional information.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2009

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### B. BASIS OF PRESENTATION (continued)

The City reports the following major proprietary funds:

**Water and Sewer Fund.** The Water and Sewer Fund accounted for the provision of water and sewer services by the City to all customers not covered by the Ground Water Utility Fund. On July 1, 2008 the operations the City's water and sewer fund were transferred to the Cape Fear Public Utility Authority.

**Ground Water Utility Fund.** The Ground Water Utility Fund accounted for the water services provided to the customers of Cape Fear Utilities, Inc. and Quality Water Supplies, Inc. On July 1, 2008 the operations of the City's ground water fund were transferred to the Cape Fear Public Utility Authority.

**Solid Waste Management Fund.** The Solid Waste Management Fund accounts for the provision of refuse collection and disposal services by the City.

**Storm Water Management Fund.** The Storm Water Management Fund accounts for storm water drainage services.

**Parking Facilities Fund.** The Parking Facilities Fund accounts for the operation of the City's parking facilities and the on-street parking program.

Additionally, the City reports the following fund types:

**Internal Service Fund.** The City's Internal Service Funds account for fleet management services and replacement of personal computers to other departments of the City on a cost reimbursement basis.

**Pension Trust Fund.** The City maintains two Pension Trust Funds- the Law Enforcement Officers' Pension Trust Fund and the Other Postemployment Benefits Trust Fund. Pension trust funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans or other postemployment benefit plans. The City's Law Enforcement Officers' Pension Trust Fund accounts for the Law Enforcement Officers' Special Separation Allowance, a single-employer, defined benefit, public safety employee retirement system. The Other Postemployment Benefits Trust Fund accounts for the City's contributions for healthcare coverage provided to qualified retirees.

#### C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

In accordance with North Carolina General Statutes, all funds of the City and the Authority are maintained during the year using the modified accrual basis of accounting.

**Government-wide and Proprietary Fund Financial Statements.** The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2009

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (continued)

**Government-wide and Proprietary Fund Financial Statements (continued).** Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, tax distributions, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

**Governmental Fund Financial Statements.** Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The City considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, New Hanover County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County, including the City of Wilmington. For motor vehicles registered under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, the City's vehicle taxes for vehicles registered in New Hanover County from March 2008 through February 2009 apply to the fiscal year ended June 30, 2009. Uncollected taxes that were billed during this period are shown as a receivable in these financial statements and are offset by deferred revenues.

Sales taxes and certain intergovernmental revenues, such as utilities franchise tax, collected and held by the State at year-end on behalf of the City are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues, which are unearned at year-end, are recorded as unearned revenues. Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

As permitted by generally accepted accounting principles, the City and the Authority have elected to apply only applicable FASB Statements and Interpretations issued on or before November 30, 1989 that do not contradict GASB pronouncements in its accounting and reporting practices for its proprietary operations.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2009

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### D. BUDGETARY DATA

Budgets for the City and the Authority are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, Debt Service Fund, enterprise funds, internal service funds and the Authority. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for special revenue funds and capital projects funds, including the enterprise capital projects funds which are consolidated with the operating funds for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds in addition to the Community Development and the Home Investment Partnership multi-year funds, at the fund level for all capital projects and the Convention Center multi-year funds and at the grant level for the Special Purpose multi-year fund. Amendments are required for any revisions that alter total expenditures of any fund.

All amendments must be approved by City Council. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

#### E. ASSETS, LIABILITIES, NET ASSETS OR EQUITY

##### DEPOSITS AND INVESTMENTS

All deposits of the City and of the Authority are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The City and the Authority may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the City and the Authority may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the City and the Authority to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT).

The City's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost.

##### CASH AND CASH EQUIVALENTS

The City pools money from several funds to facilitate disbursement and investment and to maximize investment income; however, the City maintains separate investments of proceeds of bond issues and other financings. All cash and investment types, short-term and longer-term fixed income investments are essentially managed as demand deposits and are therefore considered to be cash and cash equivalents.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2009

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### E. ASSETS, LIABILITIES, NET ASSETS OR EQUITY (continued)

##### RESTRICTED ASSETS

Unexpended proceeds of the City's revenue bonds, certificates of participation and other long-term obligations are classified as restricted assets because their use is limited by bond covenants, bond indentures and other financing agreements to the purpose for which the debt was originally issued. Similarly, unexpended proceeds of the City's general obligation bonds reported in capital project funds, although not considered restricted in the capital project funds themselves, are classified as restricted assets in the government-wide statement of net assets.

##### AD VALOREM TAXES RECEIVABLE

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the City levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2008. For collection purposes, taxes receivable are written off at the end of ten years in accordance with North Carolina General Statutes.

##### ALLOWANCES FOR DOUBTFUL ACCOUNTS

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the aging of account balances.

##### INVENTORIES

Inventories are maintained for major items used by the governmental funds, proprietary funds and the Authority in their operations. They are stated at cost (first-in, first-out) in the governmental funds and at the lower of cost (first-in, first-out) or market in the proprietary funds. Disbursements for inventory-type items in the General Fund are considered to be expenditures at the time of purchase. Inventory of the General Fund is shown on the balance sheet with an offsetting contra account, "Reserved for inventories", in the fund balance of the General Fund.

##### CAPITAL ASSETS

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, \$10,000; furniture and equipment \$5,000; buildings and improvements, plant structures \$25,000; infrastructure and certain improvements other than buildings \$100,000. Infrastructure includes streets and drainage systems. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets and those acquired by annexation are recorded at their estimated fair value at the date of donation or effective date of annexation. General infrastructure assets acquired prior to July 1, 2002 consist of streets and related right of way that were acquired or received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2009

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### E. ASSETS, LIABILITIES, NET ASSETS OR EQUITY (continued)

##### CAPITAL ASSETS (continued)

The City follows the policy of capitalizing interest as a component of the cost of proprietary fund type capital assets constructed for its own use in accordance with the guidelines of Statement of Financial Accounting Standards No. 62, and other related pronouncements. During the year ended June 30, 2009, a total of \$352,006 was capitalized in the Storm Water Management Fund.

The Authority's capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Purchased or constructed capital assets are reported at cost. Donated capital assets are recorded at their estimated fair value at the date of donation.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset class</u>	<u>Estimated useful lives</u>
Infrastructure (including streets and drainage systems)	50 years
Buildings, plant, structures and improvements	40 years
Improvements other than buildings	20 years
Parking facilities plant and structures	20 years
Vehicles	5 years
Furniture and equipment	5 years

The interlocal agreement between the County and City that provides for the operation of transportation facilities and providing of transportation services requires that title to personal property, equipment, fixtures and real property owned by the County and City shall remain with the current owner. For financial reporting purposes, the asset values and related accumulated depreciation for assets owned by the County and City are recorded as assets of the Authority.

Property, plant and equipment are depreciated by the Authority using the straight-line method over the following estimated useful lives:

<u>Asset class</u>	<u>Estimated useful lives</u>
Buildings and improvements	20 years
Buses	10 - 12 years
Other vehicles	5 - 7 years
Furniture, fixtures, machinery and equipment	5 - 10 years

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2009

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### E. ASSETS, LIABILITIES, NET ASSETS OR EQUITY (continued)

##### LONG-TERM OBLIGATIONS

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

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

The City has entered into an interest rate swap agreement to modify interest rates on outstanding debt. Other than the net interest expense resulting from the agreement, no amounts are recorded in the financial statements. All amounts expended by the City under the agreement are reimbursed by the Cape Fear Public Utility Authority.

##### COMPENSATED ABSENCES

Under the City's current personnel ordinance, full-time employees accrue vacation days based on years of service and may accumulate up to twice their annual accrual level on December 31<sup>st</sup> of each year. Any unused days not exceeding twice the annual accrual level will be paid upon termination of employment. Full time employees receive up to twelve paid holidays per year. If scheduled holidays can not be taken, employees may accumulate all approved holidays and be paid for any unused days upon request. However, all accumulated holiday balances are liquidated prior to fiscal year end. Sick leave credits can be accumulated indefinitely and employees with five years continuous service shall be paid for 25% of their unused sick leave upon termination of employment. For the City's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The City has assumed a first-in, first-out method of using accumulated compensated time. The portion of the time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

As more fully described in Note 3, the Authority contracts with a management company to provide management services, including the furnishing of certain employees to operate and maintain the equipment. As of June 30, 2009 the Authority recorded a liability of \$49,301 for unused vacation benefits for employees of the management company and the Authority. Although sick leave may accumulate to a maximum of seventy-five days for employees of the management company and ninety days for Authority employees, it does not vest. The Authority has no obligation for accumulated sick leave until it is actually taken; therefore, no accrual for sick leave has been made. The management company provides other benefits that are reimbursed by agreement.

# **CITY OF WILMINGTON, NORTH CAROLINA**

## **Notes to Financial Statements (Continued) June 30, 2009**

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **E. ASSETS, LIABILITIES, NET ASSETS OR EQUITY (continued)**

##### **MEDICAL SELF-INSURANCE PROGRAM**

The City is currently a self-insurer for group medical insurance. The City has contracted with Blue Cross and Blue Shield of North Carolina to administer the program. In addition, the City has a contract with Blue Cross and Blue Shield of North Carolina to provide for individual stop-loss above a specified amount which provides a method by which the group limits claims charged to its account. The specific stop-loss provides that during any one contract period the total accumulated claims expense paid for any one participant above \$150,000 will not be charged to the group during the remainder of that contract period for that participant. As of June 30, 2009 the City has recorded a liability of \$31,322 for estimated unpaid claims in accordance with the guidelines of GASB Statement No. 10.

##### **WORKERS' COMPENSATION SELF-INSURANCE PROGRAM**

The City is currently a self-insurer for workers' compensation insurance. The City has contracted with Key Risk, Inc., a provider of claims administrative services, to administer the program. The program provides that the City would be responsible for the first \$350,000 of cost and/or benefits payable to employees (other than public safety) resulting from any one accident or event, regardless of the number of persons injured. For public safety employees (police and fire) the City is responsible for the first \$500,000 of cost and/or benefits. Specific excess insurance would provide coverage above these dual limits (\$350,000/\$500,000) up to maximum limits provided under the North Carolina Workers' Compensation Act. In addition, aggregate excess insurance would provide protection against cumulative retained losses after the City's aggregate costs reach approximately \$2,100,000 during the year. Aggregate excess insurance would provide coverage above this amount up to a maximum of \$2,000,000 with any losses beyond this limit retained by the City. As of June 30, 2009 the City has recorded a liability of \$828,289 for estimated claims in accordance with the guidelines of GASB Statement No. 10.

##### **NET ASSETS**

Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

##### **FUND BALANCES**

In the governmental fund financial statements, reservations of fund balance represent amounts that cannot be appropriated or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

State law [G.S. 159-13(b)(16)] restricts appropriation of fund balance for the subsequent year's budget to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.



# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2009

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### E. ASSETS, LIABILITIES, NET ASSETS OR EQUITY (continued)

##### FUND BALANCES (continued)

The governmental fund types classify fund balances as follows:

##### Reserved:

Reserved for encumbrances - portion of fund balance available to pay for commitments related to purchase orders or contracts which remain unperformed at year-end.

Reserved for inventories - portion of fund balance that is not available for appropriation because it represents the year-end fund balance of ending inventories, which are not expendable, available resources.

Reserved by State statute - portion of fund balance, in addition to reserves for encumbrances and reserves for inventories, which is not available for appropriation under State law [G.S. 159-8(a)]. This amount is usually comprised of accounts receivable and interfund receivables, which have not been offset by deferred revenues.

Reserved for loans - portion of fund balance that is not available for appropriation because it represents the year-end fund balance of notes receivable, which are not expendable, available resources.

Reserved for firemen's relief - portion of fund balance that has been specifically set-aside to fund firemen's benefits.

Reserved for capital projects - represents the proceeds of debt obligations used to finance major capital improvements not yet completed and funds accumulated for future capital projects.

Reserved for debt service - represents amounts held for the future payment of general long-term debt principal and interest.

Reserved for convention center facility - represents the unspent proceeds of debt obligations to be used for the construction of the convention center and the unspent portion of the room occupancy tax specifically levied for construction of the convention center.

##### Unreserved:

Designated for subsequent year's expenditures - represents the amount of fund balance appropriated by the City Council to the budget for the year ending June 30, 2010.

Designated for self-insurance - represents the portion of total fund balance held for the future payment of the City's self-insured employee healthcare benefits.

Undesignated - portion of total fund balance available for appropriation that is uncommitted at year-end.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2009

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### F. COMPARATIVE DATA

Comparative data for the prior year has been presented in selected sections of the City's CAFR in order to provide an understanding of changes in the City's financial position and operations. Comparative totals have not been included on the statements where their inclusion would not provide enhanced understanding of the City's financial position and operations, or would cause the statements to be unduly complex or difficult to understand.

### NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

#### A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS

The governmental funds balance sheet includes a reconciliation between total fund balances – governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One item of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.”

The details of that item are as follows:

Bonds payable	\$ 39,355,000
Installment obligations	127,104,966
Unamortized issuance costs, premiums and similar items	635,629
Accrued interest payable	1,082,120
Other long-term obligations	29,664,141
Accrued vacation and sick leave	5,063,609
Accrued other post employment benefits	<u>1,363,265</u>
	<u>\$ 204,268,730</u>

#### B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

The governmental funds statement of revenues, expenditures and changes in fund balances includes a reconciliation between net change in fund balances – total governmental funds and changes in net assets – governmental activities as reported in the government-wide statement of activities. One item of that reconciliation explains that “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. This is the amount by which capital outlays exceeded depreciation in the current period, including amounts for donations and disposals.”

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2009

### NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

#### B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES (continued)

The details of those items are as follows:

Capital outlay	\$ 37,380,381
Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	3,561,870
Net transfers of capital assets from proprietary funds increase net assets in the statement of activities, but do not appear in governmental funds because they are not financial resources.	312,704
The net book value of capital assets sold decreases net assets in the statement of activities, but does not appear in governmental funds because they are not financial resources.	(9,495)
Depreciation expense	<u>(7,407,204)</u>
	<u>\$ 33,838,256</u>

Another element of that reconciliation states that “the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the 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. This amount is the net effect of these differences in the treatment of long-term debt and related items.”

The details of this item are as follows:

Debt issued:	
Issuance of bonds	\$ (14,605,000)
Issuance of other long-term obligations	(1,525,745)
Issuance costs (to be amortized over the life of the obligation)	87,369
Issuance premium (to be amortized over the life of the obligation)	(121,181)
Principal payments:	
Bonds payable	1,636,385
Installment obligations	1,708,569
Other long-term obligations	1,204,779
Amortization of issuance costs, premiums and similar items	<u>(102,714)</u>
	<u>\$ (11,717,538)</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2009

### NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

#### B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES (continued)

The reconciliation further states that “some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this item are as follows:

Accrued vacation and sick leave	\$ (195,153)
Accrued other postemployment benefits	(1,363,265)
Accrued interest payable	<u>(509,946)</u>
	<u>\$ (2,068,364)</u>

### NOTE 3 – DETAIL NOTES ON ALL FUNDS

#### A. ASSETS

##### DEPOSITS AND INVESTMENTS

All of the City's and the Authority's deposits are either insured or collateralized under the Pooling Method. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City and the Authority, these deposits are considered to be held by each unit's agent in the unit's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits.

Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the units or the escrow agents. Because of the inability to measure the exact amount of collateral pledged for the units under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The City and the Authority have no policy regarding custodial credit risk for deposits and investments.

At June 30, 2009, the City's deposits had a carrying amount of \$81,555,351 and a bank balance of \$81,975,353. Of the bank balance, \$1,000,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. Cash on hand at June 30, 2009, was \$9,619.

At June 30, 2009, the Authority's deposits had a carrying amount of \$9,863 and the bank balance was \$19,424. The bank balance was covered by federal depository insurance.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2009

### NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

#### A. ASSETS (continued)

#### DEPOSITS AND INVESTMENTS (continued)

At June 30, 2009, the City's investments were as follows:

	Fair Value	Weighted Average Maturity (Years)
U.S. Government Agencies	\$ 1,820,183	0.48
North Carolina Capital Management Trust Cash Portfolio	43,121,830	N/A
Total fair value	\$ 44,942,013	
Portfolio weighted average maturity		0.02

#### Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the weighted average maturity of the City's investment portfolio to no more than 12 months. Also, the City's investment policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than five years.

#### Credit Risk

The City has no formal policy on managing credit risk. As of June 30, 2009, the City's investments in the North Carolina Capital Management Trust's Cash Portfolio carried a credit rating of AAAM by Standard & Poor's. The City's investments in U.S. Agencies (Federal National Mortgage Association and Federal Home Loan Mortgage Corporation) are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

At June 30, 2009, the Authority's investments consisted of \$5,420 in the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standard & Poor's. The Authority has no policy for managing interest rate risk or credit risk.

#### RECEIVABLES

Receivables at the government-wide level at June 30, 2009, were as follows:

	Taxes	Accounts	Other Governments	Notes	Other	Total
Governmental activities:						
General	\$ 1,892,812	\$ 840,437	\$ 6,134,656	\$ 247,620	\$ -	\$ 9,115,525
Special Purpose	-	-	747,252	-	-	747,252
Building Improvements	-	-	330,316	-	-	330,316
Debt Service	-	-	26,729	-	-	26,729
Other governmental	-	65,322	5,352,791	13,573,757	250,000	19,241,870
Total receivables	1,892,812	905,759	12,591,744	13,821,377	250,000	29,461,692
Allowance for doubtful accounts	(487,014)	-	-	-	-	(487,014)
Total governmental activities	\$ 1,405,798	\$ 905,759	\$ 12,591,744	\$ 13,821,377	\$ 250,000	\$ 28,974,678

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2009

### NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

#### A. ASSETS (continued)

##### RECEIVABLES (continued)

	Taxes	Accounts	Governments	Notes	Other	Total
Business-type activities:						
Solid Waste Management	\$ -	\$ 2,684,924	\$ 16,564	\$ -	\$ -	\$ 2,701,488
Storm Water Management	-	1,328,404	57,599	-	-	1,386,003
Parking Facilities	-	167,744	11,478	-	-	179,222
Golf (nonmajor)	-	-	384	-	-	384
Total receivables	-	4,181,072	86,025	-	-	4,267,097
Allowance for doubtful accounts	-	(929,505)	-	-	-	(929,505)
Total business-type activities	<u>\$ -</u>	<u>\$ 3,251,567</u>	<u>\$ 86,025</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,337,592</u>

The amount due from other governments for governmental activities consists of the following:

Local government sales and use taxes	\$ 3,543,856
Franchise tax	1,347,169
Video programming sales tax	365,427
Refund of sales and use tax paid	962,199
Room occupancy tax	456,777
New Hanover County	4,620,025
Other grants and reimbursements	1,296,291
	<u>\$ 12,591,744</u>

The amount due from other governments for business-type activities consists of the following:

Refund of sales and use tax paid	\$ 37,451
Solid waste disposal tax	16,564
Other grants and reimbursements	32,010
	<u>\$ 86,025</u>

The amount due from other governments for the Authority consists of the following:

State operating grants	\$ 48,059
Federal and State capital grants and contributions	45,353
Local government sales and use taxes	32,934
Governmental contracted services	74,938
Other receivables	54,063
	<u>\$ 255,347</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2009

### NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

#### A. ASSETS (continued)

#### CAPITAL ASSETS

Capital asset activity for the primary government for the year ended June 30, 2009, was as follows:

	July 1, 2008	Increases	Decreases	Transfers	June 30, 2009
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 49,253,596	\$ 3,306,979	\$ -	\$ -	\$ 52,560,575
Construction in progress	29,841,041	31,871,633	-	(2,669,511)	59,043,163
Total capital assets not being depreciated	79,094,637	\$ 35,178,612	\$ -	\$ (2,669,511)	111,603,738
Capital assets being depreciated:					
Improvements other than buildings	16,407,348	\$ 1,715,687	\$ -	\$ 2,562,637	20,685,672
Buildings, plant and structures	76,258,952	-	-	-	76,258,952
Furniture, fixtures, machinery and equipment	38,236,097	4,455,668	(4,887,419)	-	37,804,346
Streets and drainage	153,302,926	1,845,179	-	106,874	155,254,979
Total capital assets being depreciated	284,205,323	\$ 8,016,534	\$ (4,887,419)	\$ 2,669,511	290,003,949
Less accumulated depreciation for:					
Improvements other than buildings	4,950,023	\$ 861,701	\$ -	\$ -	5,811,724
Buildings, plant and structures	14,953,695	1,858,300	-	-	16,811,995
Furniture, fixtures, machinery and equipment	26,901,037	3,833,370	(3,859,119)	-	26,875,288
Streets and drainage	43,093,382	2,993,415	-	-	46,086,797
Total accumulated depreciation	89,898,137	\$ 9,546,786	\$ (3,859,119)	\$ -	95,585,804
Total capital assets being depreciated, net	194,307,186				194,418,145
Governmental activities capital assets, net	\$ 273,401,823				\$ 306,021,883

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

General government	\$ 1,280,224
Public safety	2,181,026
Transportation	3,056,485
Economic and physical development	3,536
Cultural and recreational	885,933
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	2,139,582
	\$ 9,546,786

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2009

### NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

#### A. ASSETS (continued)

#### CAPITAL ASSETS (continued)

In connection with the creation of the Cape Fear Public Utility Authority (CFPUA) on July 1, 2008, the capital assets of the water, sewer and ground water operations were conveyed to the CFPUA. See Note 3D for additional information. Capital asset activity for the business-type activities for the year ended June 30, 2009, was as follows:

	July 1, 2008	Increases	Decreases	Transfers	June 30, 2009
Business-type activities:					
Water and sewer:					
Capital assets not being depreciated:					
Land	\$ 3,506,005	\$ -	\$ (3,506,005)	\$ -	\$ -
Construction in progress	<u>52,062,026</u>	<u>-</u>	<u>(52,062,026)</u>	<u>-</u>	<u>-</u>
Total capital assets not being depreciated	<u>55,568,031</u>	<u>\$ -</u>	<u>\$ (55,568,031)</u>	<u>\$ -</u>	<u>-</u>
Capital assets being depreciated:					
Buildings, plant and structures	93,060,970	\$ -	\$ (93,060,970)	\$ -	-
Water and sewer lines	126,991,335	-	(126,991,335)	-	-
Furniture, fixtures, machinery and equipment	<u>4,165,977</u>	<u>-</u>	<u>(4,165,977)</u>	<u>-</u>	<u>-</u>
Total capital assets being depreciated	<u>224,218,282</u>	<u>\$ -</u>	<u>\$ (224,218,282)</u>	<u>\$ -</u>	<u>-</u>
Less accumulated depreciation for:					
Buildings, plant and structures	32,903,710	\$ -	\$ (32,903,710)	\$ -	-
Water and sewer lines	37,145,320	-	(37,145,320)	-	-
Furniture, fixtures, machinery and equipment	<u>2,715,802</u>	<u>-</u>	<u>(2,715,802)</u>	<u>-</u>	<u>-</u>
Total accumulated depreciation	<u>72,764,832</u>	<u>\$ -</u>	<u>\$ (72,764,832)</u>	<u>\$ -</u>	<u>-</u>
Total capital assets being depreciated, net	<u>151,453,450</u>				<u>-</u>
Water and sewer capital assets, net	<u>207,021,481</u>				<u>-</u>
Ground water:					
Capital assets not being depreciated:					
Land	<u>368,464</u>	<u>\$ -</u>	<u>\$ (368,464)</u>	<u>\$ -</u>	<u>-</u>
Capital assets being depreciated:					
Buildings, plant and structures	2,738,955	\$ -	\$ (2,738,955)	\$ -	-
Water and sewer lines	<u>19,261,958</u>	<u>-</u>	<u>(19,261,958)</u>	<u>-</u>	<u>-</u>
Total capital assets being depreciated	<u>22,000,913</u>	<u>\$ -</u>	<u>\$ (22,000,913)</u>	<u>\$ -</u>	<u>-</u>



# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2009

### NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

#### A. ASSETS (continued)

##### CAPITAL ASSETS (continued)

	July 1, 2008	Increases	Decreases	Transfers	June 30, 2009
Ground water: (continued)					
Less accumulated depreciation for:					
Buildings, plant and structures	\$ 582,028	\$ -	\$ (582,028)	\$ -	\$ -
Water and sewer lines	<u>3,274,034</u>	<u>-</u>	<u>(3,274,034)</u>	<u>-</u>	<u>-</u>
Total accumulated depreciation	<u>3,856,062</u>	<u>\$ -</u>	<u>\$ (3,856,062)</u>	<u>\$ -</u>	<u>-</u>
Total capital assets being depreciated, net	<u>18,144,851</u>				<u>-</u>
Ground water capital assets, net	<u>18,513,315</u>				<u>-</u>
Solid waste:					
Capital assets being depreciated:					
Furniture, fixtures, machinery and equipment	12,198	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	12,198
Less accumulated depreciation for:					
Furniture, fixtures, machinery and equipment	<u>2,320</u>	<u>\$ 2,440</u>	<u>\$ -</u>	<u>\$ -</u>	<u>4,760</u>
Solid waste capital assets, net	<u>9,878</u>				<u>7,438</u>
Storm water:					
Capital assets not being depreciated:					
Land	725,540	\$ 94,680	\$ -	\$ -	820,220
Construction in progress	<u>11,109,262</u>	<u>1,149,981</u>	<u>-</u>	<u>(10,401,375)</u>	<u>1,857,868</u>
Total capital assets not being depreciated	<u>11,834,802</u>	<u>\$ 1,244,661</u>	<u>\$ -</u>	<u>\$ (10,401,375)</u>	<u>2,678,088</u>
Capital assets being depreciated:					
Improvements other than buildings	28,034,381	\$ 1,593,551	\$ -	\$ 10,289,043	39,916,975
Buildings, plant and structures	-	1,077,474	-	112,332	1,189,806
Furniture, fixtures, machinery and equipment	<u>244,016</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>244,016</u>
Total capital assets being depreciated	<u>28,278,397</u>	<u>\$ 2,671,025</u>	<u>\$ -</u>	<u>\$ 10,401,375</u>	<u>41,350,797</u>
Less accumulated depreciation for:					
Improvements other than buildings	13,279,375	\$ 473,080	\$ -	\$ -	13,752,455
Buildings, plant and structures	-	14,873	-	-	14,873
Furniture, fixtures, machinery and equipment	<u>176,111</u>	<u>24,368</u>	<u>-</u>	<u>-</u>	<u>200,479</u>
Total accumulated depreciation	<u>13,455,486</u>	<u>\$ 512,321</u>	<u>\$ -</u>	<u>\$ -</u>	<u>13,967,807</u>
Total capital assets being depreciated, net	<u>14,822,911</u>				<u>27,382,990</u>
Storm water capital assets, net	<u>26,657,713</u>				<u>30,061,078</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2009

### NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

#### A. ASSETS (continued)

##### CAPITAL ASSETS (continued)

	July 1, 2008	Increases	Decreases	Transfers	June 30, 2009
Golf:					
Capital assets not being depreciated:					
Land	\$ 109,393	\$ -	\$ -	\$ -	\$ 109,393
Construction in progress	<u>90,110</u>	<u>92,275</u>	<u>-</u>	<u>-</u>	<u>182,385</u>
Total capital assets not being depreciated	<u>199,503</u>	<u>\$ 92,275</u>	<u>\$ -</u>	<u>\$ -</u>	<u>291,778</u>
Capital assets being depreciated:					
Improvements other than buildings	764,576	\$ -	\$ -	\$ -	764,576
Buildings, plant and structures	290,903	-	-	-	290,903
Furniture, fixtures, machinery and equipment	<u>405,104</u>	<u>60,366</u>	<u>(109,718)</u>	<u>-</u>	<u>355,752</u>
Total capital assets being depreciated	<u>1,460,583</u>	<u>\$ 60,366</u>	<u>\$ (109,718)</u>	<u>\$ -</u>	<u>1,411,231</u>
Less accumulated depreciation for:					
Improvements other than buildings	515,855	\$ 38,229	\$ -	\$ -	554,084
Buildings, plant and structures	154,028	5,273	-	-	159,301
Furniture, fixtures, machinery and equipment	<u>332,012</u>	<u>23,850</u>	<u>(109,718)</u>	<u>-</u>	<u>246,144</u>
Total accumulated depreciation	<u>1,001,895</u>	<u>\$ 67,352</u>	<u>\$ (109,718)</u>	<u>\$ -</u>	<u>959,529</u>
Total capital assets being depreciated, net	<u>458,688</u>				<u>451,702</u>
Golf capital assets, net	<u>658,191</u>				<u>743,480</u>
Parking facilities:					
Capital assets not being depreciated:					
Land	1,355,954	\$ -	\$ -	\$ -	1,355,954
Construction in progress	<u>248,324</u>	<u>120,315</u>	<u>-</u>	<u>-</u>	<u>368,639</u>
Total capital assets not being depreciated	<u>1,604,278</u>	<u>\$ 120,315</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,724,593</u>
Capital assets being depreciated:					
Buildings, plant and structures	12,235,702	\$ -	\$ -	\$ -	12,235,702
Furniture, fixtures, machinery and equipment	<u>87,311</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,311</u>
Total capital assets being depreciated	<u>12,323,013</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>12,323,013</u>
Less accumulated depreciation for:					
Buildings, plant and structures	3,861,542	\$ 611,785	\$ -	\$ -	4,473,327
Furniture, fixtures, machinery and equipment	<u>84,135</u>	<u>3,177</u>	<u>-</u>	<u>-</u>	<u>87,312</u>
Total accumulated depreciation	<u>3,945,677</u>	<u>\$ 614,962</u>	<u>\$ -</u>	<u>\$ -</u>	<u>4,560,639</u>
Total capital assets being depreciated, net	<u>8,377,336</u>				<u>7,762,374</u>
Parking facilities capital assets, net	<u>9,981,614</u>				<u>9,486,967</u>
Business-type activities capital assets, net	<u>\$ 262,842,192</u>				<u>\$ 40,298,963</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2009

### NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

#### A. ASSETS (continued)

#### CAPITAL ASSETS (continued)

#### COMMITMENTS FOR CAPITAL PROJECTS

At June 30, 2009, the City has commitments for active projects as follows:

	Spent to date	Remaining commitment
Governmental funds:		
Capital projects	<u>\$ 34,915,543</u>	<u>\$ 40,480,737</u>
Enterprise funds:		
Storm Water capital projects	\$ 2,469,325	\$ 1,286,450
Parking Facilities capital projects	131,793	53,269
Golf capital projects	<u>-</u>	<u>975</u>
Total enterprise funds	<u>\$ 2,601,118</u>	<u>\$ 1,340,694</u>

#### DISCRETELY PRESENTED COMPONENT UNIT

Activity for the Cape Fear Public Transportation Authority for the year ended June 30, 2009, is as follows:

	July 1, 2008	Increases	Decreases	June 30, 2009
Capital assets not being depreciated:				
Land	\$ 2,389,453	\$ -	\$ -	\$ 2,389,453
Construction in progress	<u>39,684</u>	<u>63,802</u>	<u>-</u>	<u>103,486</u>
Total capital assets not being depreciated	<u>2,429,137</u>	<u>\$ 63,802</u>	<u>\$ -</u>	<u>2,492,939</u>
Capital assets being depreciated:				
Buildings and improvements	539,547	\$ -	\$ -	539,547
Furniture, fixtures, machinery and equipment	<u>10,010,972</u>	<u>576,783</u>	<u>(370,124)</u>	<u>10,217,631</u>
Total capital assets being depreciated	<u>10,550,519</u>	<u>\$ 576,783</u>	<u>\$ (370,124)</u>	<u>10,757,178</u>
Less accumulated depreciation for:				
Buildings and improvements	474,305	\$ 14,546	\$ -	488,851
Furniture, fixtures, machinery and equipment	<u>5,013,997</u>	<u>1,040,568</u>	<u>(319,491)</u>	<u>5,735,074</u>
Total accumulated depreciation	<u>5,488,302</u>	<u>\$ 1,055,114</u>	<u>\$ (319,491)</u>	<u>6,223,925</u>
Total capital assets being depreciated, net	<u>5,062,217</u>			<u>4,533,253</u>
Authority capital assets, net	<u>\$ 7,491,354</u>			<u>\$ 7,026,192</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2009

### NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

#### B. LIABILITIES

#### PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS

##### 1. Local Governmental Employees' Retirement System

*Plan Description.* The City of Wilmington and the Authority contribute to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

*Funding Policy.* Plan members are required to contribute six percent of their annual covered salary. The City and the Authority are required to contribute at an actuarially determined rate. For the City and the Authority, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.80% and 4.86%, respectively, of annual covered payroll. The contribution requirements of members, the City and the Authority are established and may be amended by the North Carolina General Assembly.

Contributions by the City to LGERS for the years ended June 30, 2009, 2008, and 2007 were \$2,189,575, \$2,425,801, and \$2,176,189, respectively. Contributions by the Authority to LGERS for the years ended June 30, 2009, 2008, and 2007 were \$12,954, \$12,086, and \$8,615, respectively. The contributions made by the City and the Authority equaled the required contributions for each year.

##### 2. Law Enforcement Officers' Special Separation Allowance

###### a. *Plan Description.*

The City of Wilmington administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Separation Allowance is included in the City's financial statements as a pension trust fund. The Separation Allowance does not issue separate financial statements.

All full-time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2008, the Separation Allowance's membership consisted of:

Retirees currently receiving benefits	11
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	277
Total	<u>288</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2009

### NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

#### B. LIABILITIES (continued)

#### PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (continued)

#### 2. Law Enforcement Officers' Special Separation Allowance (continued)

##### b. Summary of Significant Accounting Policies.

*Basis of Accounting.* Financial statements for the Separation Allowance are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and when the City has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the plan.

*Methods used to Value Investments.* Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price on the government's balance sheet date. Securities without an established market are reported at estimated fair value.

##### c. Contributions.

The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned by making contributions based on actuarial valuations. For the current year, the City contributed \$250,000 or 1.94% of annual covered payroll. There were no contributions made by employees. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are paid by the City.

The annual required contribution for the current year was determined as part of the December 31, 2007 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return and (b) projected salary increases ranging from 4.5% to 12.3% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed basis. The remaining amortization period at December 31, 2007 was 23 years.

*Annual Pension Cost and Net Pension Obligation.* The City's annual pension cost and net pension obligation (asset) in regards to the Separation Allowance for the current year are as follows:

Annual required contribution	\$ 344,666
Interest on net pension obligation	(16,722)
Adjustment to annual required contribution	<u>14,101</u>
Annual pension cost	342,045
Contributions made	<u>(250,000)</u>
Change in net pension obligation (asset)	92,045
Net pension obligation (asset), beginning of year	<u>(230,647)</u>
Net pension obligation (asset), end of year	<u>\$ (138,602)</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2009

### NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

#### B. LIABILITIES (continued)

#### PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (continued)

#### 2. Law Enforcement Officers' Special Separation Allowance (continued)

##### c. Contributions. (continued)

#### Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
June 30, 2007	\$ 262,733	95.15 %	\$ (273,194)
June 30, 2008	292,547	85.46	(230,647)
June 30, 2009	342,045	73.09	(138,602)

##### d. Funded status and funding progress.

As of December 31, 2008, the most recent actuarial valuation date, the plan was 26.14% funded. The actuarial accrued liability for benefits was \$3,610,441, and the actuarial value of assets was \$943,789, resulting in an unfunded actuarial liability (UAAL) of \$2,666,652. The covered payroll (annual payroll of active employees covered by the plan) was \$12,906,080, and the ratio of the UAAL to the covered payroll was 20.66%.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

#### 3. Supplemental Retirement Income Plan for Law Enforcement Officers

*Plan Description.* The City contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the City. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

*Funding Policy.* Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. For the year ended June 30, 2009 the City's required contribution was \$667,060 for the law enforcement officers.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2009

### NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

#### B. LIABILITIES (continued)

#### PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (continued)

#### 3. Supplemental Retirement Income Plan for Law Enforcement Officers (continued)

The City has elected to make contributions on behalf of all employees to the Supplemental Retirement Income Plan or the 457 Deferred Compensation Plan, discussed below. The City's contribution is 2.5% of covered payroll and contributions are made to the plan selected by the employee. The City Council established the contribution and can amend or discontinue it at any time. Employees can also make voluntary contributions to these plans.

Employer contributions to the Supplemental Retirement Income Plan, excluding required contributions for law enforcement officers, totaled \$1,257,852 for the year ended June 30, 2009. Employee contributions to this plan, including law enforcement officers, included in salary expense for the year ended June 30, 2009, were \$965,092. The Authority has elected to contribute on behalf of all employees full matching of employee contributions up to 4.5% of eligible compensation. Authority contributions on behalf of the employees were \$11,633 for the year ended June 30, 2009.

#### 4. Firemen's Pension Fund

*Plan Description.* The State of North Carolina contributes, on behalf of the City of Wilmington, to the Firemen's and Rescue Squad Workers' Pension Fund (Fund), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire and rescue squad workers that have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Firemen's and Rescue Squad Workers' Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

*Funding Policy.* Plan members are required to contribute \$10 per month to the Fund. The State, a non-employer contributor, funds the plan through appropriations. The City does not contribute to the Fund. Contribution requirements of plan members and the State of North Carolina are established and may be amended by the North Carolina General Assembly. The amount of the State's contribution to the fund is not available and is not considered significant to these financial statements.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2009

### NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

#### B. LIABILITIES (continued)

#### PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (continued)

##### 5. Other Postemployment Benefits

*Plan Description.* Under the terms of a City Council resolution, the City of Wilmington provides healthcare benefits through its medical self-insurance program as a single-employer defined benefit plan to cover retirees of the City who participate in the North Carolina Local Governmental Employees' Retirement System (LGERS) and have at least five years of creditable service with the City. The healthcare benefits for retired employees are the same as for active employees and are available to qualified retirees until the age of 65 or until Medicare eligible, whichever is sooner. Dependents of retirees may participate in the healthcare plan by paying premiums that vary depending upon their type of coverage. The City Council may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the plan consisted of the following at December 31, 2007, the date of the latest actuarial valuation:

	General Employees	Firefighters	Law Enforcement Officers
Retirees and dependents receiving benefits	69	14	30
Terminated plan members entitled to but not yet receiving benefits	-	-	-
Active plan members	525	216	255
Total	594	230	285

*Funding Policy.* The City Council established the contribution requirements of plan members under the City's medical self-insurance program and those contribution requirements may be amended by the City Council. Annually, the cost of each type of coverage is determined and a set amount of those costs are required of active employees. For the year ended June 30, 2009 active employee contribution requirements range from \$42 to \$274 per month depending on their choice of coverage. The retiree contribution to the cost of a selected type of coverage is equivalent at a minimum to the active employee premium but may also include a percentage of the City's portion of the premium depending on the date the retiree was first hired by the City and the years of creditable service the retiree has achieved with the LGERS. For qualified retired employees first hired on or after January 1, 2007, contribution requirements are the active employee premium plus a percentage of the premium paid by the City for active employees as determined by the following chart:



# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2009

### NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

#### B. LIABILITIES (continued)

#### PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (continued)

#### 5. Other Postemployment Benefits (continued)

Years of Creditable Service with the North Carolina Local Governmental Employees' Retirement System		Percentage of City Premium Required of Retiree in Addition to Active Employee Premium
At Least:	Not More Than:	
5	9	75 %
10	14	50
15	19	25
20	-	-

Retired employees first hired on or after January 1, 2007 may purchase healthcare benefits for their eligible dependents by paying the full cost of such dependent coverage. For qualified retired employees first hired before January 1, 2007, contribution requirements for both individual and dependent coverages are limited to the active employee premium.

Effective June 30, 2009, 39 employees accepted an early retirement incentive offer. Of these employees, 26 receive benefits under the City's healthcare plan on a noncontributory basis until they become 65 year of age or Medicare eligible, whichever comes first, and can no longer participate in the plan. The remaining 13 employees continue to make the required retiree contributions but once age 65 or Medicare eligibility is reached and they can no longer participate in the healthcare plan, the City will fund a Health Reimbursement Account in the amount of \$10,500 over five years on behalf of the employee. The effect of these termination benefits are not considered to be material to the City's actuarial accrued liability and annual required contribution as of December 31, 2007, the date of the last actuarial valuation, and will be included in the next required actuarial valuation as of December 31, 2009.

Effective with employees hired on or after July 1, 2009, by City Council resolution, a retiree must participate in the North Carolina Local Governmental Employees' Retirement System and have at least 10 years of creditable service with the City of Wilmington to be eligible for benefits under the City's postemployment healthcare plan. Such a retiree will be required to contribute the active employee premium plus a percentage of the premium paid by the City for active employees based on the number of creditable years of service attained with the City.

The City has elected to fund the healthcare benefits on a pay as you go basis; however, for the fiscal year-ended June 30, 2009, the City prefunded an additional amount to partially pay the future cost of coverage for benefits. The current annual required contribution is 8.67% of annual covered payroll. For the current year, the City contributed \$1,876,249 or 4.68% of annual covered payroll, including \$1,376,249 for current premiums and an additional \$500,000 to prefund benefits. The City of Wilmington is self-insured. Contributions were made by retirees of \$178,006 for healthcare premiums. The City's obligation to contribute to the medical self-insurance program is established and may be amended by the City Council.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2009

### NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

#### B. LIABILITIES (continued)

#### PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (continued)

#### 5. Other Postemployment Benefits (continued)

*Summary of Significant Accounting Policies.* Postemployment benefit trust fund financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations. Investments in securities of the North Carolina Capital Management Trust's (NCCMT) Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. Administrative costs are charged to the individual funds.

In 2009, the City entered into a trust agreement with First Citizens Bank to establish an irrevocable trust for postemployment healthcare benefits.

*Annual OPEB Cost and Net OPEB Obligation.* The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. 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 actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the City's annual OPEB cost for the current year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for the postemployment healthcare benefits:

Annual required contribution	\$ 3,477,479
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	3,477,479
Contributions made	(1,876,249)
Change in net OPEB obligation	1,601,230
Net OPEB obligation, beginning of year	-
Net OPEB obligation, end of year	\$ 1,601,230

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the healthcare plan and the net OPEB obligation for 2009 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	\$ 3,477,479	53.95 %	\$ 1,601,230

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2009

### NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

#### B. LIABILITIES (continued)

#### PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (continued)

##### 5. Other Postemployment Benefits (continued)

*Funded Status and Funding Progress.* As of December 31, 2007, the most recent actuarial valuation date, the plan was not funded. The actuarial liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$32,968,282. The covered payroll (annual payroll of active employees covered by the plan) was \$40,115,854, and the ratio of the UAAL to the covered payroll was 82.18%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far in to the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend rate. 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 with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents information about the actuarial value of plan assets and the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the December 31, 2007 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 12.00% to 5.00% annually. The investment rate included a 3.75% inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 5 year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2007, was 30 years.

#### DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by the International City Managers' Association Retirement Corporation. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergencies. All assets of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2009

### NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

#### B. LIABILITIES (continued)

##### PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (continued)

##### DEFERRED COMPENSATION PLAN (continued)

The City provides a contribution of 3% of covered payroll to the 457 Deferred Compensation Plan for fire fighters. The City also matches the contributions made by the fire fighters to the 457 Deferred Compensation Plan up to 3% of covered payroll. The City Council established both the 3% contribution and the matching contribution and may amend or discontinue them at any time. Contributions by fire fighters to the plan, included in salary expense for the year ended June 30, 2009, were \$268,264 that was matched by the City.

Employer contributions to the 457 Deferred Compensation Plan totaled \$1,358,218 for the year ended June 30, 2009. This amount included the 3% contribution and matching contributions for fire fighters as well as the 2.5% employer contribution available to all employees. Employee contributions to the plan, excluding the fire fighter's matched deferral, included in salary expense for the year ended June 30, 2009, were \$392,629.

##### OTHER EMPLOYMENT BENEFIT

The City has elected to provide death benefits to employees engaged in law enforcement through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest month's salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. All death benefits are made from the Death Benefit Plan. The City has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payrolls, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the City, the City does not determine the number of eligible participants. For the fiscal year ended June 30, 2009, the City made contributions to the State for death benefits of \$18,678. The City's contribution for law enforcement officers represented .14% of covered payroll. The City is not required to contribute for employees not engaged in law enforcement. The contributions to the Death Benefit Plan cannot be separated between the post employment benefit amount and the other benefit amount.

##### TERMINATION BENEFITS

Effective June, 30 2009, 39 employees accepted a voluntary early retirement incentive offer. Pursuant to this offer, employees eligible to retire from the North Carolina Local Governmental Employees' Retirement System would receive four or five months of salary depending on whether their length of services qualifies them for reduced or full retirement benefits. The City has recorded a liability in the amount of \$806,597 for these benefits as of June 30, 2009. In addition, the early retirement incentive offer provided healthcare related termination benefits that affect the City's obligation to provide defined-benefit postemployment healthcare benefits (OPEB), the effects of which are accounted for and reported under the requirements of GASB Statement No. 45.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2009

### NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES

##### General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds, which pledge the full faith, credit, and taxing power of the City, have been issued for governmental purposes and are serviced by the Debt Service Fund. Principal and interest requirements are provided by appropriation in the year in which they become due. At June 30, 2009, the City had general obligation bonds authorized but unissued of \$5,000,000.

General obligation bonds outstanding at June 30, 2009 are comprised of the following issues:

	<u>Governmental activities</u>
\$11,500,000 Public Improvements and Parks and Recreational Facilities Bonds, Series 1997A; principal payments due annually in installments ranging from \$90,000 to \$460,000 through April 1, 2014; semiannual interest payments due April 1 and October 1 with rates from 4.50 to 5.00 percent; \$3,130,000 of this issue related to business-type activities was refunded with the issue of Storm Water Fee Revenue Bonds, Series 2007.	\$ 1,930,000
\$10,400,000 Refunding Bonds, Series 1997B; principal payment of \$850,000 due April 1, 2010; semiannual interest payments due April 1 and October 1 with rates from 4.00 to 5.00 percent; \$3,774,202 of this issue refunded Street Improvement Bonds and \$6,625,798 refunded Water and Sewer Bonds.	850,000
\$3,400,000 Public Improvements Bonds, Series 2000 issued for streets, sidewalks, and municipal buildings; principal payments due annually on February 1 in installments ranging from \$125,000 to \$400,000 through February 1, 2018; semiannual interest payments due February 1 and August 1 with rates from 5.00 to 5.25 percent.	2,400,000
\$28,825,000 Synthetic Refunding Bonds, Series 2002 issued to refund General Obligation Water Bonds; principal payments due annually on February 1 in varying amounts from \$2,355,000 to \$3,065,000 through June 1, 2015; variable rate semiannual interest payments due June 1 and December 1.	17,275,000

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2009

### NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

#### General Obligation Bonds (continued)

	Governmental activities
<p>\$3,580,000 Public Improvements Bonds, Series 2003A issued for streets and sidewalks; principal payments due annually on March 1 in installments of \$255,000 through March 1, 2018; semiannual interest payments due March 1 and September 1 with rates from 3.00 to 5.00 percent.</p>	\$ 2,295,000
<p>\$5,605,000 General Obligation Bonds, Series 2008A issued for streets and highways; principal payments due annually on September 1 in installments ranging from \$280,000 to \$285,000 through September 1, 2028; semiannual interest payments due March 1 and September 1 with rates from 3.50 to 4.25 percent.</p>	5,605,000
<p>\$9,000,000 General Obligation Bonds, Series 2008B issued for streets, highways and sidewalks; principal payment due annually on September 1 in installments of \$450,000 through September 1, 2028; semiannual interest payments due March 1 and September 1 with rates from 3.50 to 4.25 percent.</p>	9,000,000
<p>Serviced by Debt Service Fund</p>	\$ 39,355,000

Annual debt service requirements to maturity for general obligation bonds at June 30, 2009 are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2010	\$ 5,490,000	\$ 1,552,590
2011	4,595,000	1,331,544
2012	4,555,000	1,153,690
2013	4,515,000	977,043
2014	4,375,000	800,479
2015-2019	8,525,000	2,216,268
2020-2024	3,650,000	1,135,606
2025-2029	3,650,000	385,988
	\$ 39,355,000	\$ 9,553,208

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2009

### NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

#### General Obligation Bonds (continued)

In prior years, general obligation bonds were issued for water and sewer system improvements and were repaid from revenues of the water and sewer fund. In connection with the creation of the Cape Fear Public Utility Authority (CFPUA) on July 1, 2008, general obligation bond annual debt service requirements of the former water and sewer fund continue to be obligations of the City and are reimbursed to the City by the CFPUA. General obligation bonds outstanding at June 30, 2009 of the former water and sewer fund are \$17,816,532. See Note 3D to the financial statements for additional information.

#### Revenue Bonds

The City has issued tax exempt revenue bonds for improvements to the storm water systems. Principal and interest requirements are provided by appropriation in the year in which they become due.

Revenue bonds outstanding at June 30, 2009 are comprised of the following individual issue:

	<u>Business-type activities</u>
\$14,035,000 Storm Water Fee Revenue Bonds, Series 2007 issued for storm water system improvements and to refund \$3,130,000 of outstanding Series 1997A Public Improvements Bonds; principal installments due annually on June 1 in varying amounts from \$425,000 to \$725,000 through June 1, 2033; semiannual interest payments due June 1 and December 1 at fixed rates from 4.25 to 5.00 percent. Serviced by the Storm Water Management Fund	<u>\$ 13,490,000</u>

The City has pledged storm water fee customer revenues, net of specified operating expenses, to pay the storm water fee revenue bonds. The bonds are payable solely from storm water fee customer net revenues. Related principal and interest paid for the current year are \$1,051,869, or 63% of available net revenues of \$1,665,873.

Certain covenants are contained in the revenue bond orders, among the most restrictive of which provides that the City maintain a long-term debt service coverage ratio, as defined, of not less than 1.20. The coverage ratio at June 30, 2009 is 1.58 for the Storm Water Management Fund. The City was in compliance with the covenants during the fiscal year ended June 30, 2009.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2009

### NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

#### Revenue Bonds (continued)

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

Year Ending June 30	Business-type Activities	
	Principal	Interest
2010	\$ 425,000	\$ 629,656
2011	440,000	611,594
2012	465,000	592,894
2013	480,000	573,131
2014	500,000	552,732
2015-2019	2,840,000	2,424,943
2020-2024	2,935,000	1,744,093
2025-2029	2,710,000	1,093,500
2030-2033	2,695,000	345,250
	<u>\$ 13,490,000</u>	<u>\$ 8,567,793</u>

In connection with the creation of the Cape Fear Public Utility Authority (CFPUA) on July 1, 2008, \$67,208,686 of water and sewer revenue bonds were assigned to the CFPUA and future debt service requirements for those revenue bonds are the responsibility of the CFPUA. See Note 3D to the financial statements for additional information.

#### Installment Obligations

Certificates of Participation have been issued for the purchase of real property, construction of public facilities and construction of new parking facilities. All issues are tax-exempt with the exception of Series 2008C issued for the construction of the private business use portion of the parking facility adjacent to the Convention Center. Principal and interest requirements are provided by appropriation in the year in which they become due.



# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2009

### NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

#### Installment Obligations (continued)

Certificates of Participation outstanding at June 30, 2009 are comprised of the following individual issues:

	Governmental activities	Business-type activities
<p>\$13,470,000 Certificates of Participation, Series 2003A issued for construction of the Operations Center, construction of a parking facility, and improvements to the City's riverwalk; principal payments due annually on June 1 in installments ranging from \$400,000 to \$620,000 through June 1, 2028; semiannual interest payments due June 1 and December 1 at rates from 2.00 to 5.00 percent.</p> <p style="margin-left: 20px;">Serviced by Debt Service Fund</p> <p style="margin-left: 20px;">Serviced by Parking Facility Fund</p>	<p>\$ 2,954,966</p> <p style="margin-left: 20px;">-</p>	<p>\$ -</p> <p style="margin-left: 20px;">7,680,034</p>
<p>\$11,810,000 Certificates of Participation, Series 2004 issued for construction of the second phase of the Operations Center and construction of a fire station; principal payments due annually on September 1 in installments ranging from \$300,000 to \$560,000 through September 1, 2029; semiannual interest payments due March 1 and September 1 at fixed rates from 2.25 to 5.25 percent.</p> <p style="margin-left: 20px;">Serviced by Debt Service Fund</p>	<p>10,710,000</p>	<p>-</p>
<p>\$37,020,000 Certificates of Participation, Series 2005A issued for construction of the Police Headquarters, construction of the third phase of the Operations Center, improvements to the storm water system, and to refund \$6,360,000 of outstanding Series 1997 and \$1,835,000 of outstanding Series 1999B Certificates of Participation; principal payments due annually on June 1 in installments ranging from \$955,000 to \$2,190,000 through June 1, 2032; semiannual interest payments due June 1 and December 1 at rates from 3.125 to 5.000 percent.</p> <p style="margin-left: 20px;">Serviced by Debt Service Fund</p> <p style="margin-left: 20px;">Serviced by Storm Water Management Fund</p>	<p>33,860,000</p> <p style="margin-left: 20px;">-</p>	<p>-</p> <p style="margin-left: 20px;">1,175,000</p>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Notes to Financial Statements (Continued)  
June 30, 2009**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)**

**B. LIABILITIES (continued)**

**LONG-TERM LIABILITIES (continued)**

**Installment Obligations (continued)**

	<u>Governmental activities</u>	<u>Business-type activities</u>
<p>\$17,235,000 Certificates of Participation, Series 2006A issued to refund \$16,965,000 of outstanding Series 1999A Certificates of Participation; principal payments due annually on June 1 in installments ranging from \$50,000 to \$1,550,000 through June 1, 2024; semiannual interest payments due June 1 and December 1 at rates from 3.75 to 5.00 percent.</p> <p>Serviced by Debt Service Fund</p>	<p>\$ 17,085,000</p>	<p>\$ -</p>
<p>\$46,560,000 Certificates of Participation, Series 2008A issued for construction of the Convention Center; principal payments due annually on June 1 in installments ranging from \$1,010,000 to \$3,825,000 beginning June 1, 2017 through June 1, 2038; semiannual interest payments due June 1 and December 1 beginning December 1, 2008 at rates from 4.00 to 5.00 percent.</p> <p>Serviced by Convention Center Fund</p>	<p>46,560,000</p>	<p>-</p>
<p>\$7,190,000 Certificates of Participation, Series 2008B issued for construction of the public use portion of the parking deck adjacent to the Convention Center; principal payments due annually on June 1 in installments ranging from \$425,000 to \$700,000 beginning June 1, 2009 through June 1, 2028; annual interest payments due June 1 beginning June 1, 2009 at a rate of 4.21 percent.</p> <p>Serviced by Convention Center Fund</p>	<p>7,190,000</p>	<p>-</p>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Notes to Financial Statements (Continued)**  
**June 30, 2009**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)**

**B. LIABILITIES (continued)**

**LONG-TERM LIABILITIES (continued)**

**Installment Obligations (continued)**

\$8,745,000 Certificates of Participation, Series 2008C issued for construction of the private business use portion of the parking deck adjacent to the Convention Center; principal payments due annually on June 1 in installments ranging from \$1,305,000 to \$1,620,000 beginning June 1, 2011 through June 1, 2016; annual interest payments due June 1 beginning June 1, 2009 at a rate of 4.46 percent.

	Governmental activities	Business-type activities
Serviced by Convention Center Fund	\$ 8,745,000	\$ -
	\$ 127,104,966	\$ 8,855,034

Certificates of Participation Serviced By:

Debt Service Fund	\$ 64,609,966	\$ -
Convention Center Fund	62,495,000	-
Storm Water Management Fund	-	1,175,000
Parking Facility Fund	-	7,680,034
	\$ 127,104,966	\$ 8,855,034

Annual debt service requirements to maturity for Certificates of Participation are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2010	\$ 2,608,569	\$ 6,016,076	\$ 481,431	\$ 398,683
2011	4,013,569	5,925,001	481,431	382,070
2012	4,178,569	5,765,186	476,431	363,245
2013	5,038,569	5,592,479	481,431	344,395
2014	5,338,569	5,377,335	481,431	321,385
2015-2019	25,992,845	23,130,601	2,407,155	1,281,593
2020-2024	26,259,276	17,005,070	2,375,724	735,156
2025-2029	20,600,000	11,277,396	1,670,000	193,500
2030-2034	18,835,000	6,184,385	-	-
2035-2038	14,240,000	1,823,250	-	-
	\$ 127,104,966	\$ 88,096,779	\$ 8,855,034	\$ 4,020,027

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2009

### NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

#### Installment Obligations (continued)

In prior years, Certificates of Participation were issued to purchase two private water systems and were repaid from revenues of the ground water fund. In connection with the creation of the Cape Fear Public Utility Authority (CFPUA) on July 1, 2008, installment obligation annual debt service requirements of the former ground water fund continue to be obligations of the City and are reimbursed to the City by the CFPUA. Installment obligations outstanding at June 30, 2009 of the former groundwater fund are \$17,085,000. See Note 3D to the financial statements for additional information.

#### Other Long-Term Obligations

The City is financing the acquisition of certain equipment and real property for governmental activities through installment notes. Principal and interest requirements are provided by appropriation in the year in which they become due.

Other long-term obligations outstanding at June 30, 2009 are comprised of the following individual issues:

	Governmental activities	Business-type activities
\$5,500,000 parks & recreation installment purchase agreement executed in December 2001 for improvements to the Legion Stadium Sports Complex; installments due semiannually on June 15 and December 15 of \$137,500 plus interest at 3.94 percent through December 15, 2021.		
Serviced by Debt Service Fund	\$ 3,437,500	\$ -
\$6,000,000 installment purchase agreement executed in May 2006 for various equipment replacements; installments due monthly of \$135,251 including interest at 3.88 percent through June, 2010.		
Serviced by Equipment, Maintenance and Replacement Fund	1,360,507	-
Serviced by Solid Waste Fund	-	228,870

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2009

### NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

#### Other Long-Term Obligations (continued)

	Governmental activities	Business-type activities
\$5,000,000 installment purchase agreement executed in June 2007 for various equipment replacements and to refinance a \$2,250,000 outstanding variable rate installment purchase agreement; installments due monthly of \$92,719 including interest at 3.66 percent through May, 2012.		
Serviced by Debt Service Fund	\$ 671,641	\$ -
Serviced by Equipment, Maintenance and Replacement Fund	2,402,063	-
\$14,270,000 installment purchase agreement executed in May 2008 for construction of two fire stations, renovation of the community arts center, acquisition of land for a multi-modal transportation center and a city park, acquisition of a police command center and improvements to the City's riverwalk; payments due annually on June 1 in 14 installments of \$715,000 and 6 installments of \$710,000 plus interest at 3.96 percent through June 1, 2028.		
Serviced by Debt Service Fund	13,555,000	-
\$12,000,000 installment agreement executed in June 2008 for development of parks; principal payments due annually on June 1 in 11 installments of \$500,000, 8 installments of \$725,000 and one installment of \$700,000 beginning June 1, 2010 through June 1, 2029; semiannual interest payments due June 1 and December 1 beginning December 1, 2008 at rates from 3.50 to 5.00 percent.		
Serviced by Debt Service Fund	12,000,000	-
	\$ 33,426,711	\$ 228,870
Other Long-Term Obligations Serviced By:		
Debt Service Fund	\$ 29,664,141	\$ -
Equipment, Maintenance and Replacement Fund	3,762,570	-
Solid Waste Fund	-	228,870
	\$ 33,426,711	\$ 228,870

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2009

### NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

#### Other Long-Term Obligations (continued)

Annual debt service requirements to maturity for other long-term obligations are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2010	\$ 3,867,695	\$ 1,274,451	\$ 228,870	\$ 4,844
2011	2,545,005	1,151,189	-	-
2012	2,491,511	1,055,614	-	-
2013	1,490,000	975,268	-	-
2014	1,490,000	916,118	-	-
2015-2019	7,450,000	3,684,784	-	-
2020-2024	7,652,500	2,187,961	-	-
2025-2029	6,440,000	724,985	-	-
	<u>\$ 33,426,711</u>	<u>\$ 11,970,370</u>	<u>\$ 228,870</u>	<u>\$ 4,844</u>

#### Interest Rate Swap Agreement

**Objective of the interest rate swap.** As a means to lower its borrowing costs and increase its savings, when compared against fixed-rate refunding bonds at the time of issuance in February 2002; the City entered into an interest rate swap in connection with its \$28,825,000 Variable Rate General Obligation Refunding Bonds, Series 2002. The intention of the swap agreement was to effectively change the City's interest rate on the bonds to a synthetic fixed rate of 3.815%.

**Terms.** The bonds and the related swap agreement mature on June 1, 2015 and the swap's notional amount of \$17,275,000 matches the face amount of the variable-rate bonds. The swap was entered into at the same time the bonds were issued (February 2002). The notional value of the swap declines with the principal amount of the associated debt. Under the swap the City pays the counterparty a fixed payment of 3.815% and receives a variable payment computed at 67% of the LIBOR. Conversely, the bonds' variable-rate coupons are based on the actual float rate coupons marketed weekly.

**Fair value.** Because interest rates have declined since execution of the swap, the swap has a negative fair value of \$1,225,469 as of June 30, 2009. The swap's negative fair value may be countered by a reduction in total interest payments required under the variable rate bonds, creating a lower synthetic interest rate. Because the coupons on the City's variable-rate bonds are adjusted every seven days to changing interest rates, the bonds do not have a corresponding fair value increase. The mark-to-market valuations were established by market quotations from the counterparty representing estimates of the amounts that would be paid for replacement transactions.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2009

### NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

#### Interest Rate Swap Agreement (continued)

**Credit risk.** As of June 30, 2009 the City was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, the City would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was rated A3 by Moody's Investors Service (Moody's), A by Standard and Poor's (S&P) and A+ by Fitch Ratings (Fitch). To mitigate the potential for credit risk, if the counterparty's credit quality falls to A1 by Moody's or A+ by either S&P or Fitch and their exposure exceeds \$5,000,000 the fair value of the swap will be fully collateralized by the counterparty with U.S. government securities. Collateral would be posted with a third party custodian.

**Basis risk.** The swap exposes the City to basis risk should the relationship between LIBOR and the average rate paid on the floating rate coupon converge, changing the synthetic rate on the bonds. The effect of this difference in basis is indicated by the difference between the intended synthetic rates of 3.815% and the synthetic rate as of June 30, 2009 of 3.93%. As of June 30, 2009, the rate on the City's Bonds was .33% whereas 67% of LIBOR was .212%.

**Termination risk.** The City or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. An additional termination event occurs if the counterparty's credit rating falls below Baa1 (Moody's) or BBB+ (S&P and Fitch) by at least two of the rating agencies. The swap may be terminated by the City with 30 days notice and the counterparty can only terminate the swap if the City falls below BBB- with any of the three major rating services. Also, if at the time of termination the swap has a negative fair value, the City would be liable to the counterparty for a payment equal to the swap's fair value.

**Swap payments and associated debt.** Using rates as of June 30, 2009, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same for the term of the bonds, were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Principal	Interest	Interest Rate Swap, Net	Total
2010	\$ 3,065,000	\$ 57,008	\$ 622,435	\$ 3,744,443
2011	3,025,000	46,893	512,001	3,583,894
2012	2,985,000	36,911	403,007	3,424,918
2013	2,945,000	27,060	295,454	3,267,514
2014	2,900,000	17,342	189,343	3,106,685
2015	2,355,000	7,772	84,853	2,447,625
	<u>\$ 17,275,000</u>	<u>\$ 192,986</u>	<u>\$ 2,107,093</u>	<u>\$ 19,575,079</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2009

### NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

#### Interest Rate Swap Agreement (continued)

In connection with the creation of the Cape Fear Public Utility Authority (CFPUA) on July 1, 2008, the interest rate swap agreement continues to be an obligation of the City and all payments required to be made by the City under the agreement are reimbursed to the City by the CFPUA. See Note 3D to the financial statements for additional information.

#### Other long-term liabilities disclosures

State statutes provide for a legal debt limit of 8% of the City's assessed value of taxable property. The City's legal debt limit as of June 30, 2009 amounts to \$1,116,209,834.

In connection with the creation of the Cape Fear Public Utility Authority (CFPUA) on July 1, 2008, revenue bonded debt in connection with operations of the water, sewer, and ground water operations was assigned to the CFPUA. General obligation bonds and installment obligations related to water, sewer and ground water operations were retained by the City and all debt service payments are reimbursed by CFPUA. See Note 3D for additional information.

Long-term liability activity for the year ended June 30, 2009 was as follows:

	Balance July 1, 2008	Additions	Reductions	CFPUA	Balance June 30, 2009	Due Within One Year
Governmental activities:						
General obligation bonds	\$ 8,569,853	\$ 14,605,000	\$ (4,905,000)	\$ 21,085,147	\$ 39,355,000	\$ 5,490,000
Less deferred amounts:						
For issuance discount	(36,997)		-	-	(36,997)	-
On refunding	(230,686)	-	49,239	-	(181,447)	-
Plus deferred amounts:						
For issuance premium	2,298,847	121,181	(26,989)	-	2,393,039	-
Installment obligations	111,728,535	-	(2,498,569)	17,875,000	127,104,966	2,608,569
Other long-term obligations	36,706,193	-	(3,279,482)	-	33,426,711	3,867,695
Compensated absences	4,958,072	4,494,698	(4,315,181)	-	5,137,589	4,469,728
Other postemployment benefits	-	3,000,427	(1,618,859)	-	1,381,568	-
Governmental activity long-term liabilities	<u>\$ 163,993,817</u>	<u>\$ 22,221,306</u>	<u>\$ (16,594,841)</u>	<u>\$ 38,960,147</u>	<u>\$ 208,580,429</u>	<u>\$ 16,435,992</u>



# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2009

### NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

#### Other long-term liabilities disclosures (continued)

	Balance July 1, 2008	Additions	Reductions	CFPUA	Balance June 30, 2009	Due Within One Year
Business-type activities:						
General obligation bonds	\$ 21,085,147	\$ -	\$ -	\$ (21,085,147)	\$ -	\$ -
Revenue bonds	81,103,686	-	(405,000)	(67,208,686)	13,490,000	425,000
Installment obligations	27,211,465	-	(481,431)	(17,875,000)	8,855,034	481,431
Less deferred amounts:						
For issuance discount	(9,623)	-	9,623	-	-	-
On refunding	(2,839,751)	-	13,277	2,796,897	(29,577)	-
Plus deferred amounts:						
For issuance premium	4,135,286	-	(5,314)	(3,599,095)	530,877	-
Other long-term obligations	640,586	-	(411,716)	-	228,870	228,870
Compensated absences	1,017,008	592,348	(1,140,726)	-	468,630	393,637
Other postemployment benefits	-	477,052	(257,390)	-	219,662	-
Business-type activity long-term liabilities	<u>\$ 132,343,804</u>	<u>\$ 1,069,400</u>	<u>\$ (2,678,677)</u>	<u>\$ (106,971,031)</u>	<u>\$ 23,763,496</u>	<u>\$ 1,528,938</u>

Pursuant to an interlocal agreement with New Hanover County, the County has issued bonds in the amount of \$12,000,000 for the City's use in a joint effort with the county to expand parks, green space, and cultural facilities throughout the City and New Hanover County. The City's obligation to New Hanover County is included in the total of other long-term liabilities. Because the proceeds from the bonds are held by the County's escrow agent and are only available to the City as eligible project expenditures are incurred, only the amount of issuance proceeds equivalent to the current year eligible expenditures of \$1,525,745 is considered available and recorded on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for internal service funds are included as part of the above totals for governmental activities. At year-end, \$73,980 of internal service funds' compensated absences and \$3,762,570 of internal service funds' other long-term obligations are included in the above amounts. Also, for the governmental activities, compensated absences are generally liquidated by the general fund.

#### COMMITMENTS AND CONTINGENCIES

The City entered into a five-year lease for office facilities beginning in June 2009. The annual lease obligation is \$134,274, \$151,767, \$158,631, \$165,654, and \$173,133 for the fiscal years ending June 30, 2010 through June 30, 2014. For the fiscal year ending June 30, 2009, the City paid \$6,331.

The City leases golf carts under an operating lease with an annual cost of approximately \$40,000. The lease expired in December 2008 and is currently on a month to month basis.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2009

### NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

#### B. LIABILITIES (continued)

#### COMMITMENTS AND CONTINGENCIES (continued)

The City's Second Street parking deck, Market Street parking deck, and Second Street parking lot are managed under a three contract by an independent contractor. The contract also provides for the enforcement, maintenance and administration of on street parking. For the year ended June 30, 2009 the City paid \$883,478 for these services. The City's obligation under the contract for the final two contract years ending January 31, 2010 and 2011 is \$898,738 and \$925,700, respectively. The contract may be extended for an additional two years with council approval.

The Authority retains a transit management company to provide management and operational services for the public transportation system. For the year ended June 30, 2009 those services were provided under contract, by Professional Transit Management, Ltd. who shall employ, furnish and supervise certain personnel necessary for the management and operation of the public transportation system. In addition, the agreement provides for assistance with certain other managerial functions required for the day-to-day operations of the Authority. The Authority's obligation for management fees under the agreement is \$174,145, \$180,533, and \$187,159 for the years ending June 30, 2010, 2011 and 2012, respectively. For the year ended June 30, 2009, the Authority paid management fees totaling \$167,988. The agreement provides that the Authority will reimburse the management company for all operating expenses incurred in the management and operation of the public transit system. As of June 30, 2009, the Authority was liable to PTM for unpaid expenses of \$199,645 (net of a \$350,000 deposit).

The City entered into an incentive agreement in March 2004 with Cellco Partnership to provide incentive payments to the company in exchange for the company's commitment to construct, equip, and staff a facility in the City. The City's obligation under the agreement is \$125,000 per year for seven years commencing in the year following occupancy of the facility. In addition the City agreed to provide up to \$500,000 for public infrastructure improvements required for the construction of the facility. Based on the agreement the partnership completed a direct investment in their facility of at least \$20 million and provided at least 1,000 full time jobs. At June 30, 2009 the City's remaining obligation is \$250,000.

The City entered into an incentive agreement in June 2005 with Pharmaceutical Product Development, Inc. to provide incentive payments to the company in exchange for the company's commitment to construct, equip, and staff a facility in the City. The City's obligation under the agreement is \$125,000 per year for five years commencing in the sixth year following occupancy of the facility (2013 through 2017). In addition the City agreed to provide up to \$4,000,000 in public infrastructure improvements in a designated redevelopment area that includes the Company's new facility. The Company is required to make a direct investment in the facility of at least \$80 million and to provide 857 additional jobs by October 15<sup>th</sup> of the sixth year after occupancy (2013). In the seventh through tenth years following occupancy (2014-2017) a total of 1,000 additional jobs must be provided and the direct investment must exceed \$80 million. The new jobs are in addition to the benchmark employment of 1,000 jobs that existed prior to the incentive agreement.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2009

### NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

#### B. LIABILITIES (continued)

#### COMMITMENTS AND CONTINGENCIES (continued)

The City entered into an incentive agreement in June 2007 through Wilmington Industrial Development, Inc for the location by General Electric of additional manufacturing facilities at the site of the Global Nuclear/GE Aircraft Industrial Plant in New Hanover County which will provide additional employment opportunities in New Hanover County and benefit the City of Wilmington and its residents. The City has agreed to contribute \$50,000 per year for five years for a total of \$250,000. General Electric is required to hire 200 new employees (30 new employees as of December 31<sup>st</sup> for each of the years 2005 through 2009 and 50 new employees as of December 31<sup>st</sup> 2010) and invest a minimum of \$41 million in facility construction of which General Electric met the total employment and investment in 2007. As of June 30, 2009 the City has made the first three payments to General Electric.

The City, New Hanover County (County) and Cape Fear Community College (College) entered into an interlocal agreement to construct a \$10 million centralized public safety facility (facility) dedicated to the training of public and private emergency response personnel. The City and County will contribute 35% of the cost of the facility or \$3.5 million each and the College will provide the land estimated at 30% of the project cost or \$3.0 million. The City has expended approximately \$3.2 million on the project as of June 30, 2009. The annual maintenance and operating costs will be covered by funds appropriated by the County as part of the usual community college budgeting process and revenue generated by the facility. The County and City will share the cost of any annual facility operating deficits equally.

#### Jointly Governed Organizations

The City, in conjunction with New Hanover County, created the Cape Fear Public Utility Authority (CFPUA) to ensure the citizens of their localities the most reliable means of providing quality water and wastewater treatment. The City and New Hanover County each appoint five members and jointly appoint one member of the eleven-member board. The participating governments do not have any ongoing financial interest or ongoing financial responsibility. For additional information related to this transaction, see Note 3D.

The City, in conjunction with Brunswick, Columbus and Pender Counties and the municipalities therein established the Cape Fear Council of Governments (Council). The Council was established for various purposes, but mainly to coordinate funding for federal and state assistance. Each participating government appoints a minimum of one member to the Council's board. The City paid fees of \$18,035 to the Council during the fiscal year ended June 30, 2009.

#### Related Organization

The nine-member Board of the Wilmington Housing Authority is appointed by the Mayor of the City of Wilmington. The City is accountable for the Housing Authority because it appoints the governing board; however, the City is not financially accountable for the Housing Authority. The City of Wilmington is also disclosed as a related organization in the Notes to Financial Statements for the Wilmington Housing Authority.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2009

### NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

#### C. INTERFUND BALANCES AND ACTIVITY

The compositions of interfund balances as of June 30, 2009, are as follows:

	Special Purpose Fund	Building Improvements Fund	Nonmajor Governmental Funds	Total	Component Unit
Receivable fund	<u>\$ 1,148,084</u>	<u>\$ 496,022</u>	<u>\$ -</u>	<u>\$ 1,644,106</u>	<u>\$ 33,654</u>
Payable fund:					
General Fund	\$ -	\$ -	\$ -	\$ -	\$ 24,654
Nonmajor Governmental Funds	-	-	1,500,848	1,500,848	9,000
Component Unit	<u>66,752</u>	<u>76,506</u>	<u>-</u>	<u>143,258</u>	<u>-</u>
Total	<u>\$ 66,752</u>	<u>\$ 76,506</u>	<u>\$ 1,500,848</u>	<u>\$ 1,644,106</u>	<u>\$ 33,654</u>

Component unit reconciliation to the statement of net assets:

Component unit payable	\$ 143,258
Component unit receivable	<u>33,654</u>
Due to primary government	<u>\$ 109,604</u>

The outstanding balances are from time lags between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

Interfund transfers:

	General Fund	Special Purpose Fund	Building Improvements Fund	Nonmajor Governmental Funds	Internal Service Funds	Total	Governmental Activities Capital Assets
Transfers out	<u>\$ 11,956,865</u>	<u>\$ 53,782</u>	<u>\$ 799,500</u>	<u>\$ 3,594,989</u>	<u>\$ 476,046</u>	<u>\$ 16,881,182</u>	<u>\$ 163,342</u>
Transfers in:							
General Fund	\$ -	\$ 5,385	\$ 400,000	\$ 2,649,582	\$ -	\$ 3,054,967	\$ -
Special Purpose Fund	259,215	-	-	51,000	-	310,215	-
Building Improvements Fund	728,775	-	-	-	-	728,775	-
Debt Service Fund	8,686,875	-	-	-	-	8,686,875	-
Nonmajor Governmental Funds	2,282,000	48,397	399,500	894,407	-	3,624,304	-
Internal Service Funds	-	-	-	-	-	-	163,342
Total	<u>\$ 11,956,865</u>	<u>\$ 53,782</u>	<u>\$ 799,500</u>	<u>\$ 3,594,989</u>	<u>\$ -</u>	<u>\$ 16,405,136</u>	<u>\$ 163,342</u>
Governmental Activities Capital Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 476,046</u>	<u>\$ 476,046</u>	<u>\$ -</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2009

### NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

#### C. INTERFUND BALANCES AND ACTIVITY (continued)

The City uses transfers to 1) move revenues from the fund in which state statute or budget requires the revenues to be collected to the fund from which state statute or budget requires the funds to be expended, 2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, 3) use unrestricted revenues collected in various funds to finance various programs accounted for in other funds in accordance with budgetary authorizations, and 4) move previous transfers to capital project funds back to the general fund as capital projects are cancelled in accordance with budgetary authorizations.

#### D. SPECIAL ITEM: CAPE FEAR PUBLIC UTILITY AUTHORITY

In May 2007, the City Council of the City and the New Hanover County Board of Commissioners each adopted resolutions creating a water and sewer authority to consolidate the water and sewer systems of the City, the County and the New Hanover Water and Sewer District (the “District”). The articles of incorporation for the Cape Fear Public Utility Authority (CFPUA) were approved by the State of North Carolina on July 2, 2007. On July 1, 2008, by interlocal agreement dated January 30, 2008, the City and the County transferred the operations of the water, sewer, and ground water systems to the CFPUA.

As a provision of the agreement the general trust indenture and all series indentures related to water and sewer revenue bonds were assigned to the CFPUA. The CFPUA is required to pay to the City in advance of any due date the principal, interest, and other charges on outstanding general obligation bonds and installment obligations not assignable to the CFPUA. The articles of incorporation of Cape Fear Utilities, Inc. and Quality Water Supplies, Inc. were amended to provide that members of the CFPUA are appointed directors of the corporations. In addition, approximately 200 City employees responsible for the operations of the water, sewer and ground water systems became employees of the CFPUA. As a provision of being transferred to the CFPUA, City employees with at least five years of continuous service were paid 25% of their unused sick leave.

The transfer of operations of the water, sewer, and ground water systems to the CFPUA results in a net special item of \$161,431,724 and \$4,751,862 reported in the Water and Sewer Fund and Ground Water Utility Fund, respectively, and in business-type activities on the government-wide statement of activities. In addition, the conveyance of certain vehicles and equipment to the CFPUA accounted for in an internal service fund but related to the water and sewer systems result in a net special item of \$983,665 reported in the Equipment, Maintenance and Replacement Fund and in governmental activities on the government-wide statement of activities.

A summary of that transaction follows:

	Governmental activities	Business-type activities	Total
Cash and cash equivalents	\$ -	\$ 47,410,455	\$ 47,410,455
Customer receivables	-	5,231,974	5,231,974
Capital assets, net of accumulated depreciation	983,665	225,534,796	226,518,461
Other assets, net	-	5,913,083	5,913,083
Total assets transferred	<u>983,665</u>	<u>284,090,308</u>	<u>285,073,973</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2009

### NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

#### D. SPECIAL ITEM: CAPE FEAR PUBLIC UTILITY AUTHORITY (continued)

	Governmental activities	Business-type activities	Total
Accounts payable	\$ -	\$ (9,002,133)	\$ (9,002,133)
Revenue bonds	-	(67,208,686)	(67,208,686)
Other liabilities, net	-	(2,735,756)	(2,735,756)
Total liabilities transferred	-	(78,946,575)	(78,946,575)
General obligation bonds	-	(21,085,147)	(21,085,147)
Installment obligations	-	(17,875,000)	(17,875,000)
Total liabilities retained and to be reimbursed	-	(38,960,147)	(38,960,147)
Net assets	\$ 983,665	\$ 166,183,586	\$ 167,167,251

The long-term receivable from the Cape Fear Public Utility Authority at June 30, 2009 is as follows:

	General obligation bonds	Installment obligations	Total
Liabilities retained and to be reimbursed	\$ 21,085,147	\$ 17,875,000	\$ 38,960,147
Paid by the City and reimbursed by the Cape Fear Public Utility Authority	(3,268,615)	(790,000)	(4,058,615)
Long-term receivable	\$ 17,816,532	\$ 17,085,000	\$ 34,901,532
Due in one year	\$ 3,606,532	\$ 820,000	\$ 4,426,532

#### NOTE 4 – DEFERRED/UNEARNED REVENUES

The balance in deferred revenues in the governmental fund statements and related unearned revenues in the government-wide statement of net assets at June 30, 2009 is summarized as follows:

	Governmental Funds			Net Assets
	General Fund	Special Revenue Funds	Total	
Taxes receivable, net	\$ 1,405,798	\$ -	\$ 1,405,798	\$ -
Notes and accounts receivable	793,471	59,903	853,374	8,542
Special assessments receivable	65,519	-	65,519	-
	\$ 2,264,788	\$ 59,903	\$ 2,324,691	\$ 8,542

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2009

### NOTE 5 – RISK MANAGEMENT

The City and the Authority are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; natural disasters; errors and omissions; and injuries to employees. The City has chosen to establish a risk financing fund for risks associated with the employees' health insurance plan and workers' compensation coverage. The risk financing fund is accounted for in the general fund where assets are set aside for claim settlements. Premiums are paid into the general fund by other funds that incur claims and are available to pay claims, claim reserves and administrative costs of the programs. These interfund premiums are used to reduce the amount of claims expenditures reported in the general fund. As of June 30, 2009, such interfund premiums did not exceed reimbursable expenditures.

The Authority participates in two self-funded risk-financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the Authority obtains property coverage equal to replacement cost values of owned property subject to a limit of \$2 million for any one occurrence, general, auto, and employment practices liability coverage of \$3 million per occurrence, auto physical damage coverage for owned autos at actual cash value, crime coverage of \$250,000 per occurrence, and workers' compensation coverage up to the statutory limits. The Authority carries flood insurance through the North Carolina Association of County Commissioners. The pools are audited annually by certified public accountants and the audited financial statements are available to the Authority upon request. The pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000 up to a \$2 million limit for public liability coverage, \$600,000 of aggregate annual losses in excess of \$50,000 per occurrence for property, auto physical damage, and crime coverage, and single occurrence losses of \$350,000 for workers' compensation.

The City carries flood insurance in the amount of \$5,000,000 subject to a \$100,000 deductible. Certain items of property are excluded from coverage, such as the City's Riverwalk.

The Authority carries flood insurance through the North Carolina Association of County Commissioners with a \$5,000,000 annual aggregate coverage subject to a \$25,000 deductible for flood zones other than A and V. Annual aggregate coverage for flood zones A and V is \$1,000,000 with a minimum retention of \$500,000 for buildings and \$500,000 for personal property.

The finance officer of the City is individually bonded for \$500,000 and the Authority's finance director is individually bonded for \$250,000. The tax collector, collection officer, and the billing and collection manager are individually bonded for \$100,000 each. The remaining employees that have access to funds are bonded under a blanket bond for \$1,000,000.

The City and the Authority carry commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year apart from the reductions associated with the conveyance of water, sewer and groundwater assets to the Cape Fear Public Utility Authority (See Note 3D). Settled claims have not exceeded coverage in any of the past three fiscal years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2009

### NOTE 5 – RISK MANAGEMENT (continued)

Changes in the balances of claims liabilities during the past two fiscal years are as follows:

	<u>2008</u>	<u>2009</u>
Medical Self-Insurance Program:		
Unpaid claims, beginning	\$ 1,047,325	\$ 211,646
Incurred claims (including IBNRs)	7,733,090	8,237,979
Claim payments	<u>(8,568,769)</u>	<u>(8,418,303)</u>
Unpaid claims, ending, due within one year	<u>\$ 211,646</u>	<u>\$ 31,322</u>
	<u>2008</u>	<u>2009</u>
Workers' Compensation Self-Insurance Program:		
Unpaid claims, beginning	\$ 481,591	\$ 643,057
Incurred claims (including IBNRs)	964,076	1,316,460
Claim payments	<u>(802,610)</u>	<u>(1,131,228)</u>
Unpaid claims, ending, due within one year	<u>\$ 643,057</u>	<u>\$ 828,289</u>

### NOTE 6 – SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

#### A. LITIGATION

The City is a party to a number of civil lawsuits and other legal actions, including a number of actions where the City's defense is being handled by the City's insurance carrier and any potential losses should be limited to the insurance policies' deductibles. There are also several claims for damages that have not yet resulted in litigation. In the opinion of the City attorney and management, the ultimate outcome of these claims is not expected to have a significant impact on the City's financial position.

Various accident and damage claims are pending against the Authority incidental to its operations. The Authority's insurance coverage provides for a \$10,000 deductible per occurrence. Based on an analysis of individual pending claims in accordance with Statement of Financial Accounting Standards No. 5, the Authority believes any liability as of June 30, 2009 to be immaterial.

#### B. FEDERAL AND STATE ASSISTANCE PROGRAMS

The City and the Authority have received proceeds from federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial.

Also, under the terms of federal and State assistance programs, capital assets acquired partially or entirely with federal or State funds have asset disposition restrictions which provide for the disposition of assets or proceeds from an approved sale in accordance with federal or State regulations.



# **CITY OF WILMINGTON, NORTH CAROLINA**

## **Notes to Financial Statements (Continued) June 30, 2009**

### **NOTE 6 – SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES (continued)**

#### **C. UNDERGROUND STORAGE TANK REMOVAL PROGRAM**

The City has completed a program to remove and replace all underground storage tanks not in full compliance with current environmental regulations. Remedial action, including monitoring for pollutants, is continuing at some sites as of June 30, 2009. In the opinion of the City attorney, any future actions required to be taken at these sites should not result in costs, which, in the aggregate, would have a material adverse effect on the City's financial statements.

#### **D. ROOM OCCUPANCY AND TOURISM DEVELOPMENT TAX**

New Hanover County and the City of Wilmington each levy a 3% room occupancy tax pursuant to state enabling legislation. Session Law 2006-167 modified earlier legislation and created the Wilmington Convention Center District. That legislation also amended the method of distribution of the tax beginning July 1, 2008. Effective July 1, 2008 taxes levied by New Hanover County derived from accommodations in the district and 100% of the tax levied by the City of Wilmington must be used for construction, financing, operation, promotion, and maintenance of the convention center. For the year ending June 30, 2009, the City recognized \$2,196,974 in tax revenue as result of the tax levy with a total of \$11,283,581 collected since the levy was enacted.

In accordance with Session Law 2002-139 Section 1.(e) as rewritten by Session Law 2006-167, the City of Wilmington must annually publish a detailed, audited report on its receipts and expenditures of the room occupancy tax proceeds during the preceding year. The text of the report must be included in the minutes of the City Council and placed on a public web site and must be made available in hard copy upon request. The City has included this required detailed report on its receipts and expenditures of the occupancy tax proceeds in the Supplemental Financial Data Section of this report.

The Special Purpose Fund accounts for all of the room occupancy tax authorized and received by the City and the City established a Special Revenue Fund to account for the Convention Center operations. Room occupancy tax proceeds are transferred from the Special Purpose Fund to the Convention Center Fund as appropriated and required.

### **NOTE 7 – ANNEXATION**

Under North Carolina General Statutes cities may annex areas adjoining them if the areas are primarily urban in character. The City Council adopted an annexation ordinance in May, 2009 to be effective June, 2010 for an area of approximately 1.5 square miles with a population of approximately 3,300. A petition has been filed in New Hanover County Superior Court to review the annexation ordinance adopted by the City. The planned effective date of the annexation could be delayed by the judicial process.

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**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF WILMINGTON, NORTH CAROLINA**

**Law Enforcement Officers' Special Separation Allowance  
Required Supplementary Information  
Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12-31-99	\$ 510,000	\$ 1,595,807	\$ 1,085,807	31.96 %	\$ 7,613,564	14.26 %
12-31-00	430,005	2,181,126	1,751,121	19.71	8,282,301	21.14
12-31-01	470,152	2,312,294	1,842,142	20.33	8,728,050	21.11
12-31-02	515,998	2,171,141	1,655,143	23.77	8,755,071	18.90
12-31-03	548,103	2,581,657	2,033,554	21.23	9,471,632	21.47
12-31-04	550,848	2,622,109	2,071,261	21.01	9,267,628	22.35
12-31-05	609,627	2,612,495	2,002,868	23.34	9,838,179	20.36
12-31-06	695,700	2,820,805	2,125,105	24.66	11,201,563	18.97
12-31-07	814,144	3,296,724	2,482,580	24.70	11,869,396	20.92
12-31-08	943,789	3,610,441	2,666,652	26.14	12,906,080	20.66

**CITY OF WILMINGTON, NORTH CAROLINA**

**Law Enforcement Officers' Special Separation Allowance  
Required Supplementary Information  
Schedule of Employer Contributions**

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contribution</u>
2000	\$ 153,384	78.2 %
2001	175,293	114.1
2002	231,190	97.5
2003	247,189	91.2
2004	239,035	99.6
2005	279,828	89.6
2006	285,130	87.7
2007	266,626	93.8
2008	295,567	84.6
2009	344,666	72.5

**Notes to the Required Schedules:**

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	12-31-2008
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	22 Years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	7.25%
Projected salary increases*	4.5% to 12.3%
*Includes inflation at	3.75%
Cost-of living adjustments	None

**CITY OF WILMINGTON, NORTH CAROLINA**

**Other Postemployment Benefits  
Required Supplementary Information  
Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12-31-07	\$ -	\$ 32,968,282	\$ 32,968,282	- %	\$ 40,115,854	82.18 %

**CITY OF WILMINGTON, NORTH CAROLINA**

**Other Postemployment Benefits  
Required Supplementary Information  
Schedule of Employer Contributions**

<u>Year Ended June 30</u>	<u>Annual Required Contributions</u>	<u>Percentage Contributed</u>
2009	\$ 3,477,479	54.0 %

**Notes to the Required Schedules:**

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	12-31-2007
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay open
Remaining amortization period	30 Years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	4.00%
*Includes inflation at	3.75%
Medical cost trend rate	12.00% to 5.00%
Year of ultimate trend rate	2014

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**COMBINING & INDIVIDUAL  
FUND STATEMENTS TAB (FRONT)**

**COMBINING & INDIVIDUAL  
FUND STATEMENTS TAB (BACK)**

**CITY OF WILMINGTON, NORTH CAROLINA**

**Combining Balance Sheet -  
Nonmajor Governmental Funds**

**June 30, 2009**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,888,304	\$ 14,032,562	\$ 15,920,866
Due from other governments	857,706	168,375	1,026,081
Notes receivable	13,573,757	-	13,573,757
Restricted assets:			
Cash and cash equivalents	<u>3,633,986</u>	<u>-</u>	<u>3,633,986</u>
Total assets	<u>\$ 19,953,753</u>	<u>\$ 14,200,937</u>	<u>\$ 34,154,690</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 83,626	\$ 731,142	\$ 814,768
Due to other funds	1,081,332	419,516	1,500,848
Due to component unit	-	9,000	9,000
Customer and escrow deposits	355,784	-	355,784
Deferred revenues	<u>59,903</u>	<u>-</u>	<u>59,903</u>
Total liabilities	<u>1,580,645</u>	<u>1,159,658</u>	<u>2,740,303</u>
Fund balances:			
Reserved for encumbrances	702,250	18,394,342	19,096,592
Reserved by State statute	775,486	168,375	943,861
Reserved for loans	15,010,705	-	15,010,705
Reserved for firemen's relief	97,551	-	97,551
Reserved for capital projects	-	243,501	243,501
Reserved for convention center facility	2,812,471	-	2,812,471
Unreserved and undesignated (deficit)	<u>(1,025,355)</u>	<u>(5,764,939)</u>	<u>(6,790,294)</u>
Total fund balances	<u>18,373,108</u>	<u>13,041,279</u>	<u>31,414,387</u>
Total liabilities and fund balances	<u>\$ 19,953,753</u>	<u>\$ 14,200,937</u>	<u>\$ 34,154,690</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Combining Balance Sheet -  
Nonmajor Special Revenue Funds**

**June 30, 2009**

	Convention Center Fund	Community Development Fund	Home Investment Partnership Fund	Rental Rehabilitation Loan Fund	Commercial Loan Fund	UDAG Loan Fund	Rehabilitation Loan Fund
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 37,952	\$ -	\$ -	\$ 356,505
Due from other governments	-	205,785	569,701	-	-	-	-
Notes receivable	-	-	-	77,282	710,192	75,917	3,035,998
Restricted assets:							
Cash and cash equivalents	<u>3,633,986</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 3,633,986</u>	<u>\$ 205,785</u>	<u>\$ 569,701</u>	<u>\$ 115,234</u>	<u>\$ 710,192</u>	<u>\$ 75,917</u>	<u>\$ 3,392,503</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ 3,334	\$ 9,333	\$ 50,621	\$ -	\$ -	\$ -	\$ 12,146
Due to other funds	365,800	196,452	519,080	-	-	-	-
Customer and escrow deposits	-	-	-	-	-	-	16,275
Deferred revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,542</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>369,134</u>	<u>205,785</u>	<u>569,701</u>	<u>-</u>	<u>8,542</u>	<u>-</u>	<u>28,421</u>
Fund balances:							
Reserved for encumbrances	452,381	206,107	43,762	-	-	-	-
Reserved by State statute	-	205,785	569,701	-	-	-	-
Reserved for loans	-	-	-	115,234	701,650	75,917	3,364,082
Reserved for firemen's relief	-	-	-	-	-	-	-
Reserved for convention center facility	2,812,471	-	-	-	-	-	-
Unreserved and undesignated (deficit)	<u>-</u>	<u>(411,892)</u>	<u>(613,463)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>3,264,852</u>	<u>-</u>	<u>-</u>	<u>115,234</u>	<u>701,650</u>	<u>75,917</u>	<u>3,364,082</u>
Total liabilities and fund balances	<u>\$ 3,633,986</u>	<u>\$ 205,785</u>	<u>\$ 569,701</u>	<u>\$ 115,234</u>	<u>\$ 710,192</u>	<u>\$ 75,917</u>	<u>\$ 3,392,503</u>

CDBG HOP Loan Fund	GF HOP Loan Fund	Home Loan Fund	Economic Development Loan Fund	CHDO Proceeds Fund	Firemen's Relief Fund	Firemen's Benefit Fund	Total Nonmajor Special Revenue Funds
\$ 172,204	\$ 651,109	\$ -	\$ 317,292	\$ 337,911	\$ 15,331	\$ -	\$ 1,888,304
-	-	-	-	-	82,220	-	857,706
1,579,266	3,015,760	4,938,623	140,719	-	-	-	13,573,757
-	-	-	-	-	-	-	3,633,986
<u>\$ 1,751,470</u>	<u>\$ 3,666,869</u>	<u>\$ 4,938,623</u>	<u>\$ 458,011</u>	<u>\$ 337,911</u>	<u>\$ 97,551</u>	<u>\$ -</u>	<u>\$ 19,953,753</u>
\$ 3,554	\$ 578	\$ -	\$ 4,060	\$ -	\$ -	\$ -	\$ 83,626
-	-	-	-	-	-	-	1,081,332
-	1,598	-	-	337,911	-	-	355,784
-	-	-	51,361	-	-	-	59,903
<u>3,554</u>	<u>2,176</u>	<u>-</u>	<u>55,421</u>	<u>337,911</u>	<u>-</u>	<u>-</u>	<u>1,580,645</u>
-	-	-	-	-	-	-	702,250
-	-	-	-	-	-	-	775,486
1,747,916	3,664,693	4,938,623	402,590	-	-	-	15,010,705
-	-	-	-	-	97,551	-	97,551
-	-	-	-	-	-	-	2,812,471
-	-	-	-	-	-	-	(1,025,355)
<u>1,747,916</u>	<u>3,664,693</u>	<u>4,938,623</u>	<u>402,590</u>	<u>-</u>	<u>97,551</u>	<u>-</u>	<u>18,373,108</u>
<u>\$ 1,751,470</u>	<u>\$ 3,666,869</u>	<u>\$ 4,938,623</u>	<u>\$ 458,011</u>	<u>\$ 337,911</u>	<u>\$ 97,551</u>	<u>\$ -</u>	<u>\$ 19,953,753</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Combining Balance Sheet -  
Nonmajor Capital Projects Funds**

**June 30, 2009**

	<u>Streets and Sidewalks Fund</u>	<u>Parks and Recreation Fund</u>	<u>Public Improvements Fund</u>	<u>Total Nonmajor Capital Projects Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 11,717,670	\$ 2,071,391	\$ 243,501	\$ 14,032,562
Due from other governments	<u>44,227</u>	<u>124,148</u>	<u>-</u>	<u>168,375</u>
Total assets	<u>\$ 11,761,897</u>	<u>\$ 2,195,539</u>	<u>\$ 243,501</u>	<u>\$ 14,200,937</u>
 <b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 494,412	\$ 236,730	\$ -	\$ 731,142
Due to other funds	419,516	-	-	419,516
Due to component unit	<u>9,000</u>	<u>-</u>	<u>-</u>	<u>9,000</u>
Total liabilities	<u>922,928</u>	<u>236,730</u>	<u>-</u>	<u>1,159,658</u>
Fund balances:				
Reserved for encumbrances	15,031,838	3,362,504	-	18,394,342
Reserved by State statute	44,227	124,148	-	168,375
Reserved for capital projects	-	-	243,501	243,501
Unreserved and undesignated (deficit)	<u>(4,237,096)</u>	<u>(1,527,843)</u>	<u>-</u>	<u>(5,764,939)</u>
Total fund balances	<u>10,838,969</u>	<u>1,958,809</u>	<u>243,501</u>	<u>13,041,279</u>
Total liabilities and fund balances	<u>\$ 11,761,897</u>	<u>\$ 2,195,539</u>	<u>\$ 243,501</u>	<u>\$ 14,200,937</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
Nonmajor Governmental Funds**

**Year Ended June 30, 2009**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
Revenues:			
Restricted intergovernmental	\$ 1,698,812	\$ (37,894)	\$ 1,660,918
Investment earnings	120,562	245,203	365,765
Miscellaneous	<u>189,712</u>	<u>-</u>	<u>189,712</u>
Total revenues	<u>2,009,086</u>	<u>207,309</u>	<u>2,216,395</u>
Expenditures:			
General government	-	63,384	63,384
Public safety	83,700	-	83,700
Transportation	-	9,762,171	9,762,171
Economic and physical development	1,658,245	-	1,658,245
Cultural and recreational	-	3,528,598	3,528,598
Transit system	-	9,733	9,733
Debt service:			
Interest and other charges	<u>3,219,212</u>	<u>-</u>	<u>3,219,212</u>
Total expenditures	<u>4,961,157</u>	<u>13,363,886</u>	<u>18,325,043</u>
Excess of expenditures over revenues	<u>(2,952,071)</u>	<u>(13,156,577)</u>	<u>(16,108,648)</u>
Other financing sources (uses):			
Transfers from other funds	1,111,075	2,513,229	3,624,304
Transfers to other funds	(863,678)	(2,731,311)	(3,594,989)
Issuance of bonds	-	14,605,000	14,605,000
Issuance of other long-term obligations	-	1,390,937	1,390,937
Premium on bonds	<u>-</u>	<u>121,181</u>	<u>121,181</u>
Total other financing sources	<u>247,397</u>	<u>15,899,036</u>	<u>16,146,433</u>
Net change in fund balances	(2,704,674)	2,742,459	37,785
Fund balances at beginning of year	<u>21,077,782</u>	<u>10,298,820</u>	<u>31,376,602</u>
Fund balances at end of year	<u>\$ 18,373,108</u>	<u>\$ 13,041,279</u>	<u>\$ 31,414,387</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
Nonmajor Special Revenue Funds**

**Year Ended June 30, 2009**

	Convention Center Fund	Community Development Fund	Home Investment Partnership Fund	Rental Rehabilitation Loan Fund	Commercial Loan Fund	UDAG Loan Fund	Rehabilitation Loan Fund
Revenues:							
Restricted intergovernmental	\$ -	\$ 600,649	\$ 1,098,163	\$ -	\$ -	\$ -	\$ -
Investment earnings	95,679	-	-	886	-	-	-
Miscellaneous	-	96	-	2,566	-	-	5,237
Total revenues	<u>95,679</u>	<u>600,745</u>	<u>1,098,163</u>	<u>3,452</u>	<u>-</u>	<u>-</u>	<u>5,237</u>
Expenditures:							
Public safety	-	-	-	-	-	-	-
Economic and physical development	269,292	632,931	724,998	-	-	-	31,024
Debt service:							
Interest and other charges	3,219,212	-	-	-	-	-	-
Total expenditures	<u>3,488,504</u>	<u>632,931</u>	<u>724,998</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,024</u>
Excess of revenues over (under) expenditures	<u>(3,392,825)</u>	<u>(32,186)</u>	<u>373,165</u>	<u>3,452</u>	<u>-</u>	<u>-</u>	<u>(25,787)</u>
Other financing sources (uses):							
Transfers from other funds	-	32,186	154,560	-	-	48,397	5,360
Transfers to other funds	-	-	(527,725)	(2,932)	(1,083)	-	(37,318)
Total other financing sources (uses)	<u>-</u>	<u>32,186</u>	<u>(373,165)</u>	<u>(2,932)</u>	<u>(1,083)</u>	<u>48,397</u>	<u>(31,958)</u>
Net change in fund balances	<u>(3,392,825)</u>	<u>-</u>	<u>-</u>	<u>520</u>	<u>(1,083)</u>	<u>48,397</u>	<u>(57,745)</u>
Fund balances at beginning of y	<u>6,657,677</u>	<u>-</u>	<u>-</u>	<u>114,714</u>	<u>702,733</u>	<u>27,520</u>	<u>3,421,827</u>
Fund balances at end of year	<u>\$ 3,264,852</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 115,234</u>	<u>\$ 701,650</u>	<u>\$ 75,917</u>	<u>\$ 3,364,082</u>



CDBG HOP Loan Fund	GF HOP Loan Fund	Home Loan Fund	Economic Development Loan Fund	CHDO Proceeds Fund	Firemen's Relief Fund	Firemen's Benefit Fund	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,698,812
-	19,992	-	3,493	-	512	-	120,562
<u>89</u>	<u>814</u>	<u>7,827</u>	<u>12,533</u>	<u>-</u>	<u>160,550</u>	<u>-</u>	<u>189,712</u>
<u>89</u>	<u>20,806</u>	<u>7,827</u>	<u>16,026</u>	<u>-</u>	<u>161,062</u>	<u>-</u>	<u>2,009,086</u>
-	-	-	-	-	-	83,700	83,700
-	-	-	-	-	-	-	1,658,245
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,219,212</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>83,700</u>	<u>4,961,157</u>
<u>89</u>	<u>20,806</u>	<u>7,827</u>	<u>16,026</u>	<u>-</u>	<u>161,062</u>	<u>(83,700)</u>	<u>(2,952,071)</u>
-	250,000	536,872	-	-	-	83,700	1,111,075
<u>-</u>	<u>(51,000)</u>	<u>(159,920)</u>	<u>-</u>	<u>-</u>	<u>(83,700)</u>	<u>-</u>	<u>(863,678)</u>
<u>-</u>	<u>199,000</u>	<u>376,952</u>	<u>-</u>	<u>-</u>	<u>(83,700)</u>	<u>83,700</u>	<u>247,397</u>
89	219,806	384,779	16,026	-	77,362	-	(2,704,674)
<u>1,747,827</u>	<u>3,444,887</u>	<u>4,553,844</u>	<u>386,564</u>	<u>-</u>	<u>20,189</u>	<u>-</u>	<u>21,077,782</u>
<u>\$ 1,747,916</u>	<u>\$ 3,664,693</u>	<u>\$ 4,938,623</u>	<u>\$ 402,590</u>	<u>\$ -</u>	<u>\$ 97,551</u>	<u>\$ -</u>	<u>\$ 18,373,108</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
Nonmajor Capital Projects Funds**

**Year Ended June 30, 2009**

	<u>Streets and Sidewalks Fund</u>	<u>Parks and Recreation Fund</u>	<u>Public Improvements Fund</u>	<u>Total Nonmajor Capital Projects Funds</u>
Revenues:				
Restricted intergovernmental	\$ 249,760	\$ (287,654)	\$ -	\$ (37,894)
Investment earnings	<u>206,406</u>	<u>30,855</u>	<u>7,942</u>	<u>245,203</u>
Total revenues	<u>456,166</u>	<u>(256,799)</u>	<u>7,942</u>	<u>207,309</u>
Expenditures:				
General government	-	-	63,384	63,384
Transportation	9,749,217	-	12,954	9,762,171
Cultural and recreational	1,101,151	2,427,447	-	3,528,598
Transit system	<u>9,733</u>	<u>-</u>	<u>-</u>	<u>9,733</u>
Total expenditures	<u>10,860,101</u>	<u>2,427,447</u>	<u>76,338</u>	<u>13,363,886</u>
Excess of expenditures over revenues	<u>(10,403,935)</u>	<u>(2,684,246)</u>	<u>(68,396)</u>	<u>(13,156,577)</u>
Other financing sources (uses):				
Transfers from other funds	2,238,229	275,000	-	2,513,229
Transfers to other funds	(2,349,324)	(300,000)	(81,987)	(2,731,311)
Issuance of bonds	14,605,000	-	-	14,605,000
Issuance of other long-term obligations	-	1,390,937	-	1,390,937
Premium on bonds	<u>121,181</u>	<u>-</u>	<u>-</u>	<u>121,181</u>
Total other financing sources (uses)	<u>14,615,086</u>	<u>1,365,937</u>	<u>(81,987)</u>	<u>15,899,036</u>
Net change in fund balances	4,211,151	(1,318,309)	(150,383)	2,742,459
Fund balances at beginning of year	<u>6,627,818</u>	<u>3,277,118</u>	<u>393,884</u>	<u>10,298,820</u>
Fund balances at end of year	<u>\$10,838,969</u>	<u>\$ 1,958,809</u>	<u>\$ 243,501</u>	<u>\$ 13,041,279</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Combining Statement of Fiduciary Net Assets -  
Pension Trust Funds**

**June 30, 2009**

	Law Enforcement Officers' Pension Trust Fund	Other Postemployment Benefits	Total Pension Trust Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,135,153	\$ 500,000	\$ 1,635,153
<b>NET ASSETS</b>			
Assets held in trust for pension and other postemployment benefits	<u>\$ 1,135,153</u>	<u>\$ 500,000</u>	<u>\$ 1,635,153</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Combining Statement of Changes in Fiduciary Net Assets -  
Pension Trust Funds**

**Year Ended June 30, 2009**

	Law Enforcement Officers' Pension Trust Fund	Other Postemployment Benefits Trust Fund	Total Pension Trust Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Additions:			
Contributions:			
Employer	\$ 250,000	\$ 1,876,249	\$ 2,126,249
Plan members	<u>                    -</u>	<u>                  178,006</u>	<u>                  178,006</u>
Total contributions	250,000	2,054,255	2,304,255
Investment earnings	<u>          23,400</u>	<u>                    -</u>	<u>          23,400</u>
Total additions	<u>          273,400</u>	<u>          2,054,255</u>	<u>          2,327,655</u>
Deductions:			
Benefits	141,851	1,467,918	1,609,769
Administrative expense	<u>                    -</u>	<u>                  86,337</u>	<u>                  86,337</u>
Total deductions	<u>          141,851</u>	<u>          1,554,255</u>	<u>          1,696,106</u>
Change in net assets	131,549	500,000	631,549
Net assets at beginning of year	<u>          1,003,604</u>	<u>                    -</u>	<u>          1,003,604</u>
Net assets at end of year	<u><u>          \$ 1,135,153</u></u>	<u><u>          \$ 500,000</u></u>	<u><u>          \$ 1,635,153</u></u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Schedule of Changes in Long-term Liabilities -  
Enterprise Funds**

**Year Ended June 30, 2009**

	<u>July 1, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2009</u>
<b>Water and Sewer Fund:</b>				
General obligation bonds	\$ 21,085,147	\$ -	\$ 21,085,147	\$ -
Revenue bonds	67,208,686	-	67,208,686	-
Accrued vacation and sick leave	<u>557,300</u>	<u>-</u>	<u>557,300</u>	<u>-</u>
	<u>88,851,133</u>	<u>-</u>	<u>88,851,133</u>	<u>-</u>
<b>Ground Water Utility Fund:</b>				
Installment obligations	17,875,000	-	17,875,000	-
Accrued vacation and sick leave	<u>21,308</u>	<u>-</u>	<u>21,308</u>	<u>-</u>
	<u>17,896,308</u>	<u>-</u>	<u>17,896,308</u>	<u>-</u>
<b>Solid Waste Management Fund:</b>				
Other long-term obligations	449,035	-	220,165	228,870
Accrued vacation and sick leave	206,143	285,739	299,628	192,254
Accrued other postemployment benefits	<u>-</u>	<u>271,654</u>	<u>146,569</u>	<u>125,085</u>
	<u>655,178</u>	<u>557,393</u>	<u>666,362</u>	<u>546,209</u>
<b>Storm Water Management Fund:</b>				
Revenue bonds	13,895,000	-	405,000	13,490,000
Installment obligations	1,250,000	-	75,000	1,175,000
Accrued vacation and sick leave	190,264	262,140	227,045	225,359
Accrued other postemployment benefits	<u>-</u>	<u>168,956</u>	<u>91,159</u>	<u>77,797</u>
	<u>15,335,264</u>	<u>431,096</u>	<u>798,204</u>	<u>14,968,156</u>
<b>Golf Fund:</b>				
Accrued vacation and sick leave	36,653	31,890	26,623	41,920
Accrued other postemployment benefits	<u>-</u>	<u>29,816</u>	<u>16,087</u>	<u>13,729</u>
	<u>36,653</u>	<u>61,706</u>	<u>42,710</u>	<u>55,649</u>
<b>Parking Facilities Fund:</b>				
Installment obligations	8,086,465	-	406,431	7,680,034
Other long-term obligations	191,551	-	191,551	-
Accrued vacation and sick leave	5,340	12,579	8,822	9,097
Accrued other postemployment benefits	<u>-</u>	<u>6,626</u>	<u>3,575</u>	<u>3,051</u>
	<u>8,283,356</u>	<u>19,205</u>	<u>610,379</u>	<u>7,692,182</u>
	<u>\$ 131,057,892</u>	<u>\$ 1,069,400</u>	<u>\$ 108,865,096</u>	<u>\$ 23,262,196</u>

In connection with the creation of the Cape Fear Public Utility Authority (CFPUA) on July 1, 2008, revenue bonded debt in connection with operations of the water, sewer, and ground water operations was assigned to the CFPUA. General obligation bonds and installment obligations related to water, sewer and ground water operations were retained by the City and all debt service payments are reimbursed by CFPUA. See Note 3D for additional information.

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**THE GENERAL FUND TAB (FRONT)**

**THE GENERAL FUND TAB (BACK)**



**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2009  
With Comparative Actual Amounts for Year Ended June 30, 2008**

	2009		Variance Positive (Negative)	2008 Actual
	Budget	Actual		
<b>Revenues:</b>				
<b>Ad valorem taxes:</b>				
Current year	\$ 45,211,206	\$ 45,631,444	\$ 420,238	\$ 40,641,812
Prior years	615,000	585,193	(29,807)	658,096
Penalties and interest	124,244	221,976	97,732	172,373
Total	<u>45,950,450</u>	<u>46,438,613</u>	<u>488,163</u>	<u>41,472,281</u>
<b>Other taxes:</b>				
Local option sales tax	13,525,518	14,187,461	661,943	16,643,044
Franchise tax	5,953,709	6,053,968	100,259	6,278,700
Video programming sales tax	1,503,850	1,498,944	(4,906)	1,381,040
Rental vehicle tax	194,688	126,483	(68,205)	158,599
Total	<u>21,177,765</u>	<u>21,866,856</u>	<u>689,091</u>	<u>24,461,383</u>
<b>Unrestricted intergovernmental:</b>				
Beer and wine	465,088	452,448	(12,640)	453,864
ABC revenue	780,000	804,973	24,973	778,086
Court fees	50,000	47,071	(2,929)	42,642
Total	<u>1,295,088</u>	<u>1,304,492</u>	<u>9,404</u>	<u>1,274,592</u>
<b>Restricted intergovernmental:</b>				
Powell bill	2,876,984	2,876,986	2	3,165,559
PEG channel support	10,309	20,619	10,310	7,302
<b>Categorical grants:</b>				
Transportation	564,782	362,367	(202,415)	464,495
Hurricane disaster assistance	211,937	211,934	(3)	20,053
Other	236,408	209,286	(27,122)	214,911
Total	<u>3,900,420</u>	<u>3,681,192</u>	<u>(219,228)</u>	<u>3,872,320</u>
<b>Licenses and permits:</b>				
Privilege licenses	1,710,109	1,621,698	(88,411)	1,726,618
Motor vehicle licenses	337,580	371,127	33,547	363,616
CATV fees	82,689	143,204	60,515	179,988
Other permits and fees	240,022	223,682	(16,340)	250,789
Total	<u>2,370,400</u>	<u>2,359,711</u>	<u>(10,689)</u>	<u>2,521,011</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual (Continued)**

**Year Ended June 30, 2009  
With Comparative Actual Amounts for Year Ended June 30, 2008**

	2009		Variance Positive (Negative)	2008 Actual
	Budget	Actual		
Revenues: (continued)				
Sales and services:				
Charges to water and sewer	\$ -	\$ -	\$ -	\$ 1,571,126
Charges to storm water	-	-	-	743,075
Charges to community development	-	-	-	405,000
Charges to home program	-	-	-	50,000
Charges to solid waste	-	-	-	556,830
Charges to golf course	-	-	-	96,200
Charges to parking facilities	-	-	-	34,500
Recreation department sales and service	612,750	561,479	(51,271)	536,509
Other departmental charges	1,578,915	1,461,547	(117,368)	1,395,456
Central services charges	44,000	12,507	(31,493)	48,213
Total	<u>2,235,665</u>	<u>2,035,533</u>	<u>(200,132)</u>	<u>5,436,909</u>
Fines and forfeits:				
Fire code violations	10,000	14,505	4,505	6,750
Civil citations	90,000	56,750	(33,250)	91,101
Total	<u>100,000</u>	<u>71,255</u>	<u>(28,745)</u>	<u>97,851</u>
Interest earnings:				
Investment earnings	600,000	816,379	216,379	1,199,454
Interest on liens	-	991	991	3,424
Total	<u>600,000</u>	<u>817,370</u>	<u>217,370</u>	<u>1,202,878</u>
Miscellaneous:				
Sale of real estate, equipment and material	3,380	11,702	8,322	43,614
Rents	335,000	347,929	12,929	106,036
Other	401,980	155,042	(246,938)	241,801
Total	<u>740,360</u>	<u>514,673</u>	<u>(225,687)</u>	<u>391,451</u>
Total revenues	<u>78,370,148</u>	<u>79,089,695</u>	<u>719,547</u>	<u>80,730,676</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual (Continued)**

**Year Ended June 30, 2009  
With Comparative Actual Amounts for Year Ended June 30, 2008**

	2009		Variance Positive (Negative)	2008 Actual
	Budget	Actual		
<b>Expenditures:</b>				
<b>General government:</b>				
City Council and Clerk	\$ 391,140	\$ 381,433	\$ 9,707	\$ 350,763
City Manager	1,460,203	1,342,484	117,719	1,343,824
City Attorney	805,156	783,542	21,614	748,072
Human Resource Management	768,222	487,760	280,462	739,834
Finance	1,870,724	1,740,145	130,579	2,476,098
Information Technology Services	2,493,373	2,028,108	465,265	1,923,267
Development Services	3,230,838	3,014,180	216,658	3,189,563
Public Services	3,213,920	3,038,599	175,321	2,896,453
Contributions to other agencies	336,857	275,880	60,977	322,807
Nondepartmental	2,697,981	2,278,189	419,792	3,453,356
Total	<u>17,268,414</u>	<u>15,370,320</u>	<u>1,898,094</u>	<u>17,444,037</u>
<b>Public safety:</b>				
Police	25,041,276	24,669,827	371,449	22,397,048
Fire	14,944,516	15,252,488	(307,972)	13,918,734
Total	<u>39,985,792</u>	<u>39,922,315</u>	<u>63,477</u>	<u>36,315,782</u>
<b>Transportation:</b>				
Traffic engineering	3,867,871	3,507,237	360,634	3,549,293
Streets	2,048,599	1,907,407	141,192	1,869,529
Storm water management fee	1,317,285	1,317,285	-	1,285,156
Total	<u>7,233,755</u>	<u>6,731,929</u>	<u>501,826</u>	<u>6,703,978</u>
<b>Economic and physical development:</b>				
Economic and community development	2,202,972	2,004,289	198,683	2,140,632
Contributions to other agencies	562,681	549,120	13,561	551,460
Total	<u>2,765,653</u>	<u>2,553,409</u>	<u>212,244</u>	<u>2,692,092</u>
<b>Cultural and recreational:</b>				
Parks and recreation	5,346,786	5,203,539	143,247	4,902,196
Contributions to other agencies	442,175	440,033	2,142	413,891
Total	<u>5,788,961</u>	<u>5,643,572</u>	<u>145,389</u>	<u>5,316,087</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual (Continued)**

**Year Ended June 30, 2009  
With Comparative Actual Amounts for Year Ended June 30, 2008**

	2009		Variance	2008
	Budget	Actual	Positive (Negative)	Actual
Expenditures: (continued)				
Transit system:				
Cape Fear Public Transportation Authority	\$ 1,194,910	\$ 1,140,000	\$ 54,910	\$ 1,166,480
Total expenditures	<u>74,237,485</u>	<u>71,361,545</u>	<u>2,875,940</u>	<u>69,638,456</u>
Excess of revenues over expenditures	<u>4,132,663</u>	<u>7,728,150</u>	<u>3,595,487</u>	<u>11,092,220</u>
Other financing sources (uses):				
Operating transfers - in:				
Special Purpose Fund	5,385	5,385	-	100,000
Water and Sewer Fund	-	-	-	500,000
Streets and Sidewalks Fund	2,349,324	2,349,324	-	-
Parks and Recreation Fund	300,000	300,000	-	-
Building Improvements Fund	400,000	400,000	-	-
Public Improvements Fund	259	258	(1)	-
Total operating transfers - in	<u>3,054,968</u>	<u>3,054,967</u>	<u>(1)</u>	<u>600,000</u>
Operating transfers - out:				
GF-HOP Loan Fund	(250,000)	(250,000)	-	(250,000)
Debt Service Fund	(8,686,875)	(8,686,875)	-	(8,055,000)
Special Purpose Fund	(516,293)	(259,215)	257,078	(1,527,494)
Streets and Sidewalks Fund	(1,757,000)	(1,757,000)	-	(1,265,000)
Parks and Recreation Fund	(275,000)	(275,000)	-	(300,000)
Building Improvements Fund	(796,000)	(728,775)	67,225	(1,863,330)
Parking Facilities Fund	(75,000)	-	75,000	(200,000)
Storm Water Management Fund	-	-	-	(25,000)
Solid Waste Management Fund	(687,814)	-	687,814	(672,824)
Total operating transfers - out	<u>(13,043,982)</u>	<u>(11,956,865)</u>	<u>1,087,117</u>	<u>(14,158,648)</u>
Appropriated fund balance	<u>5,856,351</u>	<u>-</u>	<u>(5,856,351)</u>	<u>-</u>
Total other financing uses	<u>(4,132,663)</u>	<u>(8,901,898)</u>	<u>(4,769,235)</u>	<u>(13,558,648)</u>
Net change in fund balance	<u>\$ -</u>	<u>(1,173,748)</u>	<u>\$ (1,173,748)</u>	<u>(2,466,428)</u>
Fund balance at beginning of year		27,370,625		29,816,359
Change in reserve for inventories		<u>(156,274)</u>		<u>20,694</u>
Fund balance at end of year		<u>\$ 26,040,603</u>		<u>\$ 27,370,625</u>

**SPECIAL REVENUE FUNDS TAB (FRONT)**

**SPECIAL REVENUE FUNDS TAB (BACK)**

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**From Inception and Year Ended June 30, 2009**

	Grant Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
<b>Taxes:</b>					
Room occupancy tax	\$ 3,334,325	\$ 9,086,607	\$ 2,196,974	\$ 11,283,581	\$ 7,949,256
<b>Restricted intergovernmental:</b>					
Federal grants	2,917,982	2,632,400	855,520	3,487,920	569,938
State grants	3,421,017	1,019,988	711,405	1,731,393	(1,689,624)
Other governments	247,638	187,267	43,367	230,634	(17,004)
Total restricted intergovernmental	6,586,637	3,839,655	1,610,292	5,449,947	(1,136,690)
Investment earnings	416,694	1,424,655	315,637	1,740,292	1,323,598
<b>Miscellaneous revenues:</b>					
Red light traffic cameras	5,621,916	5,247,407	414,658	5,662,065	40,149
Other program income	395,222	246,243	206,371	452,614	57,392
Donations	172,871	136,953	3,050	140,003	(32,868)
Sale of property	25,234	25,235	-	25,235	1
Total miscellaneous revenues	6,215,243	5,655,838	624,079	6,279,917	64,674
Total revenues	16,552,899	20,006,755	4,746,982	24,753,737	8,200,838
<b>Expenditures:</b>					
<b>Public safety projects:</b>					
Child Safety Seats	5,000	4,635	365	5,000	-
Fireboat grant	1,561,000	1,486,627	16,965	1,503,592	57,408
Dreams Prevention Arts	57,828	57,818	-	57,818	10
Justice assistance grant	143,943	143,943	-	143,943	-
Santa cop program	1,125	750	-	750	375
Governors Highway Safety Program	470,974	180,591	170,683	351,274	119,700
SABLE - Helicopter unit	222,825	198,475	20,822	219,297	3,528
Building Futures	198,164	163,163	25,428	188,591	9,573
Project Safe Neighborhoods	99,425	38,398	32,115	70,513	28,912
Bulletproof Vest Partnership	42,314	24,478	14,162	38,640	3,674
Federal forfeiture - SABLE	419,900	211,641	165,910	377,551	42,349
Regional response team 2	444,428	184,488	128,597	313,085	131,343
Fire truck driving simulator	250,000	250,000	-	250,000	-
Fire safety house and equipment	68,604	68,459	-	68,459	145
Homeland Port Security	339,732	-	330,588	330,588	9,144
JAG-Moving Maps/SABLE/NHC	133,346	115,502	-	115,502	17,844
Violent Gang Apprehension	357,240	27,713	235,653	263,366	93,874
Gang Violence Prevention	33,333	-	33,296	33,296	37
FM Global Foundation	2,000	1,881	119	2,000	-
JAG-License Plate Eqp/NHC	44,783	-	25,000	25,000	19,783
Gang Prevention and Intervention	499,604	-	-	-	499,604
Vocational Pathways - KMI	116,290	-	61,268	61,268	55,022
Rapid Response Team	205,714	-	-	-	205,714

**CITY OF WILMINGTON, NORTH CAROLINA**

**Special Purpose Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual (Continued)**

**From Inception and Year Ended June 30, 2009**

	Grant Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Totals to Date	
Expenditures: (continued)					
Public safety projects: (continued)					
Fire Officer Developmental Training	\$ 5,772	\$ -	\$ 5,760	\$ 5,760	\$ 12
Cop camp	7,823	6,373	-	6,373	1,450
Federal Forfeiture	892,260	864,545	26,458	891,003	1,257
North Carolina Drug Tax	215,201	207,985	-	207,985	7,216
Court Judgments	21,225	14,450	-	14,450	6,775
Project ASSIST	1,000	1,000	-	1,000	-
Total public safety	<u>6,860,853</u>	<u>4,252,915</u>	<u>1,293,189</u>	<u>5,546,104</u>	<u>1,314,749</u>
Transportation projects:					
Transportation demand coordinator	204,272	183,085	-	183,085	21,187
Wave capital grant X356	100,000	92,145	7,855	100,000	-
Pedestrian plan	65,000	19,450	45,545	64,995	5
Market street corridor study	275,000	-	233,060	233,060	41,940
Wrightsville bike facility	29,000	-	8,676	8,676	20,324
Red light traffic cameras	7,245,476	6,704,993	534,722	7,239,715	5,761
North Carolina safe schools program	314,965	-	6,250	6,250	308,715
Total transportation	<u>8,233,713</u>	<u>6,999,673</u>	<u>836,108</u>	<u>7,835,781</u>	<u>397,932</u>
Economic and physical development projects:					
Homeless plan (10 year)	118,619	60,120	-	60,120	58,499
Historic preservation education	24,750	-	3,168	3,168	21,582
Tree Mitigation	142,125	-	-	-	142,125
Affordable housing program	1,175,000	906,065	79,883	985,948	189,052
Homeownership services	68,950	12,283	7,250	19,533	49,417
UDAG Income Projects	947,718	816,836	64,381	881,217	66,501
Trees Forever	65,755	2,058	702	2,760	62,995
Trolley Station	3,716	2,123	-	2,123	1,593
Government Information Channel	50,000	47,510	-	47,510	2,490
Total economic and physical development	<u>2,596,633</u>	<u>1,846,995</u>	<u>155,384</u>	<u>2,002,379</u>	<u>594,254</u>
Environmental protection projects:					
ABC glass recycling	17,911	14,158	-	14,158	3,753
Recycling expansion-carts	27,500	-	-	-	27,500
Total environmental protection	<u>45,411</u>	<u>14,158</u>	<u>-</u>	<u>14,158</u>	<u>31,253</u>
Cultural and recreational projects:					
Fitness Trail equipment	2,300	-	-	-	2,300
Downtown sundown concert	30,101	14,983	3,561	18,544	11,557
Love Grove regional access	306,364	-	21,721	21,721	284,643
Dog park development	22,822	17,319	1,447	18,766	4,056
Riverfront farmers market	38,506	23,453	12,575	36,028	2,478
Historic District Register	15,000	6,000	9,000	15,000	-
Downtown Business Alliance	17,514	-	8,943	8,943	8,571



**CITY OF WILMINGTON, NORTH CAROLINA**

**Special Purpose Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual (Continued)**

**From Inception and Year Ended June 30, 2009**

	Grant Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Expenditures: (continued)					
Cultural and recreational projects: (continued)					
Boating infrastructure	\$ 88,000	\$ -	\$ 3,650	\$ 3,650	\$ 84,350
July Fourth celebration	5,000	3,566	-	3,566	1,434
Nautical festival	51,375	48,466	-	48,466	2,909
Wilmington railroad caboose	4,713	-	-	-	4,713
Wilmington railroad pavilion	85,500	-	-	-	85,500
Bicycle Advisory	6,150	4,255	216	4,471	1,679
Total cultural and recreational	<u>673,345</u>	<u>118,042</u>	<u>61,113</u>	<u>179,155</u>	<u>494,190</u>
Total expenditures	<u>18,409,955</u>	<u>13,231,783</u>	<u>2,345,794</u>	<u>15,577,577</u>	<u>2,832,378</u>
Excess of revenues over expenditures	<u>(1,857,056)</u>	<u>6,774,972</u>	<u>2,401,188</u>	<u>9,176,160</u>	<u>11,033,216</u>
Other financing sources (uses):					
Operating transfers - in:					
UDAG Loan Fund	764,025	759,754	-	759,754	(4,271)
Community Development Fund	296,780	297,120	-	297,120	340
GF-HOP Loan Fund	1,086,000	1,035,000	51,000	1,086,000	-
Economic Development Loan Fund	85,893	85,893	-	85,893	-
Rental Rehabilitation Fund	438,000	438,000	-	438,000	-
Solid Waste Fund	4,395	1,895	-	1,895	(2,500)
Storm Water Management Fund	-	63	-	63	63
General Fund	<u>3,425,449</u>	<u>3,255,726</u>	<u>259,215</u>	<u>3,514,941</u>	<u>89,492</u>
Total operating transfers - in	<u>6,100,542</u>	<u>5,873,451</u>	<u>310,215</u>	<u>6,183,666</u>	<u>83,124</u>
Operating transfers - out:					
General Fund	(121,385)	(116,000)	(5,385)	(121,385)	-
Convention Center Fund	(834,325)	(649,000)	-	(649,000)	185,325
Building Improvements Fund	(2,500,000)	-	-	-	2,500,000
UDAG Loan Fund	(346,130)	(46,130)	(48,397)	(94,527)	251,603
Home Investment Partnership Fund	<u>(441,646)</u>	<u>(441,584)</u>	<u>-</u>	<u>(441,584)</u>	<u>62</u>
Total operating transfers - out	<u>(4,243,486)</u>	<u>(1,252,714)</u>	<u>(53,782)</u>	<u>(1,306,496)</u>	<u>2,936,990</u>
Total other financing sources	<u>1,857,056</u>	<u>4,620,737</u>	<u>256,433</u>	<u>4,877,170</u>	<u>3,020,114</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 11,395,709</u>	<u>2,657,621</u>	<u>\$ 14,053,330</u>	<u>\$ 14,053,330</u>
Fund balance at beginning of year			<u>11,396,002</u>		
Fund balance at end of year			<u>\$ 14,053,623</u>		

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**From Inception and Year Ended June 30, 2009**

	Grant Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
Investment earnings	\$ -	\$ 17,228	\$ 95,679	\$ 112,907	\$ 112,907
<b>Expenditures:</b>					
Economic and physical development project:					
Convention Center operations	743,135	-	269,292	269,292	473,843
Debt service:					
Interest and other charges	<u>6,181,274</u>	<u>4,500</u>	<u>3,219,212</u>	<u>3,223,712</u>	<u>2,957,562</u>
Total expenditures	<u>6,924,409</u>	<u>4,500</u>	<u>3,488,504</u>	<u>3,493,004</u>	<u>3,431,405</u>
Excess of revenues over (under) expenditures	<u>(6,924,409)</u>	<u>12,728</u>	<u>(3,392,825)</u>	<u>(3,380,097)</u>	<u>3,544,312</u>
<b>Other financing sources:</b>					
Operating transfers - in:					
Special Purpose Fund	928,460	649,000	-	649,000	(279,460)
Issuance of installment obligation	<u>5,995,949</u>	<u>5,995,949</u>	<u>-</u>	<u>5,995,949</u>	<u>-</u>
Total other financing sources	<u>6,924,409</u>	<u>6,644,949</u>	<u>-</u>	<u>6,644,949</u>	<u>(279,460)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 6,657,677</u>	(3,392,825)	<u>\$ 3,264,852</u>	<u>\$ 3,264,852</u>
Fund balance at beginning of year			<u>6,657,677</u>		
Fund balance at end of year			<u>\$ 3,264,852</u>		

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**From Inception and Year Ended June 30, 2009**

	Grant Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
<b>Restricted intergovernmental:</b>					
Federal grants	\$ 8,781,347	\$ 6,859,906	\$ 600,649	\$ 7,460,555	\$ (1,320,792)
<b>Miscellaneous revenues:</b>					
Sale of property	4,080	27,080	-	27,080	23,000
Insurance reimbursement	200	1,466	96	1,562	1,362
Refunds	467,308	453,810	-	453,810	(13,498)
Total miscellaneous revenues	471,588	482,356	96	482,452	10,864
Total revenues	9,252,935	7,342,262	600,745	7,943,007	(1,309,928)
<b>Expenditures:</b>					
<b>Economic and physical development projects:</b>					
Acquisition	541,000	541,000	-	541,000	-
Public facilities	1,513,016	1,048,357	7,202	1,055,559	457,457
Demolition	176,547	113,194	25,782	138,976	37,571
Domestic Violence	148,000	113,000	25,782	138,782	9,218
Shelter for homeless	319,500	319,500	-	319,500	-
Community Boys Club	150,847	150,847	-	150,847	-
Community Land Trust	5,000	-	5,000	5,000	-
Shaw-Speaks Center	14,852	14,852	-	14,852	-
Lot cleaning	20,000	20,000	-	20,000	-
Volunteers of America	157,145	157,145	-	157,145	-
Girls, Inc.	32,000	32,000	-	32,000	-
Family Services	196,024	195,849	-	195,849	175
Cop program	30,000	30,000	-	30,000	-
Coalition of Success	13,500	13,500	-	13,500	-
Head Start of Wilmington	57,997	57,996	-	57,996	1
Cure AIDS of Wilmington	10,000	10,000	-	10,000	-
Mercy House shelter	5,000	5,000	-	5,000	-
Dreams of Wilmington	100,000	100,000	-	100,000	-
Food Bank of Coastal Carolina	10,000	10,000	-	10,000	-
Bottom Neighborhood Association	19,640	19,639	-	19,639	1
Brigade Boys and Girls Club	155,000	155,000	-	155,000	-
Leading Into New Communities	178,324	140,190	34,254	174,444	3,880
Amigos International	7,598	8,025	-	8,025	(427)
First Fruit Ministries	30,000	30,000	-	30,000	-
Housing counseling	45,000	32,885	2,025	34,910	10,090
Carousel Center	10,000	10,000	-	10,000	-
Wilmington interfaith network	10,000	10,000	-	10,000	-
Joint Project	90,000	-	73,992	73,992	16,008
YWCA - Kids Making It	25,000	25,000	-	25,000	-
Salvation Army	30,000	30,000	-	30,000	-
Relocation	98,649	56,042	20,526	76,568	22,081
Energy repairs/housing	325,692	200,927	34,532	235,459	90,233

**CITY OF WILMINGTON, NORTH CAROLINA**

**Community Development Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual (Continued)**

**From Inception and Year Ended June 30, 2009**

	Grant Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Expenditures: (continued)					
Economic and physical development projects: (continued)					
Capacity Building	\$ 25,000	\$ -	\$ 4,836	\$ 4,836	\$ 20,164
Small Business Development	55,459	55,458	-	55,458	1
North Fourth Street Revitalization	78,645	78,645	-	78,645	-
Castle Street	11,955	11,541	-	11,541	414
Business training	17,886	17,883	-	17,883	3
Economic development	20,000	12,768	-	12,768	7,232
Charges for services	3,176,000	2,777,000	399,000	3,176,000	-
Equipment/administration	18,000	18,001	-	18,001	(1)
Code enforcement	228,000	228,000	-	228,000	-
Planning	10,000	10,000	-	10,000	-
<b>Total expenditures</b>	<b>8,166,276</b>	<b>6,859,244</b>	<b>632,931</b>	<b>7,492,175</b>	<b>674,101</b>
Excess of revenues over (under) expenditures	1,086,659	483,018	(32,186)	450,832	(635,827)
Other financing sources (uses):					
Operating transfers - in:					
Commercial Loan Fund	104,697	103,556	1,083	104,639	(58)
Rehabilitation Loan Fund	152,816	124,645	28,171	152,816	-
Rental Rehabilitation Loan Fund	135,670	138,788	2,932	141,720	6,050
<b>Total operating transfers - in</b>	<b>393,183</b>	<b>366,989</b>	<b>32,186</b>	<b>399,175</b>	<b>5,992</b>
Operating transfers - out:					
Loan Funds	(1,386,858)	(757,035)	-	(757,035)	629,823
Streets and Sidewalks Fund	(92,984)	(92,972)	-	(92,972)	12
<b>Total operating transfers - out</b>	<b>(1,479,842)</b>	<b>(850,007)</b>	<b>-</b>	<b>(850,007)</b>	<b>629,835</b>
<b>Total other financing sources (uses)</b>	<b>(1,086,659)</b>	<b>(483,018)</b>	<b>32,186</b>	<b>(450,832)</b>	<b>635,827</b>
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -
Fund balance at beginning of year			-		
Fund balance at end of year			\$ -		

**CITY OF WILMINGTON, NORTH CAROLINA**

**Home Investment Partnership Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual**

**From Inception and Year Ended June 30, 2009**

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental:					
Federal grants	\$ 5,646,671	\$ 3,377,028	\$ 1,098,163	\$ 4,475,191	\$ (1,171,480)
Miscellaneous	211,342	155,630	-	155,630	(55,712)
Total revenues	<u>5,858,013</u>	<u>3,532,658</u>	<u>1,098,163</u>	<u>4,630,821</u>	<u>(1,227,192)</u>
Expenditures:					
Economic and physical development projects:					
HUD reimbursement	-	129,170	-	129,170	(129,170)
Community Development Housing Organizations	1,965,894	1,411,250	416,341	1,827,591	138,303
Tenant Based Assistance	273,000	-	239,381	239,381	33,619
Affordable Housing Infrastructure	63,300	63,300	-	63,300	-
Homeless rental housing	90,000	90,000	-	90,000	-
Charges for services	415,951	330,031	69,276	399,307	16,644
Land trust administration	10,000	10,000	-	10,000	-
Relocation assistance	-	44,257	-	44,257	(44,257)
Total expenditures	<u>2,818,145</u>	<u>2,078,008</u>	<u>724,998</u>	<u>2,803,006</u>	<u>15,139</u>
Excess of revenues over expenditures	<u>3,039,868</u>	<u>1,454,650</u>	<u>373,165</u>	<u>1,827,815</u>	<u>(1,212,053)</u>
Other financing sources (uses):					
Operating transfers - in:					
Special Purpose Fund	-	192,382	-	192,382	192,382
Home Loan Fund	<u>1,553,186</u>	<u>1,333,273</u>	<u>154,560</u>	<u>1,487,833</u>	<u>(65,353)</u>
Total operating transfers - in	1,553,186	1,525,655	154,560	1,680,215	127,029
Operating transfers - out:					
Home Loan Fund	<u>(4,593,054)</u>	<u>(2,980,305)</u>	<u>(527,725)</u>	<u>(3,508,030)</u>	<u>1,085,024</u>
Total other financing uses	<u>(3,039,868)</u>	<u>(1,454,650)</u>	<u>(373,165)</u>	<u>(1,827,815)</u>	<u>1,212,053</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance at beginning of year			<u>-</u>		
Fund balance at end of year			<u>\$ -</u>		

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**CAPITAL PROJECT FUNDS TAB (FRONT)**

**CAPITAL PROJECT FUNDS TAB (BACK)**



**CITY OF WILMINGTON, NORTH CAROLINA**

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

**From Inception and Year Ended June 30, 2009**

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Totals to Date	
<b>Revenues:</b>					
Restricted intergovernmental	\$ 5,706,381	\$ 1,005,810	\$ 249,760	\$ 1,255,570	\$ (4,450,811)
Investment earnings	1,032,000	1,832,571	206,406	2,038,977	1,006,977
Donations	1,670,143	385,217	-	385,217	(1,284,926)
Miscellaneous	496,285	767,286	-	767,286	271,001
<b>Total revenues</b>	<b>8,904,809</b>	<b>3,990,884</b>	<b>456,166</b>	<b>4,447,050</b>	<b>(4,457,759)</b>
<b>Expenditures:</b>					
<b>Transportation:</b>					
Utility cuts program	496,285	486,035	9,227	495,262	1,023
5th Street bridge	664,000	651,177	-	651,177	12,823
Bridge repairs 2004-05	100,000	12,020	21,105	33,125	66,875
Street rehabilitation 2004-05	3,493,565	877,801	459,143	1,336,944	2,156,621
Independence Boulevard phase II	6,400,000	502,129	79,274	581,403	5,818,597
Intersection improvements	215,459	25,000	141	25,141	190,318
Neighborhood traffic management	1,400,000	418,169	686,146	1,104,315	295,685
Masonboro/Pine Grove intersection	235,000	-	20,573	20,573	214,427
Eastwood Road path	29,214	-	-	-	29,214
Military Cutoff preservation maps	800,000	279,364	132,363	411,727	388,273
Independence Boulevard phase III	3,309,258	-	-	-	3,309,258
North downtown streetscape	5,223,777	818,612	1,452,472	2,271,084	2,952,693
Ringo Drive extension	271,273	265,523	-	265,523	5,750
North 3rd Street improvements	4,000,000	389,753	318,312	708,065	3,291,935
Front Street two-way	350,000	300,351	-	300,351	49,649
Street rehabilitation reserve	428,000	-	-	-	428,000
Kinston Avenue extension phase I	872,000	-	661	661	871,339
Front Street streetscapes	1,500,000	5,693	267,348	273,041	1,226,959
Market/Water Streets bulkhead	1,633,000	8,500	1,145,917	1,154,417	478,583
Signal system upgrade	5,000,000	65,754	4,447,664	4,513,418	486,582
Monkey Junction Annexation	10,159,300	-	31,791	31,791	10,127,509
3rd & Ann Street pedestrian improvements	70,000	-	-	-	70,000
South 3rd Street streetscape	710,000	-	-	-	710,000
Independence/Park pedestrian crossing	55,000	-	-	-	55,000
Traffic signal improvement 2000-01	786	786	-	786	-
Eastwood Road bike path	601,610	521,235	4,561	525,796	75,814
Heidi Drive relief 2002-03	75,000	75,000	-	75,000	-
Wrightsville and MacMillan Avenues	205,200	124	-	124	205,076
Dawson/Wooster street improvements	293,913	293,913	-	293,913	-
Marstellar CSX railroad crossing	15,000	-	-	-	15,000
Wooster Street sidewalks	165,000	11,097	-	11,097	153,903
Randall Parkway widening	7,041,455	684,247	33,794	718,041	6,323,414
Underground utility placement	234,743	231,843	-	231,843	2,900
New street paving	210,000	43,816	17,787	61,603	148,397

**CITY OF WILMINGTON, NORTH CAROLINA**

**Streets and Sidewalks Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual (Continued)**

**From Inception and Year Ended June 30, 2009**

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Expenditures (continued):					
Transportation (continued):					
Sidewalk rehabilitation and repairs	\$ 1,170,947	\$ 748,600	\$ 79,564	\$ 828,164	\$ 342,783
Sidewalk construction 2003-04	1,331,366	303,482	180,109	483,591	847,775
Woodale and Mallard Street bike path	234,592	6,669	6,387	13,056	221,536
Military Cutoff bike path	723,951	-	354,878	354,878	369,073
Love Grove Access	<u>64,792</u>	<u>59,900</u>	<u>-</u>	<u>59,900</u>	<u>4,892</u>
Total transportation	<u>59,783,486</u>	<u>8,086,593</u>	<u>9,749,217</u>	<u>17,835,810</u>	<u>41,947,676</u>
Cultural and recreational:					
Riverwalk North convention center	1,912,223	71,286	75,817	147,103	1,765,120
Riverwalk North marina	<u>9,120,500</u>	<u>1,117,552</u>	<u>1,025,334</u>	<u>2,142,886</u>	<u>6,977,614</u>
Total cultural and recreational	<u>11,032,723</u>	<u>1,188,838</u>	<u>1,101,151</u>	<u>2,289,989</u>	<u>8,742,734</u>
Transit system					
Transit capital grant match	<u>251,000</u>	<u>133,499</u>	<u>9,733</u>	<u>143,232</u>	<u>107,768</u>
Total expenditures	<u>71,067,209</u>	<u>9,408,930</u>	<u>10,860,101</u>	<u>20,269,031</u>	<u>50,798,178</u>
Excess of expenditures over revenues	<u>(62,162,400)</u>	<u>(5,418,046)</u>	<u>(10,403,935)</u>	<u>(15,821,981)</u>	<u>46,340,419</u>
Other financing sources (uses):					
Operating transfers - in:					
General Fund	10,292,037	8,196,206	1,757,000	9,953,206	(338,831)
Building Improvements Fund	399,500	-	399,500	399,500	-
Public Improvements Fund	<u>81,729</u>	<u>-</u>	<u>81,729</u>	<u>81,729</u>	<u>-</u>
Total operating transfers - in	<u>10,773,266</u>	<u>8,196,206</u>	<u>2,238,229</u>	<u>10,434,435</u>	<u>(338,831)</u>
Operating transfers - out:					
General Fund	(2,349,324)	-	(2,349,324)	(2,349,324)	-
Parks and Recreation Fund	<u>(95,000)</u>	<u>(95,000)</u>	<u>-</u>	<u>(95,000)</u>	<u>-</u>
Total operating transfers - out	<u>(2,444,324)</u>	<u>(95,000)</u>	<u>(2,349,324)</u>	<u>(2,444,324)</u>	<u>-</u>
Issuance of bonds	25,712,277	3,724,658	14,605,000	18,329,658	(7,382,619)
Premium on bonds	121,181	-	121,181	121,181	-
Issuance of installment obligations	<u>28,000,000</u>	<u>220,000</u>	<u>-</u>	<u>220,000</u>	<u>(27,780,000)</u>
Total other financing sources	<u>62,162,400</u>	<u>12,045,864</u>	<u>14,615,086</u>	<u>26,660,950</u>	<u>(35,501,450)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 6,627,818</u>	4,211,151	<u>\$ 10,838,969</u>	<u>\$ 10,838,969</u>
Fund balance at beginning of year			<u>6,627,818</u>		
Fund balance at end of year			<u>\$ 10,838,969</u>		

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**From Inception and Year Ended June 30, 2009**

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Totals to Date	
<b>Revenues:</b>					
Restricted intergovernmental	\$ 6,500,000	\$ 2,589,316	\$ (287,654)	\$ 2,301,662	\$ (4,198,338)
Investment earnings	509,000	700,753	30,855	731,608	222,608
Donations	3,517	-	-	-	(3,517)
<b>Total revenues</b>	<b>7,012,517</b>	<b>3,290,069</b>	<b>(256,799)</b>	<b>3,033,270</b>	<b>(3,979,247)</b>
<b>Expenditures:</b>					
<b>Cultural and recreational:</b>					
Riverwalk South	2,754,500	2,733,964	-	2,733,964	20,536
Riverwalk North	1,555,650	1,533,931	214	1,534,145	21,505
Park facility improvements 2004-05	747,327	491,566	224,730	716,296	31,031
Maides Park improvements	1,469,000	656,997	760,606	1,417,603	51,397
Empie tennis court renovations	125,000	113,521	-	113,521	11,479
Halyburton playground	50,000	9,844	-	9,844	40,156
Recreation master plan	50,000	16,723	-	16,723	33,277
1898 Memorial Park	20,000	11,740	-	11,740	8,260
Alley improvements	100,000	2,250	500	2,750	97,250
Alderman preserve	300,000	-	11,169	11,169	288,831
Dobo Park property	830,000	99,127	640,276	739,403	90,597
Annexation parks	2,500,000	3,550	3,500	7,050	2,492,950
Olsen Park Phase I	8,500,000	4,409,426	227,514	4,636,940	3,863,060
Downtown parks	20,484	20,484	-	20,484	-
Greenfield Park amphitheater	1,236,929	1,152,648	70,820	1,223,468	13,461
Northside splash pool	400,000	256,651	66,616	323,267	76,733
Bike/Greenway system improvements	3,000,000	31,075	225,155	256,230	2,743,770
10th & Fanning park development	100,000	-	-	-	100,000
MLK Center bond improvements	620,146	619,681	465	620,146	-
Tennis complex	1,500,000	111,661	87,534	199,195	1,300,805
Love Grove Park	742,000	38,185	32,600	70,785	671,215
Park land purchase	1,539,056	2,099	34,068	36,167	1,502,889
Water Street Park	2,596,809	2,596,808	-	2,596,808	1
Dram tree boat ramp	50,000	-	17,215	17,215	32,785
Riverfront Park improvements	241,700	47,186	4,950	52,136	189,564
Community Arts center	115,000	112,956	-	112,956	2,044
Market Street landing dock	82,037	75,288	6,748	82,036	1
Land acquisition and economic development	250,000	5,238	4,300	9,538	240,462
Riverwalk signage	150,000	18,138	2,135	20,273	129,727
Intracoastal waterway park	19,500	1,800	-	1,800	17,700
Legion Stadium	6,940,000	6,344,827	6,332	6,351,159	588,841
South 17th Street park	1,946,493	1,916,524	-	1,916,524	29,969
Greenfield amphitheater	225,402	224,602	-	224,602	800
<b>Total expenditures</b>	<b>40,777,033</b>	<b>23,658,490</b>	<b>2,427,447</b>	<b>26,085,937</b>	<b>14,691,096</b>
<b>Excess of expenditures over revenues</b>	<b>(33,764,516)</b>	<b>(20,368,421)</b>	<b>(2,684,246)</b>	<b>(23,052,667)</b>	<b>10,711,849</b>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Parks and Recreation Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual (Continued)**

**From Inception and Year Ended June 30, 2009**

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Other financing sources (uses):					
Operating transfers - in:					
General Fund	\$ 5,295,323	\$ 5,056,838	\$ 275,000	\$ 5,331,838	\$ 36,515
Public Improvements Fund	-	5,000	-	5,000	5,000
Total operating transfers - in	<u>5,295,323</u>	<u>5,061,838</u>	<u>275,000</u>	<u>5,336,838</u>	<u>41,515</u>
Operating transfers - out:					
General Fund	(300,000)	-	(300,000)	(300,000)	-
Issuance of bonds	2,821,493	2,821,493	-	2,821,493	-
Issuance of installment obligations	8,297,700	8,297,773	-	8,297,773	73
Issuance of other long-term obligations	<u>17,650,000</u>	<u>7,464,435</u>	<u>1,390,937</u>	<u>8,855,372</u>	<u>(8,794,628)</u>
Total other financing sources	<u>33,764,516</u>	<u>23,645,539</u>	<u>1,365,937</u>	<u>25,011,476</u>	<u>(8,753,040)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 3,277,118</u>	<u>(1,318,309)</u>	<u>\$ 1,958,809</u>	<u>\$ 1,958,809</u>
Fund balance at beginning of year			<u>3,277,118</u>		
Fund balance at end of year			<u>\$ 1,958,809</u>		

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**From Inception and Year Ended June 30, 2009**

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Totals to Date	
<b>Revenues:</b>					
Restricted intergovernmental	\$ 261,092	\$ 212,696	\$ -	\$ 212,696	\$ (48,396)
Investment earnings	1,914,635	1,971,472	791,121	2,762,593	847,958
Sale of real estate	863,000	863,000	-	863,000	-
Rents	22,000	21,624	15,481	37,105	15,105
Miscellaneous	-	5,908	-	5,908	5,908
<b>Total revenues</b>	<b>3,060,727</b>	<b>3,074,700</b>	<b>806,602</b>	<b>3,881,302</b>	<b>820,575</b>
<b>Expenditures:</b>					
<b>General government:</b>					
Building improvements 2004-05	739,462	453,365	39,861	493,226	246,236
ITS infrastructure improvements	261,450	139,001	34,080	173,081	88,369
City Hall improvements	700,000	73	227,526	227,599	472,401
Time & attendance system	534,045	501,828	14,757	516,585	17,460
Northern warehouse purchase	1,758,000	1,748,280	8,717	1,756,997	1,003
Underground railroad kiosk	25,000	238	8,243	8,481	16,519
Fiber optics - Operation Center	140,000	122,124	-	122,124	17,876
10th & Fanning reuse	341,000	285,880	55,120	341,000	-
Environmental assessments	125,000	94,938	10,430	105,368	19,632
Naviline Select	152,000	98,420	34,648	133,068	18,932
800 MHZ radio upgrades	2,000,000	-	1,959,266	1,959,266	40,734
Council chambers security	50,000	-	-	-	50,000
City Hall/Thalian energy stimulus	35,000	-	8,189	8,189	26,811
Administrative office building	274,108	232,089	20,801	252,890	21,218
City council chambers	679,267	536,650	28,100	564,750	114,517
Document imaging	170,000	75,182	40,288	115,470	54,530
Building security	239,941	115,269	55,651	170,920	69,021
Work order system	250,000	247,756	-	247,756	2,244
CCTV upgrade and expansion	83,000	80,892	-	80,892	2,108
ADA compliance	890,000	236,871	85,259	322,130	567,870
Operations center	19,773,906	19,739,513	26,393	19,765,906	8,000
<b>Total general government</b>	<b>29,221,179</b>	<b>24,708,369</b>	<b>2,657,329</b>	<b>27,365,698</b>	<b>1,855,481</b>
<b>Public safety:</b>					
Police building	24,112,840	24,093,492	15,340	24,108,832	4,008
Joint City-County Emergency Operations Center	233,225	232,428	-	232,428	797
Training facility	3,500,000	2,346,414	889,346	3,235,760	264,240
Seagate annexation fire station 1998	3,395,596	3,034,120	300,439	3,334,559	61,037
Fire station security	54,000	50,833	-	50,833	3,167
Fire station improvements	196,000	27,770	16,479	44,249	151,751
WPD southeast substation	1,526,700	1,274,777	245,472	1,520,249	6,451
Masonboro annexation fire station	3,008,339	2,976,459	-	2,976,459	31,880
<b>Total public safety</b>	<b>36,026,700</b>	<b>34,036,293</b>	<b>1,467,076</b>	<b>35,503,369</b>	<b>523,331</b>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Building Improvements Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual (Continued)**

**From Inception and Year Ended June 30, 2009**

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Expenditures (continued):					
Transportation:					
Multi-modal facility study	\$ 1,049,442	\$ 964,233	\$ 15,147	\$ 979,380	\$ 70,062
Economic and physical development:					
Convention Center	59,313,200	9,166,142	17,097,235	26,263,377	33,049,823
Land acquisition and economic development	3,803,500	3,803,500	-	3,803,500	-
Total economic and physical development	63,116,700	12,969,642	17,097,235	30,066,877	33,049,823
Cultural and recreational:					
Hilton riverwalk bulkhead	4,135,133	2,447,214	1,653,053	4,100,267	34,866
Thalian Hall renovations	3,000,000	722,090	630	722,720	2,277,280
Downtown restroom facility	95,000	3,114	71,919	75,033	19,967
Riverwalk Governor's Landing	412,000	46,765	334,478	381,243	30,757
Riverwalk bulkhead reserve	464,900	-	-	-	464,900
Parks and recreation software	50,000	-	-	-	50,000
Community Arts Center	2,253,541	2,195,692	39,519	2,235,211	18,330
Market Street landing dock	212,000	208,397	-	208,397	3,603
Total cultural and recreational	10,622,574	5,623,272	2,099,599	7,722,871	2,899,703
Transit system:					
Bus garage	647,089	180,518	-	180,518	466,571
Wave transit facility	124,200	76,506	-	76,506	47,694
Total transit system	771,289	257,024	-	257,024	514,265
Total expenditures	140,807,884	78,558,833	23,336,386	101,895,219	38,912,665
Excess of expenditures over revenues	(137,747,157)	(75,484,133)	(22,529,784)	(98,013,917)	39,733,240
Other financing sources (uses):					
Operating transfers - in:					
General Fund	17,184,516	16,433,798	728,775	17,162,573	(21,943)
Special Purpose Fund	2,500,000	-	-	-	(2,500,000)
Total operating transfers - in	19,684,516	16,433,798	728,775	17,162,573	(2,521,943)
Operating transfers - out:					
General Fund	(400,000)	-	(400,000)	(400,000)	-
Debt Service Fund	(896,901)	(829,328)	-	(829,328)	67,573
Streets and Sidewalks Fund	(399,500)	-	(399,500)	(399,500)	-
Total operating transfers - out	(1,696,401)	(829,328)	(799,500)	(1,628,828)	67,573

**CITY OF WILMINGTON, NORTH CAROLINA**

**Building Improvements Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual (Continued)**

**From Inception and Year Ended June 30, 2009**

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Totals to Date	
Other financing sources (uses): (continued)					
Issuance of bonds	\$ 412,000	\$ 477	\$ -	\$ 477	\$ (411,523)
Issuance of installment obligations	106,014,040	99,231,588	-	99,231,588	(6,782,452)
Issuance of other long-term obligations	13,370,000	12,953,110	134,808	13,087,918	(282,082)
Premium on installment obligations	-	1,860,258	-	1,860,258	1,860,258
Discount on installment obligations	(36,998)	(36,997)	-	(36,997)	1
Total other financing sources	<u>137,747,157</u>	<u>129,612,906</u>	<u>64,083</u>	<u>129,676,989</u>	<u>(8,070,168)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 54,128,773</u>	<u>(22,465,701)</u>	<u>\$ 31,663,072</u>	<u>\$ 31,663,072</u>
Fund balance at beginning of year			<u>54,128,773</u>		
Fund balance at end of year			<u>\$ 31,663,072</u>		

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**From Inception and Year Ended June 30, 2009**

	Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
Restricted intergovernmental	\$ 18,840	\$ 16,624	\$ -	\$ 16,624	\$ (2,216)
Investment earnings	90,663	199,384	7,942	207,326	116,663
Miscellaneous	73,863	91,612	-	91,612	17,749
<b>Total revenues</b>	<b>183,366</b>	<b>307,620</b>	<b>7,942</b>	<b>315,562</b>	<b>132,196</b>
<b>Expenditures:</b>					
<b>Capital projects:</b>					
<b>Transportation - streets and sidewalks:</b>					
Masonboro/Pine Grove intersection	10,800	620	2,100	2,720	8,080
Eastwood Road path	7,786	-	-	-	7,786
Sidewalk construction 2003-04	548	520	28	548	-
Northern gateway	100,450	88,565	10,826	99,391	1,059
Median restoration	34,804	27,998	-	27,998	6,806
<b>Total transportation - streets and sidewalks</b>	<b>154,388</b>	<b>117,703</b>	<b>12,954</b>	<b>130,657</b>	<b>23,731</b>
<b>Cultural and recreational:</b>					
Legion Stadium improvements	30,000	29,218	-	29,218	782
<b>General government:</b>					
Building improvements 2004-05	77,873	17,671	-	17,671	60,202
Hilton riverwalk bulkhead	186,733	115,423	62,634	178,057	8,676
ADA compliance	348,423	313,421	750	314,171	34,252
<b>Total general government</b>	<b>613,029</b>	<b>446,515</b>	<b>63,384</b>	<b>509,899</b>	<b>103,130</b>
<b>Total expenditures</b>	<b>797,417</b>	<b>593,436</b>	<b>76,338</b>	<b>669,774</b>	<b>127,643</b>
Excess of expenditures over revenues	(614,051)	(285,816)	(68,396)	(354,212)	259,839
<b>Other financing sources (uses):</b>					
<b>Operating transfers - in:</b>					
General Fund	696,039	679,700	-	679,700	(16,339)
<b>Operating transfers - out:</b>					
General Fund	(259)	-	(258)	(258)	1
Streets and Sidewalks Fund	(81,729)	-	(81,729)	(81,729)	-
<b>Total operating transfers - out</b>	<b>(81,988)</b>	<b>-</b>	<b>(81,987)</b>	<b>(81,987)</b>	<b>1</b>
<b>Total other financing sources (uses)</b>	<b>614,051</b>	<b>679,700</b>	<b>(81,987)</b>	<b>597,713</b>	<b>(16,338)</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ 393,884</b>	<b>(150,383)</b>	<b>\$ 243,501</b>	<b>\$ 243,501</b>
Fund balance at beginning of year			393,884		
Fund balance at end of year			<u>\$ 243,501</u>		



**DEBT SERVICE FUND TAB (FRONT)**

**DEBT SERVICE FUND TAB (BACK)**

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2009  
With Comparative Actual Amounts for Year Ended June 30, 2008**

	2009		Variance Positive (Negative)	2008 Actual
	Budget	Actual		
Revenues:				
Investment earnings	\$ -	\$ 156,317	\$ 156,317	\$ 176,034
Restricted intergovernmental revenues	<u>5,776,559</u>	<u>5,943,562</u>	<u>167,003</u>	<u>-</u>
Total revenues	<u>5,776,559</u>	<u>6,099,879</u>	<u>323,320</u>	<u>176,034</u>
Expenditures:				
Debt service:				
Principal retirement	9,908,848	8,608,348	1,300,500	4,405,767
Interest and other charges	<u>6,670,626</u>	<u>6,197,021</u>	<u>473,605</u>	<u>3,158,608</u>
Total expenditures	<u>16,579,474</u>	<u>14,805,369</u>	<u>1,774,105</u>	<u>7,564,375</u>
Excess of expenditures over revenues	<u>(10,802,915)</u>	<u>(8,705,490)</u>	<u>2,097,425</u>	<u>(7,388,341)</u>
Other financing sources:				
Operating transfers-in:				
General Fund	8,686,875	8,686,875	-	8,055,000
Building Improvements Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>829,328</u>
Total operating transfers - in	8,686,875	8,686,875	-	8,884,328
Appropriated fund balance	<u>2,116,040</u>	<u>-</u>	<u>(2,116,040)</u>	<u>-</u>
Total other financing sources	<u>10,802,915</u>	<u>8,686,875</u>	<u>(2,116,040)</u>	<u>8,884,328</u>
Net change in fund balance	<u>\$ -</u>	<u>(18,615)</u>	<u>\$ (18,615)</u>	<u>1,495,987</u>
Fund balance at beginning of year		<u>8,052,458</u>		<u>6,556,471</u>
Fund balance at end of year		<u>\$ 8,033,843</u>		<u>\$ 8,052,458</u>

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**ENTERPRISE FUNDS TAB (FRONT)**

**ENTERPRISE FUNDS TAB (BACK)**

**CITY OF WILMINGTON, NORTH CAROLINA**

**Solid Waste Management Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP)**

**Year Ended June 30, 2009  
With Comparative Actual Amounts for Year Ended June 30, 2008**

	2009		Variance Positive (Negative)	2008 Actual
	Budget	Actual		
Revenues:				
Operating revenues:				
Charges for services:				
Refuse collection	\$ 7,904,000	\$ 7,787,156	\$ (116,844)	\$ 7,421,272
Recycling	10,000	27,175	17,175	15,743
Total operating revenues	<u>7,914,000</u>	<u>7,814,331</u>	<u>(99,669)</u>	<u>7,437,015</u>
Nonoperating revenues:				
Investment earnings	45,000	40,803	(4,197)	106,132
Solid waste disposal tax	-	46,887	46,887	-
Total nonoperating revenues	<u>45,000</u>	<u>87,690</u>	<u>42,690</u>	<u>106,132</u>
Total revenues	<u>7,959,000</u>	<u>7,902,021</u>	<u>(56,979)</u>	<u>7,543,147</u>
Expenditures:				
Operating expenditures:				
Administration	410,597	344,441	66,156	319,878
Customer refuse	3,775,060	3,602,514	172,546	3,387,883
Recycling	890,492	814,439	76,053	755,677
Yard waste	1,877,137	1,717,140	159,997	1,570,278
Special services	563,121	400,214	162,907	267,973
Downtown collection	274,321	346,392	(72,071)	436,173
Other operating expenditures	603,330	578,330	25,000	615,555
Total operating expenditures	<u>8,394,058</u>	<u>7,803,470</u>	<u>590,588</u>	<u>7,353,417</u>
Nonoperating expenditures:				
Interest and other charges	13,550	13,550	-	21,924
Principal payments on other long-term obligations	220,165	220,165	-	211,790
Reserved for debt service	28,292	-	28,292	-
Total nonoperating expenditures	<u>262,007</u>	<u>233,715</u>	<u>28,292</u>	<u>233,714</u>
Total expenditures	<u>8,656,065</u>	<u>8,037,185</u>	<u>618,880</u>	<u>7,587,131</u>
Excess of expenditures over revenues	<u>(697,065)</u>	<u>(135,164)</u>	<u>561,901</u>	<u>(43,984)</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Solid Waste Management Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP) (Continued)**

**Year Ended June 30, 2009  
With Comparative Actual Amounts for Year Ended June 30, 2008**

	2009		Variance	2008
	Budget	Actual	Positive (Negative)	Actual
Other financing sources (uses):				
Operating transfer - in:				
General Fund	\$ 687,814	\$ -	\$ (687,814)	\$ 672,824
Operating transfer - out:				
Special Purpose Fund	(2,500)	-	2,500	(1,895)
Appropriated fund balance	<u>11,751</u>	<u>-</u>	<u>(11,751)</u>	<u>-</u>
Total other financing sources	<u>697,065</u>	<u>-</u>	<u>(697,065)</u>	<u>670,929</u>
Net change in fund balance	<u>\$ -</u>	(135,164)	<u>\$ (135,164)</u>	626,945
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Vacation and sick leave accrual		13,889		(10,500)
Other postemployment benefits accrual		(125,085)		-
Depreciation		(2,440)		(1,770)
Investment earnings accrual		-		(5,356)
Capital contributions from governmental funds		-		6,699
Interest expense accrual		713		685
Principal payments on other long-term obligations		<u>220,165</u>		<u>211,790</u>
Change in net assets		<u>\$ (27,922)</u>		<u>\$ 828,493</u>



**CITY OF WILMINGTON, NORTH CAROLINA**

**Storm Water Management Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP)**

**Year Ended June 30, 2009  
With Comparative Actual Amounts for Year Ended June 30, 2008**

	2009		Variance	2008
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Operating revenues:				
Charges for services:				
Utility fees	\$ 4,954,389	\$ 4,876,401	\$ (77,988)	\$ 4,823,347
City streets	1,317,285	1,317,285	-	1,285,156
Other operating revenues	49,000	26,073	(22,927)	67,949
Total operating revenues	<u>6,320,674</u>	<u>6,219,759</u>	<u>(100,915)</u>	<u>6,176,452</u>
Nonoperating revenues:				
Facility fees	30,000	267,587	237,587	462,639
Investment earnings	114,000	154,613	40,613	284,177
Total nonoperating revenue	<u>144,000</u>	<u>422,200</u>	<u>278,200</u>	<u>746,816</u>
Total revenues	<u>6,464,674</u>	<u>6,641,959</u>	<u>177,285</u>	<u>6,923,268</u>
Expenditures:				
Operating expenditures:				
Engineering	891,472	756,955	134,517	683,960
Operations	3,544,383	3,267,795	276,588	2,443,766
Street sweeping	-	-	-	527,113
Other operating expenditures	808,113	749,113	59,000	782,225
Total operating expenditures	<u>5,243,968</u>	<u>4,773,863</u>	<u>470,105</u>	<u>4,437,064</u>
Nonoperating expenditures:				
Interest and fiscal charges	704,160	704,085	75	586,199
Principal payments on bonds	480,000	480,000	-	210,000
Total nonoperating expenditures	<u>1,184,160</u>	<u>1,184,085</u>	<u>75</u>	<u>796,199</u>
Total expenditures	<u>6,428,128</u>	<u>5,957,948</u>	<u>470,180</u>	<u>5,233,263</u>
Excess of revenues over (under) expenditures	<u>36,546</u>	<u>684,011</u>	<u>647,465</u>	<u>1,690,005</u>
Other financing sources (uses):				
Operating transfers in:				
General Fund	-	-	-	25,000
Operating transfers out:				
Storm Water Capital Projects Fund	(200,000)	(187,170)	12,830	(678,400)
Issuance of refunding bonds	-	-	-	3,150,000
Premium on refunding bonds	-	-	-	82,447
Payment to redeem outstanding bonds	-	-	-	(3,164,900)
Appropriated fund balance	163,454	-	(163,454)	-
Total other financing uses	<u>(36,546)</u>	<u>(187,170)</u>	<u>(150,624)</u>	<u>(585,853)</u>
Net change in fund balance	<u>\$ -</u>	<u>496,841</u>	<u>\$ 496,841</u>	<u>1,104,152</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Storm Water Management Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP) (Continued)**

**Year Ended June 30, 2009  
With Comparative Actual Amounts for Year Ended June 30, 2008**

	2009		Variance Positive (Negative)	2008 Actual
	Budget	Actual		
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Vacation and sick leave accrual		\$ (35,095)		\$ 798
Other post employment benefits accrual		(77,797)		-
Change in inventory		7,256		31,150
Capital asset expenditures		-		32,988
Depreciation		(512,321)		(381,929)
Amortization		(12,763)		(12,752)
Other noncapital expenses - Storm Water Capital Projects Fund		(3,854)		-
Operating transfer - Storm Water Capital Projects Fund		187,170		678,400
Investment earnings accrual		-		(15,719)
Investment earnings - Storm Water Capital Projects Fund		174,854		304,109
Principal payments on revenue bonds		405,000		140,000
Principal payments on installment obligations		75,000		70,000
Interest expense accrual		345,675		361,417
Capital contributions - others		334,212		161,816
Other		-		(15,000)
Change in net assets		<u>\$ 1,384,178</u>		<u>\$ 2,459,430</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Storm Water Capital Projects Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP)**

**From Inception and Year Ended June 30, 2009**

	Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
Investment earnings	\$ 534,388	\$ 1,253,572	\$ 174,855	\$ 1,428,427	\$ 894,039
Restricted intergovernmental	2,970,216	2,708,255	229,971	2,938,226	(31,990)
<b>Total revenues</b>	<b>3,504,604</b>	<b>3,961,827</b>	<b>404,826</b>	<b>4,366,653</b>	<b>862,049</b>
<b>Expenditures:</b>					
Wrightsville Avenue culvert	131,795	129,807	-	129,807	1,988
Stormwater Inventory Mapping	750,000	101,618	6,904	108,522	641,478
Lincoln outfall	85,000	-	-	-	85,000
Dupree Drive	1,269,205	87,422	381,467	468,889	800,316
Cedar Avenue/Sweetwater outfall	789,979	60,137	44,073	104,210	685,769
Storm drainage rehabilitation	2,183,462	131,811	164	131,975	2,051,487
Sweeper storage facility	1,278,040	105,670	1,056,039	1,161,709	116,331
Bradley Creek/Michelle Drive	2,393,000	74,765	66,033	140,798	2,252,202
Doctors branch bank stabilization	1,360,000	83,810	86,239	170,049	1,189,951
Greenfield spillway rehabilitation	374,325	355,441	17,362	372,803	1,522
Cavalier Drive drainage	700,000	-	100,454	100,454	599,546
CSX culvert crossings	130,241	-	130,241	130,241	-
Wisteria/Clearbrook area	1,230,000	-	221,593	221,593	1,008,407
Burnt Mill tidegate	120,000	-	-	-	120,000
Longstreet canal	3,353,458	3,321,932	31,180	3,353,112	346
Rileys branch	2,051,400	1,540,741	436,592	1,977,333	74,067
Seagate area improvements	531,392	531,317	-	531,317	75
Lions Gate	1,171,128	1,170,863	-	1,170,863	265
Market Northwoods	1,258,000	1,209,892	17,331	1,227,223	30,777
Market Inland Greens	1,719,515	574,482	820,805	1,395,287	324,228
Mineral Springs 2002-03	364,725	-	3,505	3,505	361,220
Heidi Drive relief 2002-03	272,115	262,857	-	262,857	9,258
Drainage easement relief	59,000	21,750	800	22,550	36,450
Brenda Drive drainage	401,390	-	10,500	10,500	390,890
New Hanover County Storm Water Improvement project	3,788,003	3,374,454	32,010	3,406,464	381,539
Burnt Mill Creek outfall	83,960	83,960	-	83,960	-
<b>Total expenditures</b>	<b>27,849,133</b>	<b>13,222,729</b>	<b>3,463,292</b>	<b>16,686,021</b>	<b>11,163,112</b>
<b>Excess of expenditures over revenues</b>	<b>(24,344,529)</b>	<b>(9,260,902)</b>	<b>(3,058,466)</b>	<b>(12,319,368)</b>	<b>12,025,161</b>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Storm Water Capital Projects Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP) (Continued)**

**From Inception and Year Ended June 30, 2009**

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Other financing sources:					
Operating transfers - in:					
General Fund	\$ 120,127	\$ 120,127	\$ -	\$ 120,127	\$ -
Storm Water Management Fund	6,016,271	5,817,285	187,170	6,004,455	(11,816)
Total operating transfers - in	6,136,398	5,937,412	187,170	6,124,582	(11,816)
Issuance of bonds	17,675,369	11,112,562	-	11,112,562	(6,562,807)
Premium on bonds	394,157	394,157	-	394,157	-
Issuance of installment obligations	89,980	89,979	-	89,979	(1)
Premium on installment obligations	-	-	-	-	-
Issuance of other long-term obligations	48,625	48,626	-	48,626	1
Total other financing sources	24,344,529	17,582,736	187,170	17,769,906	(6,574,623)
Net change in fund balance	\$ -	\$ 8,321,834	\$ (2,871,296)	\$ 5,450,538	\$ 5,450,538

**CITY OF WILMINGTON, NORTH CAROLINA**

**Parking Facilities Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP)**

**Year Ended June 30, 2009  
With Comparative Actual Amounts for Year Ended June 30, 2008**

	2009		Variance Positive (Negative)	2008 Actual
	Budget	Actual		
Revenues:				
Operating revenues:				
Charges for services:				
Parking fees	\$ 1,684,075	\$ 1,764,983	\$ 80,908	\$ 1,677,460
Parking violations	600,000	673,781	73,781	731,029
Total operating revenues	2,284,075	2,438,764	154,689	2,408,489
Nonoperating revenues:				
Interest earned	55,000	84,795	29,795	142,569
Total revenues	2,339,075	2,523,559	184,484	2,551,058
Expenditures:				
Operating expenditures:				
Street parking	743,079	724,988	18,091	688,470
Second Street deck	317,154	250,570	66,584	198,135
Market Street deck	349,255	299,435	49,820	250,871
Second Street lot	203,480	199,713	3,767	174,858
Other operating expenditures	45,000	-	45,000	-
Total operating expenditures	1,657,968	1,474,706	183,262	1,312,334
Nonoperating expenditures:				
Interest and fiscal charges	368,430	368,430	-	388,851
Principal payments on installment obligations	406,431	406,431	-	401,431
Principal payments on long-term obligations	191,550	191,550	-	185,200
Total nonoperating expenditures	966,411	966,411	-	975,482
Total expenditures	2,624,379	2,441,117	183,262	2,287,816
Excess of revenues over (under) expenditures	(285,304)	82,442	367,746	263,242
Other financing sources (uses):				
Operating transfer - in:				
General Fund	75,000	-	(75,000)	200,000
Operating transfer - out:				
Parking Facilities Capital Projects Fund	(785,000)	(785,000)	-	(135,000)
Appropriated fund balance	995,304	-	(995,304)	-
Total other financing sources (uses)	285,304	(785,000)	(1,070,304)	65,000
Net change in fund balance	\$ -	(702,558)	\$ (702,558)	328,242

**CITY OF WILMINGTON, NORTH CAROLINA**

**Parking Facilities Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP) (Continued)**

**Year Ended June 30, 2009  
With Comparative Actual Amounts for Year Ended June 30, 2008**

	2009		Variance Positive (Negative)	2008 Actual
	Budget	Actual		
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Vacation and sick leave accrual		\$ (3,757)		\$ (2,114)
Other postemployment benefits accrual		(3,051)		-
Other noncapital expenses - Parking Facilities				
Capital Projects Fund		-		(3,000)
Depreciation		(614,962)		(618,140)
Amortization		(6,974)		(6,974)
Customer receivables		167,744		-
Investment earnings accrual		-		(5,786)
Investment earnings - Parking Facilities Capital				
Projects Fund		930		944
Operating transfer - Parking Facilities Capital				
Projects Fund		785,000		135,000
Principal payments on installment obligations		406,431		401,431
Principal payments on other long-term obligations		191,550		185,200
Interest expense accrual		<u>3,522</u>		<u>3,099</u>
Change in net assets		<u>\$ 223,875</u>		<u>\$ 417,902</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Parking Facilities Capital Projects Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP)**

**From Inception and Year Ended June 30, 2009**

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Investment earnings	\$ 47,400	\$ 58,605	\$ 930	\$ 59,535	\$ 12,135
Expenditures:					
Second Street parking deck cameras	145,572	-	119,663	119,663	25,909
Hanna block parking lot	785,000	-	-	-	785,000
Water Street parking deck	9,075,000	248,324	-	248,324	8,826,676
Market Street parking deck	9,281,328	9,224,797	652	9,225,449	55,879
Total expenditures	19,286,900	9,473,121	120,315	9,593,436	9,693,464
Excess of expenditures over revenues	(19,239,500)	(9,414,516)	(119,385)	(9,533,901)	9,705,599
Other financing sources:					
Operating transfers - in:					
Parking Facilities Fund	920,000	135,000	785,000	920,000	-
Issuance of installment obligations	18,319,500	9,232,190	-	9,232,190	(9,087,310)
Total other financing sources	19,239,500	9,367,190	785,000	10,152,190	(9,087,310)
Net change in fund balance	\$ -	\$ (47,326)	\$ 665,615	\$ 618,289	\$ 618,289

**CITY OF WILMINGTON, NORTH CAROLINA**

**Golf Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP)**

**Year Ended June 30, 2009  
With Comparative Actual Amounts for Year Ended June 30, 2008**

	2009		Variance Positive (Negative)	2008 Actual
	Budget	Actual		
Operating revenues:				
Fees and coupons	\$ 690,000	\$ 641,806	\$ (48,194)	\$ 711,636
Cart rentals	275,000	294,898	19,898	322,929
Concessions	135,500	151,390	15,890	152,006
Other operating revenues	<u>500</u>	<u>1,023</u>	<u>523</u>	<u>1,362</u>
Total operating revenues	1,101,000	1,089,117	(11,883)	1,187,933
Nonoperating revenues:				
Interest earned	20,000	31,111	11,111	50,150
Sale of capital assets	<u>-</u>	<u>4,889</u>	<u>4,889</u>	<u>-</u>
Total nonoperating revenues	<u>20,000</u>	<u>36,000</u>	<u>16,000</u>	<u>50,150</u>
Total revenues	<u>1,121,000</u>	<u>1,125,117</u>	<u>4,117</u>	<u>1,238,083</u>
Operating expenditures:				
Golf course	1,039,586	987,768	51,818	875,610
Other operating expenditures	<u>104,485</u>	<u>96,200</u>	<u>8,285</u>	<u>102,275</u>
Total operating expenditures	<u>1,144,071</u>	<u>1,083,968</u>	<u>60,103</u>	<u>977,885</u>
Excess of revenues over (under) expenditures	<u>(23,071)</u>	<u>41,149</u>	<u>64,220</u>	<u>260,198</u>
Other financing sources (uses):				
Operating transfer - out:				
Golf Capital Projects Fund	(80,000)	(80,000)	-	(79,357)
Appropriated fund balance	<u>103,071</u>	<u>-</u>	<u>(103,071)</u>	<u>-</u>
Total other financing sources (uses)	<u>23,071</u>	<u>(80,000)</u>	<u>(103,071)</u>	<u>(79,357)</u>
Net change in fund balance	<u>\$ -</u>	<u>(38,851)</u>	<u>\$ (38,851)</u>	<u>180,841</u>
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Deferred revenues		4,763		4,825
Vacation and sick leave accrual		(5,267)		(7,726)
Other postemployment benefits accrual		(13,729)		-
Change in inventory		1,855		3,415
Capital asset expenditures		60,367		25,000
Depreciation		(67,352)		(55,362)
Investment earnings - Golf Capital Projects Fund		4,437		13,973
Investment earnings accrual		-		(2,881)
Capital contributions from enterprise funds		-		78,969
Operating transfer - Golf Capital Projects Fund		<u>80,000</u>		<u>79,357</u>
Change in net assets		<u>\$ 26,223</u>		<u>\$ 320,411</u>



**CITY OF WILMINGTON, NORTH CAROLINA**

**Golf Capital Projects Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP)**

**From Inception and Year Ended June 30, 2009**

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Investment earnings	\$ -	\$ 13,973	\$ 4,437	\$ 18,410	\$ 18,410
Expenditures:					
Club house improvements	329,357	90,110	92,275	182,385	146,972
Capital improvement reserve	80,000	-	-	-	80,000
Total expenditures	409,357	90,110	92,275	182,385	226,972
Excess of expenditures over revenues	(409,357)	(76,137)	(87,838)	(163,975)	245,382
Other financing sources:					
Operating transfers - in:					
Golf Fund	409,357	329,357	80,000	409,357	-
Net change in fund balance	\$ -	\$ 253,220	\$ (7,838)	\$ 245,382	\$ 245,382

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**INTERNAL SERVICE FUND TAB (FRONT)**

**INTERNAL SERVICE FUND TAB (BACK)**

**CITY OF WILMINGTON, NORTH CAROLINA**

**Combining Statement of Net Assets -  
Internal Service Funds**

**June 30, 2009**

	Equipment, Maintenance and Replacement Fund	Personal Computer Replacement Fund	Total Internal Service Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 6,260,177	\$ 701,747	\$ 6,961,924
Accounts receivable, net	65,322	-	65,322
Inventory of materials and supplies	<u>105,305</u>	<u>-</u>	<u>105,305</u>
Total current assets	<u>6,430,804</u>	<u>701,747</u>	<u>7,132,551</u>
Capital assets:			
Furniture, fixtures, machinery and equipment	19,513,170	-	19,513,170
Less accumulated depreciation	<u>(14,134,908)</u>	<u>-</u>	<u>(14,134,908)</u>
Total capital assets, net of accumulated depreciation	<u>5,378,262</u>	<u>-</u>	<u>5,378,262</u>
Other assets:			
Deferred charges, net	<u>5,735</u>	<u>-</u>	<u>5,735</u>
Total noncurrent assets	<u>5,383,997</u>	<u>-</u>	<u>5,383,997</u>
Total assets	<u>11,814,801</u>	<u>701,747</u>	<u>12,516,548</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	71,071	57,785	128,856
Accrued liabilities	57,190	-	57,190
Current portion of other long-term obligations	2,154,931	-	2,154,931
Accrued vacation and sick leave	<u>70,898</u>	<u>-</u>	<u>70,898</u>
Total current liabilities	<u>2,354,090</u>	<u>57,785</u>	<u>2,411,875</u>
Noncurrent liabilities:			
Other long-term obligations	1,607,639	-	1,607,639
Accrued vacation and sick leave	3,082	-	3,082
Accrued other postemployment benefits	<u>18,303</u>	<u>-</u>	<u>18,303</u>
Total noncurrent liabilities	<u>1,629,024</u>	<u>-</u>	<u>1,629,024</u>
Total liabilities	<u>3,983,114</u>	<u>57,785</u>	<u>4,040,899</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	1,621,427	-	1,621,427
Unrestricted	<u>6,210,260</u>	<u>643,962</u>	<u>6,854,222</u>
Total net assets	<u>\$ 7,831,687</u>	<u>\$ 643,962</u>	<u>\$ 8,475,649</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets -  
Internal Service Funds**

**Year Ended June 30, 2009**

	Equipment, Maintenance and Replacement Fund	Personal Computer Replacement Fund	Total Internal Service Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Operating revenues:			
Charges for services	\$ 1,983,572	\$ -	\$ 1,983,572
Charges for equipment replacement	1,391,282	422,435	1,813,717
Other operating revenues	<u>13,194</u>	<u>-</u>	<u>13,194</u>
Total operating revenues	<u>3,388,048</u>	<u>422,435</u>	<u>3,810,483</u>
Operating expenses:			
Salaries, employee benefits and other personnel costs	880,462	-	880,462
Materials and fuels consumed	16,599	-	16,599
Services	969,964	-	969,964
Utilities	7,049	-	7,049
Depreciation	2,139,582	-	2,139,582
Amortization	3,356	-	3,356
Other operating expenses	<u>286,456</u>	<u>382,168</u>	<u>668,624</u>
Total operating expenses	<u>4,303,468</u>	<u>382,168</u>	<u>4,685,636</u>
Operating income (loss)	<u>(915,420)</u>	<u>40,267</u>	<u>(875,153)</u>
Nonoperating revenues (expenses):			
Investment earnings	170,008	11,189	181,197
Interest and other charges	(177,245)	-	(177,245)
Gain on sale of capital assets	<u>96,401</u>	<u>-</u>	<u>96,401</u>
Total nonoperating revenues	<u>89,164</u>	<u>11,189</u>	<u>100,353</u>
Income (loss) before capital contributions, special item and transfers	(826,256)	51,456	(774,800)
Capital contributions	163,342	-	163,342
Special item: Cape Fear Public Utility Authority (Note 3D)	(983,665)	-	(983,665)
Transfers to other funds	<u>(418,261)</u>	<u>(57,785)</u>	<u>(476,046)</u>
Change in net assets	(2,064,840)	(6,329)	(2,071,169)
Net assets at beginning of year	<u>9,896,527</u>	<u>650,291</u>	<u>10,546,818</u>
Net assets at end of year	<u>\$ 7,831,687</u>	<u>\$ 643,962</u>	<u>\$ 8,475,649</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Combining Statement of Cash Flows -  
Internal Service Funds**

**Year Ended June 30, 2009**

	Equipment, Maintenance and Replacement Fund	Personal Computer Replacement Fund	Total Internal Service Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Cash flows from operating activities:			
Receipts from customers and users	\$ 383,510	\$ -	\$ 383,510
Receipts from interfund services provided	2,939,216	422,435	3,361,651
Payments to suppliers	(1,356,715)	(413,254)	(1,769,969)
Payments to or on behalf of employees	(844,122)	-	(844,122)
Payments for interfund services used	<u>(6,458)</u>	<u>-</u>	<u>(6,458)</u>
Net cash provided by operating activities	<u>1,115,431</u>	<u>9,181</u>	<u>1,124,612</u>
Cash flows from capital and related financing activities:			
financing activities:			
Acquisition and construction of capital assets	(1,523,884)	-	(1,523,884)
Principal payments on other long-term obligations	(2,074,703)	-	(2,074,703)
Interest and other charges	(183,814)	-	(183,814)
Proceeds from sale of capital assets	<u>131,541</u>	<u>-</u>	<u>131,541</u>
Net cash used in capital and related financing activities	<u>(3,650,860)</u>	<u>-</u>	<u>(3,650,860)</u>
Cash flows from investing activities:			
Investment earnings	<u>187,198</u>	<u>12,730</u>	<u>199,928</u>
Net increase (decrease) in cash and cash equivalents	<u>(2,348,231)</u>	<u>21,911</u>	<u>(2,326,320)</u>
Cash and cash equivalents at beginning of year	<u>8,608,408</u>	<u>679,836</u>	<u>9,288,244</u>
Cash and cash equivalents at end of year	<u>\$ 6,260,177</u>	<u>\$ 701,747</u>	<u>\$ 6,961,924</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Combining Statement of Cash Flows -  
Internal Service Funds (Continued)**

**Year Ended June 30, 2009**

	Equipment, Maintenance and Replacement Fund	Personal Computer Replacement Fund	Total
	<u>          </u>	<u>          </u>	<u>          </u>
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ (915,420)	\$ 40,267	\$ (875,153)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	2,142,938	-	2,142,938
Changes in assets and liabilities:			
Accounts receivable	(65,322)	-	(65,322)
Inventory of materials and supplies	13,729	-	13,729
Accounts payable and accrued liabilities	(63,161)	(31,086)	(94,247)
Accrued vacation and sick leave	(15,636)	-	(15,636)
Accrued other postemployment benefits	<u>18,303</u>	<u>-</u>	<u>18,303</u>
Net cash provided by operating activities	<u>\$ 1,115,431</u>	<u>\$ 9,181</u>	<u>\$ 1,124,612</u>
Supplemental disclosure of noncash investing, capital and related financing activities:			
Transfer of capital assets to governmental funds	\$ (418,261)	\$ (57,785)	\$ (476,046)
Special item: Cape Fear Public Utility Authority (Note 3D)	(983,665)	-	(983,665)
Capital contributions from governmental funds	163,342	-	163,342



**CITY OF WILMINGTON, NORTH CAROLINA**

**Equipment, Maintenance and Replacement Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP)**

**Year Ended June 30, 2009**

**With Comparative Actual Amounts for Year Ended June 30, 2008**

	2009		Variance Positive (Negative)	2008 Actual
	Budget	Actual		
Revenues:				
Operating revenues:				
Charges for services	\$ 1,952,975	\$ 1,918,250	\$ (34,725)	\$ 2,001,465
Charges for equipment replacement	1,390,232	1,391,282	1,050	2,045,604
Other operating revenues	-	54,159	54,159	89,423
Total operating revenues	<u>3,343,207</u>	<u>3,363,691</u>	<u>20,484</u>	<u>4,136,492</u>
Nonoperating revenues:				
Investment earnings	122,000	170,008	48,008	382,995
Sale of capital assets	-	83,769	83,769	198,648
Total nonoperating revenues	<u>122,000</u>	<u>253,777</u>	<u>131,777</u>	<u>581,643</u>
Total revenues	<u>3,465,207</u>	<u>3,617,468</u>	<u>152,261</u>	<u>4,718,135</u>
Expenditures:				
Operating expenditures:				
Garage operations	<u>2,066,762</u>	<u>2,033,784</u>	<u>32,978</u>	<u>1,889,433</u>
Nonoperating expenditures:				
Capital and noncapital equipment	2,347,612	1,627,427	720,185	3,253,773
Interest and other charges	184,064	183,814	250	261,510
Principal payments on other long-term obligations	2,074,703	2,074,703	-	1,997,464
Reserve for replacement	<u>1,512,232</u>	<u>-</u>	<u>1,512,232</u>	<u>-</u>
Total nonoperating expenditures	<u>6,118,611</u>	<u>3,885,944</u>	<u>2,232,667</u>	<u>5,512,747</u>
Total expenditures	<u>8,185,373</u>	<u>5,919,728</u>	<u>2,265,645</u>	<u>7,402,180</u>
Excess of expenditures over revenues	(4,720,166)	(2,302,260)	2,417,906	(2,684,045)
Other financing sources:				
Appropriated fund balance	<u>4,720,166</u>	<u>-</u>	<u>(4,720,166)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(2,302,260)</u>	<u>\$(2,302,260)</u>	<u>(2,684,045)</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Equipment, Maintenance and Replacement Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP) (Continued)**

**Year Ended June 30, 2009  
With Comparative Actual Amounts for Year Ended June 30, 2008**

	2009		Variance Positive (Negative)	2008 Actual
	Budget	Actual		
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Vacation and sick leave accrual		\$ 15,636		\$ (8,002)
Other postemployment benefits accrual		(18,303)		-
Change in inventory		(13,729)		16,721
Capital asset expenditures		1,523,884		3,025,229
Depreciation		(2,139,582)		(2,251,808)
Amortization		(3,356)		(3,356)
Investment earnings accrual		-		(16,293)
Principal payments on other long-term obligations		2,074,703		1,997,464
Interest expense accrual		6,569		6,326
Disposal of capital assets		(35,140)		(16,261)
Capital contributions from governmental funds		163,342		51,096
Transfers of capital assets to enterprise funds		-		(78,969)
Transfers of capital assets to governmental funds		(418,261)		(394,182)
Outside services		65,322		-
Special item: Cape Fear Public Utility Authority (Note 3D)		(983,665)		-
Change in net assets		<u>\$ (2,064,840)</u>		<u>\$ (356,080)</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Personal Computer Replacement Fund  
Schedule of Revenues and Expenditures -  
Budget and Actual (Non - GAAP)**

**Year Ended June 30, 2009**

**With Comparative Actual Amounts for Year Ended June 30, 2008**

	2009		Variance Positive (Negative)	2008 Actual
	Budget	Actual		
Operating revenues:				
Charges for equipment replacement	\$ 422,435	\$ 422,435	\$ -	\$ 387,040
Nonoperating revenues:				
Investment earnings	-	11,189	11,189	18,751
Total revenues	422,435	433,624	11,189	405,791
Nonoperating expenditures:				
Noncapital equipment	532,752	439,953	92,799	391,367
Excess of revenues over (under) expenditures	(110,317)	(6,329)	103,988	14,424
Appropriated fund balance	110,317	-	(110,317)	-
Net change in fund balance	<u>\$ -</u>	<u>(6,329)</u>	<u>\$ (6,329)</u>	14,424
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Capital asset expenditures		-		88,161
Investment earnings accrual		-		(1,480)
Transfers of capital assets to governmental funds		-		(88,161)
Change in net assets		<u>\$ (6,329)</u>		<u>\$ 12,944</u>

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**SUPPLEMENTAL**  
**FINANCIAL DATA TAB (FRONT)**

**SUPPLEMENTAL**  
**FINANCIAL DATA TAB (BACK)**

**CITY OF WILMINGTON, NORTH CAROLINA**

**Capital Assets Used in the Operation of Governmental Funds <sup>(1)</sup>  
Schedule By Type and Source**

**June, 30 2009**

Governmental funds capital assets:	
Land	\$ 52,560,575
Improvements other than buildings	20,685,672
Buildings, plant and structures	76,258,952
Furniture, fixtures, machinery and equipment	18,291,176
Streets and drainage	155,254,979
Construction in progress	<u>59,043,163</u>
Total governmental funds capital assets	<u>\$ 382,094,517</u>
Investment in governmental funds capital assets by source:	
Prior years for which detail is not available	\$ 19,346,599
General Fund	10,798,163
Special Purpose Fund	2,983,383
Capital Project Funds	231,262,072
Accepted dedications	<u>117,704,300</u>
Total governmental funds capital assets	<u>\$ 382,094,517</u>

<sup>(1)</sup> This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

**CITY OF WILMINGTON, NORTH CAROLINA**

**Capital Assets Used in the Operation of Governmental Funds <sup>(1)</sup>  
Schedule By Function and Activity**

**June, 30 2009**

Function and Activity	Land	Improvements other than Buildings	Buildings, Plant and Structures
General government:			
City Manager	\$ -	\$ -	\$ -
Finance	-	-	-
Information Technology Services	-	-	-
Development Services	-	-	-
General government	<u>3,055,157</u>	<u>3,912,018</u>	<u>29,299,167</u>
Total general government	<u>3,055,157</u>	<u>3,912,018</u>	<u>29,299,167</u>
Public safety:			
Police	728,670	-	23,218,398
Fire	<u>2,415,355</u>	<u>19,950</u>	<u>12,731,576</u>
Total public safety	<u>3,144,025</u>	<u>19,950</u>	<u>35,949,974</u>
Transportation:			
Traffic engineering	37,638	-	72,364
Streets and drainage	<u>33,506,739</u>	<u>1,662,100</u>	<u>46,445</u>
Total transportation	<u>33,544,377</u>	<u>1,662,100</u>	<u>118,809</u>
Cultural and recreational:			
Parks and recreation	<u>9,008,278</u>	<u>15,091,604</u>	<u>10,749,567</u>
Economic and physical development	<u>3,808,738</u>	-	<u>141,435</u>
Total governmental funds capital assets	<u>\$ 52,560,575</u>	<u>\$ 20,685,672</u>	<u>\$ 76,258,952</u>

<sup>(1)</sup> This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.



Furniture, Fixtures, Machinery and Equipment	Streets and Drainage	Construction in Progress	Total
\$ 87,268	\$ -	\$ -	\$ 87,268
38,887	-	-	38,887
1,822,715	-	659,384	2,482,099
49,295	-	-	49,295
<u>673,204</u>	<u>-</u>	<u>4,990,111</u>	<u>41,929,657</u>
<u>2,671,369</u>	<u>-</u>	<u>5,649,495</u>	<u>44,587,206</u>
5,556,822	-	816,001	30,319,891
<u>8,882,816</u>	<u>-</u>	<u>2,886,501</u>	<u>26,936,198</u>
<u>14,439,638</u>	<u>-</u>	<u>3,702,502</u>	<u>57,256,089</u>
504,149	-	-	614,151
<u>241,879</u>	<u>155,254,979</u>	<u>16,379,311</u>	<u>207,091,453</u>
<u>746,028</u>	<u>155,254,979</u>	<u>16,379,311</u>	<u>207,705,604</u>
<u>434,141</u>	<u>-</u>	<u>8,522,013</u>	<u>43,805,603</u>
<u>-</u>	<u>-</u>	<u>24,789,842</u>	<u>28,740,015</u>
<u>\$ 18,291,176</u>	<u>\$ 155,254,979</u>	<u>\$ 59,043,163</u>	<u>\$ 382,094,517</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Capital Assets Used in the Operation of Governmental Funds <sup>(1)</sup>  
Schedule of Changes By Function and Activity**

**Year Ended June, 30 2009**

Function and Activity	July 1, 2008	Additions	Deductions
<b>General government:</b>			
City Manager	\$ 87,268	\$ -	\$ -
Finance	38,887	-	-
Information Technology Services	2,352,719	71,595	-
Development Services	41,955	7,340	-
General government buildings	<u>54,893,423</u>	<u>1,809,263</u>	-
Total general government	<u>57,414,252</u>	<u>1,888,198</u>	-
<b>Public safety:</b>			
Police	27,612,614	2,789,585	(31,348)
Fire	<u>25,934,348</u>	<u>380,446</u>	<u>(123,700)</u>
Total public safety	<u>53,546,962</u>	<u>3,170,031</u>	<u>(155,048)</u>
<b>Transportation:</b>			
Traffic engineering	614,151	-	-
Streets and drainage	<u>192,843,261</u>	<u>14,328,783</u>	-
Total transportation	<u>193,457,412</u>	<u>14,328,783</u>	-
<b>Cultural and recreational:</b>			
Parks and recreation	<u>35,458,633</u>	<u>5,129,549</u>	<u>(16,065)</u>
<b>Economic and physical development</b>			
	<u>449,000</u>	<u>17,096,916</u>	-
<b>Total governmental funds capital assets</b>	<u>\$ 340,326,259</u>	<u>\$ 41,613,477</u>	<u>\$ (171,113)</u>

<sup>(1)</sup> This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

<u>Transfers</u>	<u>June 30, 2009</u>
\$ -	\$ 87,268
-	38,887
57,785	2,482,099
-	49,295
<u>(14,773,029)</u>	<u>41,929,657</u>
<u>(14,715,244)</u>	<u>44,587,206</u>
(50,960)	30,319,891
<u>745,104</u>	<u>26,936,198</u>
<u>694,144</u>	<u>57,256,089</u>
-	614,151
<u>(80,591)</u>	<u>207,091,453</u>
<u>(80,591)</u>	<u>207,705,604</u>
<u>3,233,486</u>	<u>43,805,603</u>
<u>11,194,099</u>	<u>28,740,015</u>
<u>\$ 325,894</u>	<u>\$ 382,094,517</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Schedule of Change in Ad Valorem Taxes Receivable**

**June 30, 2009**

Fiscal Year	Uncollected Balance July 1, 2008	Additions	Collections and Credits	Uncollected Balance June 30, 2009
2008-2009	\$ -	\$ 47,498,221	\$ 46,786,259	\$ 711,962
2007-2008	774,659	-	544,442	230,217
2006-2007	253,905	-	69,254	184,651
prior years	<u>854,602</u>	<u>-</u>	<u>88,620</u>	<u>765,982</u>
	1,883,166	47,498,221	47,488,575	1,892,812
Less allowance for uncollectible taxes	<u>(462,196)</u>	<u>(24,818)</u>	<u>-</u>	<u>(487,014)</u>
Totals	<u>\$ 1,420,970</u>	<u>\$ 47,473,403</u>	<u>\$ 47,488,575</u>	<u>\$ 1,405,798</u>

Reconciliation of collections and credits:

New Hanover County tax office

remittances:

Taxes - ad valorem - current year - General Fund	\$ 45,631,444
Taxes - ad valorem - prior years - General Fund	585,193
Taxes - ad valorem - penalties and interest - General Fund	<u>221,976</u>

Total remittances 46,438,613

Other adjustments \* 1,271,938

Less penalties and interest (221,976)

Total collections and credits \$ 47,488,575

\* The source of this data, the New Hanover County Tax Office, has undergone a software conversion. At June 30, 2009, the software does not differentiate between discoveries, abatements and adjustments; therefore, this amount is presented as other adjustments.

**CITY OF WILMINGTON, NORTH CAROLINA**

**Analysis of Current Tax Levy**

**For the Fiscal Year Ended June 30, 2009**

	City - Wide			Total Levy	
	Property	Rate	Total	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
	Valuation		Levy		
Original levy:					
Property taxed at current year's rate	\$14,019,229,173	\$ 0.3325	\$46,613,937	\$45,050,172	\$1,563,765
Motor vehicles taxed at prior year's rate	280,884,667	.30	842,654	-	842,654
second prior year's rate	212,400	.46	977	-	977
Penalties	-		39,985	39,985	-
<b>Total</b>	<b>14,300,326,240</b>		<b>47,497,553</b>	<b>45,090,157</b>	<b>2,407,396</b>
Discoveries: *					
Current year taxes	-		668	668	-
Prior year taxes and penalties	-		-	-	-
<b>Total</b>	<b>-</b>		<b>47,498,221</b>	<b>45,090,825</b>	<b>2,407,396</b>
Abatements *	-		-	-	-
Other adjustments *	(347,703,310)		(1,154,815)	(1,120,639)	(34,176)
<b>Total property valuation</b>	<b>\$13,952,622,930</b>				
Net levy			46,343,406	43,970,186	2,373,220
Uncollected taxes at June 30, 2009			711,962	369,068	342,894
Current year's taxes collected			<u>\$ 45,631,444</u>	<u>\$ 43,601,118</u>	<u>\$ 2,030,326</u>
Current levy collection percentage			<u>98.46%</u>	<u>99.16%</u>	<u>85.55%</u>

\* The source of this data, the New Hanover County Tax Office, has undergone a software conversion. At June 30, 2009, the software does not differentiate between discoveries, abatements and adjustments; therefore, the net change from original levy is presented as other adjustments.

**CITY OF WILMINGTON, NORTH CAROLINA**

**Schedule of Receipts and Expenditures -  
Room Occupancy Tax**

**From Inception and Year Ended June 30, 2009**

Receipts prior years	<u>\$ 9,086,607</u>
Receipts:	
July, 2008	257,122
August, 2008	247,603
September, 2008	181,183
October, 2008	200,158
November, 2008	148,494
December, 2008	100,087
January, 2009	114,698
February, 2009	130,616
March, 2009	163,174
April, 2009	197,062
May, 2009	225,260
June, 2009	<u>231,517</u>
Receipts current year	<u>2,196,974</u>
Receipts to date	<u>\$ 11,283,581</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Schedule of Receipts and Expenditures -  
Room Occupancy Tax (Continued)**

**From Inception and Year Ended June 30, 2009**

Disbursements prior years	\$ 429,966
Reimbursed from debt proceeds	<u>(425,466)</u>
Disbursements prior years, net	<u>4,500</u>
Disbursements:	
Operating costs	136,792
Marketing	132,500
Fiscal agent fees	<u>4,950</u>
Disbursements current year	<u>274,242</u>
Disbursements to date	<u>\$ 278,742</u>

The information presented is required by Session Law 2002-139 Section 1.(e) as rewritten by session law 2006-167 Reports – each entity responsible for administering and spending the proceeds of a tax levied under this section must each annually publish a detailed, audited report on its receipts and expenditures of the room occupancy tax proceeds during the preceding year. The text of the report must be included in the minutes of the entity’s governing body and placed on a public web site, and must be made available in hard copy upon request.

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**STATISTICAL SECTION TAB (FRONT)**

**STATISTICAL SECTION TAB (BACK)**

## STATISTICAL SECTION

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.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the readers understand how the city's financial performance and well-being have changed over time.	150 - 163
Revenue Capacity These schedules contain information to help the reader assess the city's most significant local revenue source, the property tax.	164 - 167
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.	168 - 173
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.	174
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 activities it performs.	175 - 179

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented Statement 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that year.

# CITY OF WILMINGTON, NORTH CAROLINA

## Net Assets by Component

### Last Seven Fiscal Years (accrual basis of accounting)

	Fiscal Year		
	2003	2004	2005
<b>Governmental activities:</b>			
Invested in capital assets, net of related debt (1)	\$ 13,209,589	\$ 21,147,929	\$ 25,294,237
Restricted	10,063,585	9,915,472	13,456,749
Unrestricted (2)	48,958,877	52,970,122	60,423,011
Total governmental activities net assets	\$ 72,232,051	\$ 84,033,523	\$ 99,173,997
<b>Business-type activities:</b>			
Invested in capital assets, net of related debt (3)	\$ 99,025,314	\$ 106,189,683	\$ 111,044,036
Restricted (3)	3,720,477	4,417,410	4,677,245
Unrestricted (3)	50,474,211	49,219,967	51,836,295
Total business-type activities net assets	\$ 153,220,002	\$ 159,827,060	\$ 167,557,576
<b>Primary government:</b>			
Invested in capital assets, net of related debt	\$ 112,234,903	\$ 127,337,612	\$ 136,338,273
Restricted	13,784,062	14,332,882	18,133,994
Unrestricted	99,433,088	102,190,089	112,259,306
Total primary government net assets	\$ 225,452,053	\$ 243,860,583	\$ 266,731,573

**Notes:** The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

- (1) Invested in capital assets, net of related debt, a component of governmental activities net assets is restated in fiscal year 2006 to reflect the retroactive reporting of all major general infrastructure assets purchased, constructed or donated in fiscal years ending after June 30, 1980 in accordance with GASB Statement No. 34.
- (2) Unrestricted governmental activities net assets is restated in fiscal year 2003 to reflect a change in the availability criteria for recording revenues from 60 to 90 days.
- (3) In connection with the creation of the Cape Fear Public Utility Authority (CFPUA) in 2009, the operations of the water, sewer and ground water systems, business-type activities, were transferred to the CFPUA resulting in a decrease in net assets of \$166,183,586.

**TABLE 1**

Fiscal Year			
2006	2007	2008	2009
\$ 171,115,671	\$ 181,747,430	\$ 181,571,647	\$ 187,569,283
14,850,785	16,934,004	21,704,213	22,617,510
<u>57,353,717</u>	<u>53,473,106</u>	<u>57,751,482</u>	<u>47,802,268</u>
<u>\$ 243,320,173</u>	<u>\$ 252,154,540</u>	<u>\$ 261,027,342</u>	<u>\$ 257,989,061</u>
\$ 111,652,338	\$ 135,128,498	\$ 136,751,706	\$ 18,275,937
5,741,848	6,240,878	7,760,499	2,368,253
<u>59,694,303</u>	<u>48,212,615</u>	<u>56,929,680</u>	<u>16,220,463</u>
<u>\$ 177,088,489</u>	<u>\$ 189,581,991</u>	<u>\$ 201,441,885</u>	<u>\$ 36,864,653</u>
\$ 282,768,009	\$ 316,875,928	\$ 318,323,353	\$ 205,845,220
20,592,633	23,174,882	29,464,712	24,985,763
<u>117,048,020</u>	<u>101,685,721</u>	<u>114,681,162</u>	<u>64,022,731</u>
<u>\$ 420,408,662</u>	<u>\$ 441,736,531</u>	<u>\$ 462,469,227</u>	<u>\$ 294,853,714</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Changes in Net Assets**

**Last Seven Fiscal Years  
(accrual basis of accounting)**

	Fiscal Year		
	2003	2004	2005
<b>Expenses</b>			
Governmental activities:			
General government	\$ 11,535,385	\$ 13,908,704	\$ 13,797,417
Public safety	30,733,825	29,312,990	29,693,336
Transportation	10,077,678	8,755,214	7,173,171
Economic and physical development	5,003,942	4,148,984	4,092,091
Environmental protection	-	-	-
Cultural and recreational	4,517,154	5,035,661	5,481,105
Transit system	1,899,511	2,114,212	2,835,153
Hurricane disaster recovery	77,177	-	899,162
Interest and other charges	1,942,334	1,674,471	2,243,752
Total governmental activities expenses	<u>65,787,006</u>	<u>64,950,236</u>	<u>66,215,187</u>
Business-type activities:			
Water and sewer (2)	22,326,700	22,110,902	22,296,851
Ground water utility (2)	3,122,086	3,159,538	3,604,276
Solid waste management	6,402,933	6,536,515	6,761,069
Storm water management	4,979,104	5,042,432	5,292,644
Parking facilities	1,085,561	1,060,952	1,857,034
Golf	895,869	867,190	832,772
Total business-type activities expenses	<u>38,812,253</u>	<u>38,777,529</u>	<u>40,644,646</u>
Total primary government expenses	<u>\$ 104,599,259</u>	<u>\$ 103,727,765</u>	<u>\$ 106,859,833</u>
<b>Program Revenues</b>			
Governmental activities:			
Charges for services:			
General government	\$ 3,255,363	\$ 3,470,348	\$ 3,964,652
Public safety	432,996	426,862	430,717
Transportation	747,456	1,023,082	1,332,079
Economic and physical development	43,424	56,377	124,976
Cultural and recreational	351,593	426,800	426,954
Operating grants and contributions	9,772,894	6,821,511	7,561,229
Capital grants and contributions	4,433,079	5,110,524	2,150,342
Total governmental activities program revenues	<u>19,036,805</u>	<u>17,335,504</u>	<u>15,990,949</u>
Business-type activities:			
Charges for services:			
Water and sewer (2)	20,722,414	22,185,784	24,611,004
Ground water utility (2)	3,584,541	3,994,315	3,956,352
Solid waste management	6,160,974	6,389,017	6,487,649
Storm water management	5,532,704	5,510,872	5,711,657
Parking facilities	1,471,820	1,476,052	1,664,599
Golf	812,842	821,951	772,099

**TABLE 2**

Fiscal Year			
2006	2007	2008	2009
\$ 15,587,565	\$ 14,379,647	\$ 16,843,180	\$ 17,979,039
32,353,256	35,864,890	41,557,316	43,127,730
7,353,292	13,754,139	8,479,949	9,834,553
3,688,117	4,481,644	4,322,396	4,367,773
-	-	7,459	-
5,884,529	5,976,218	4,660,956	8,226,690
827,836	1,103,344	1,237,043	1,149,733
396,542	-	-	-
3,563,334	3,425,526	3,692,957	10,206,138
<u>69,654,471</u>	<u>78,985,408</u>	<u>80,801,256</u>	<u>94,891,656</u>
24,423,115	28,480,953	28,340,892	-
4,310,438	4,417,676	4,369,353	-
6,818,100	8,129,899	7,386,926	7,929,943
5,523,127	4,570,924	4,924,043	5,766,847
2,398,299	2,009,319	2,328,314	2,468,358
908,034	908,037	1,012,558	1,108,490
<u>44,381,113</u>	<u>48,516,808</u>	<u>48,362,086</u>	<u>17,273,638</u>
<u>\$ 114,035,584</u>	<u>\$ 127,502,216</u>	<u>\$ 129,163,342</u>	<u>\$ 112,165,294</u>
\$ 4,025,530	\$ 3,937,055	\$ 3,094,822	\$ 2,172,178
675,317	976,645	1,027,819	1,036,796
1,710,751	1,333,003	969,286	907,676
158,145	31,831	36,660	64,364
500,873	571,732	536,509	561,479
6,282,373	4,910,085	6,736,997	8,242,549
1,985,222	2,809,524	5,010,259	4,423,055
<u>15,338,211</u>	<u>14,569,875</u>	<u>17,412,352</u>	<u>17,408,097</u>
27,493,488	29,820,501	30,303,159	-
4,393,099	4,824,661	5,005,979	-
6,566,883	6,630,716	7,437,015	7,814,331
5,698,434	6,073,766	6,161,452	6,219,759
1,866,433	1,820,003	2,408,489	2,606,508
946,886	1,063,172	1,192,758	1,093,880

**CITY OF WILMINGTON, NORTH CAROLINA**

**Changes in Net Assets (Continued)**

**Last Seven Fiscal Years  
(accrual basis of accounting)**

	Fiscal Year		
	2003	2004	2005
<b>Program Revenues (continued)</b>			
Business-type activities (continued):			
Operating grants and contributions	\$ 3,083	\$ 40,000	\$ -
Capital grants and contributions	2,067,532	3,920,708	3,911,415
Total business-type activities program revenues	<u>40,355,910</u>	<u>44,338,699</u>	<u>47,114,775</u>
Total primary government program revenues	<u>\$ 59,392,715</u>	<u>\$ 61,674,203</u>	<u>\$ 63,105,724</u>
Net (expense)/revenue			
Governmental activities	\$ (46,750,201)	\$ (47,614,732)	\$ (50,224,238)
Business-type activities	1,543,657	5,561,170	6,470,129
Total primary government net expense	<u>\$ (45,206,544)</u>	<u>\$ (42,053,562)</u>	<u>\$ (43,754,109)</u>
<b>General Revenues and Other Changes in Net Assets</b>			
Governmental activities:			
Taxes:			
Ad valorem taxes	\$ 39,268,327	\$ 39,462,243	\$ 39,525,332
Room occupancy tax	151,062	-	3,551,896
Local option sales tax (1)	11,618,601	13,554,544	14,799,445
Franchise tax (1)	5,331,964	4,389,563	4,580,235
Video programming sales tax	-	-	-
Rental vehicle tax	129,349	145,573	161,076
Unrestricted grants and contributions	1,246,184	1,320,882	1,362,214
Investment earnings	814,004	681,664	1,392,501
Miscellaneous	416,590	201,522	308,740
Special item: Conveyance of assets and liabilities to the Cape Fear Public Utility Authority, net	-	-	-
Transfers to other funds	(725,463)	(339,787)	(316,727)
Total governmental activities	<u>58,250,618</u>	<u>59,416,204</u>	<u>65,364,712</u>
Business-type activities:			
Investment earnings	841,930	702,389	943,660
Miscellaneous	-	3,712	-
Special item: Cape Fear Public Utility Authority	-	-	-
Transfers from other funds	725,463	339,787	316,727
Total business-type activities	<u>1,567,393</u>	<u>1,045,888</u>	<u>1,260,387</u>
Total primary government	<u>\$ 59,818,011</u>	<u>\$ 60,462,092</u>	<u>\$ 66,625,099</u>



**TABLE 2**

Fiscal Year			
2006	2007	2008	2009
\$ 162,349	\$ 90,412	\$ -	\$ -
2,779,844	5,126,467	3,523,179	601,799
<u>49,907,416</u>	<u>55,449,698</u>	<u>56,032,031</u>	<u>18,336,277</u>
<u>\$ 65,245,627</u>	<u>\$ 70,019,573</u>	<u>\$ 73,444,383</u>	<u>\$ 35,744,374</u>
\$ (54,316,260)	\$ (64,415,533)	\$ (63,388,904)	\$ (77,483,559)
<u>5,526,303</u>	<u>6,932,890</u>	<u>7,669,945</u>	<u>1,062,639</u>
<u>\$ (48,789,957)</u>	<u>\$ (57,482,643)</u>	<u>\$ (55,718,959)</u>	<u>\$ (76,420,920)</u>
\$ 41,072,872	\$ 42,601,818	\$ 41,489,000	\$ 46,423,441
1,758,422	1,849,385	1,926,903	2,196,974
16,252,524	16,897,125	16,643,044	14,187,461
4,829,914	5,314,491	6,278,700	6,053,968
-	594,024	1,381,040	1,498,944
170,860	169,451	158,599	126,483
1,646,134	1,502,289	1,489,503	1,513,778
3,173,990	4,428,359	2,672,323	2,627,407
444,088	515,283	704,191	800,487
-	-	-	(983,665)
<u>(791,073)</u>	<u>(622,325)</u>	<u>(481,597)</u>	<u>-</u>
<u>68,557,731</u>	<u>73,249,900</u>	<u>72,261,706</u>	<u>74,445,278</u>
3,138,187	4,934,347	3,708,352	491,543
75,350	3,940	-	52,172
-	-	-	(166,183,586)
<u>791,073</u>	<u>622,325</u>	<u>481,597</u>	<u>-</u>
<u>4,004,610</u>	<u>5,560,612</u>	<u>4,189,949</u>	<u>(165,639,871)</u>
<u>\$ 72,562,341</u>	<u>\$ 78,810,512</u>	<u>\$ 76,451,655</u>	<u>\$ (91,194,593)</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Changes in Net Assets (Continued)**

**Last Seven Fiscal Years  
(accrual basis of accounting)**

	Fiscal Year		
	2003	2004	2005
<b>Change in Net Assets</b>			
Governmental activities	\$ 11,500,417	\$ 11,801,472	\$ 15,140,474
Business-type activities	<u>3,111,050</u>	<u>6,607,058</u>	<u>7,730,516</u>
Total primary government	<u>\$ 14,611,467</u>	<u>\$ 18,408,530</u>	<u>\$ 22,870,990</u>

**Notes:** The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

- (1) Local option sales tax and franchise tax are restated in fiscal year 2003 to reflect a change in the availability criteria for recording revenues from 60 to 90 days.
- (2) In connection with the creation of the Cape Fear Public Utility Authority (CFPUA) in 2009, the operation of the water, sewer and ground water operations, business-type activities, were transferred to the CFPUA resulting in a decrease in net assets of \$983,665 in governmental activities and a decrease of \$166,183,586 in business-type activities.

**TABLE 2**

Fiscal Year			
<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 14,241,471	\$ 8,834,367	\$ 8,872,802	\$ (3,038,281)
<u>9,530,913</u>	<u>12,493,502</u>	<u>11,859,894</u>	<u>(164,577,232)</u>
<u>\$ 23,772,384</u>	<u>\$ 21,327,869</u>	<u>\$ 20,732,696</u>	<u>\$(167,615,513)</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Fund Balances of Governmental Funds**

**Last Ten Fiscal Years  
(modified accrual basis of accounting)**

	Fiscal Year			
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
General fund				
Reserved	\$ 6,668,009	\$ 7,570,930	\$ 5,299,935	\$ 5,860,272
Unreserved	<u>10,391,434</u>	<u>12,336,728</u>	<u>19,918,081</u>	<u>24,246,657</u>
Total general fund	<u>\$ 17,059,443</u>	<u>\$ 19,907,658</u>	<u>\$ 25,218,016</u>	<u>\$ 30,106,929</u>
All other governmental funds				
Reserved	\$ 20,796,389	\$ 25,206,203	\$ 27,983,750	\$ 31,856,787
Unreserved (deficit), reported in				
Capital projects funds	-	(2,164,847)	(1,361,361)	(629,452)
Special revenue funds	<u>(464,357)</u>	<u>(35,215)</u>	<u>926,644</u>	<u>(4,354,102)</u>
Total all other governmental funds	<u>\$ 20,332,032</u>	<u>\$ 23,006,141</u>	<u>\$ 27,549,033</u>	<u>\$ 26,873,233</u>

**Notes:** Includes General, Debt Service, Special Revenue and Capital Project Funds.

**TABLE 3**

Fiscal Year					
2004	2005	2006	2007	2008	2009
\$ 8,934,734	\$ 7,723,813	\$ 8,194,268	\$ 10,155,466	\$ 10,390,938	\$ 7,391,627
<u>23,203,322</u>	<u>21,197,032</u>	<u>18,465,163</u>	<u>19,660,893</u>	<u>16,979,687</u>	<u>18,648,976</u>
<u>\$ 32,138,056</u>	<u>\$ 28,920,845</u>	<u>\$ 26,659,431</u>	<u>\$ 29,816,359</u>	<u>\$ 27,370,625</u>	<u>\$ 26,040,603</u>
\$ 34,484,381	\$ 69,737,297	\$ 52,784,436	\$ 43,508,550	\$ 116,972,354	\$ 92,134,691
(6,909,264)	-	-	(2,010,637)	(10,297,903)	(5,764,939)
<u>(587,444)</u>	<u>1,907,435</u>	<u>2,487,853</u>	<u>(1,034,055)</u>	<u>(1,720,616)</u>	<u>(1,204,827)</u>
<u>\$ 26,987,673</u>	<u>\$ 71,644,732</u>	<u>\$ 55,272,289</u>	<u>\$ 40,463,858</u>	<u>\$ 104,953,835</u>	<u>\$ 85,164,925</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Changes in Fund Balances of Governmental Funds**

**Last Ten Fiscal Years  
(modified accrual basis of accounting)**

	Fiscal Year			
	2000	2001	2002	2003
<b>Revenues</b>				
Taxes:				
Ad valorem taxes (1), (2), (3)	\$ 33,775,923	\$ 31,066,885	\$ 42,523,366	\$ 39,201,126
Room occupancy tax	204,009	221,047	218,933	151,062
Intangibles tax reimbursement	877,727	-	756,623	-
Local option sales tax (4)	9,198,584	10,708,827	9,990,162	10,906,730
Franchise tax (4)	3,520,485	3,786,227	2,248,006	4,303,926
Video programming sales tax	-	-	-	-
Rental vehicle tax	-	52,137	136,220	129,349
Unrestricted intergovernmental	1,899,439	2,030,400	1,716,092	1,004,394
Restricted intergovernmental	7,262,054	7,585,698	6,745,047	13,523,730
Licenses and permits	2,120,152	2,224,174	2,562,725	2,557,466
Sales and services	3,164,229	3,433,034	3,796,988	4,065,419
Fines and forfeits (5)	338,420	65,679	29,503	46,667
Investment earnings	1,513,176	2,116,081	960,061	698,245
Miscellaneous	1,108,918	620,740	2,064,910	795,772
Total revenues	<u>64,983,116</u>	<u>63,910,929</u>	<u>73,748,636</u>	<u>77,383,886</u>
<b>Expenditures</b>				
General government	18,075,883	13,710,720	14,438,217	14,882,693
Public safety	23,392,392	26,808,518	28,442,252	29,756,843
Transportation	7,310,938	7,040,480	6,467,935	12,501,063
Economic and physical development	2,584,572	2,920,901	3,184,631	4,920,265
Environmental protection	-	-	-	-
Cultural and recreational	4,302,586	5,883,551	7,547,710	6,343,404
Transit system	1,254,552	1,557,066	1,903,497	1,899,511
Hurricane disaster recovery	1,961,623	1,000	-	77,177
Debt service (6)				
Principal retirement	3,915,101	3,961,215	4,544,691	4,262,148
Interest and other charges	1,936,701	1,861,410	2,054,331	1,999,041
Total expenditures	<u>64,734,348</u>	<u>63,744,861</u>	<u>68,583,264</u>	<u>76,642,145</u>
Excess of revenues over (under) expenditures	<u>248,768</u>	<u>166,068</u>	<u>5,165,372</u>	<u>741,741</u>

**TABLE 4**

Fiscal Year					
2004	2005	2006	2007	2008	2009
\$ 39,462,243	\$ 39,589,130	\$ 41,066,135	\$ 42,276,841	\$ 41,472,281	\$ 46,438,613
-	3,035,500	2,274,818	1,849,385	1,926,903	2,196,974
-	-	-	-	-	-
13,554,544	14,799,445	16,252,524	16,897,125	16,643,044	14,187,461
4,389,563	4,580,235	4,829,914	5,314,491	6,278,700	6,053,968
-	-	-	594,024	1,381,040	1,498,944
145,573	161,076	170,860	169,451	158,599	126,483
1,084,242	1,126,013	1,409,726	1,282,168	1,274,592	1,304,492
8,906,642	8,854,406	6,731,853	5,944,434	9,547,884	12,895,964
2,755,356	3,235,686	3,433,560	3,428,378	2,521,011	2,359,711
4,071,509	4,246,620	4,887,896	5,328,383	5,436,909	2,035,533
42,656	67,768	98,193	102,744	97,851	71,255
571,137	1,166,673	3,003,871	3,847,968	2,399,420	2,446,210
1,596,286	1,711,837	1,833,369	1,531,606	1,189,903	1,343,945
<u>76,579,751</u>	<u>82,574,389</u>	<u>85,992,719</u>	<u>88,566,998</u>	<u>90,328,137</u>	<u>92,959,553</u>
19,915,584	23,263,162	28,392,473	18,985,985	31,003,496	18,091,033
30,341,682	30,211,315	48,631,834	43,590,416	44,124,315	42,766,280
8,956,586	8,913,756	8,535,654	13,612,030	10,393,830	17,345,355
4,244,397	4,157,456	4,029,778	4,480,888	4,318,811	21,464,273
-	-	-	-	14,158	-
7,404,489	5,954,753	5,351,974	10,212,926	12,123,679	11,332,882
2,114,212	2,835,153	827,836	1,103,344	1,237,043	1,149,733
-	899,162	396,542	-	-	-
4,659,942	4,585,416	4,658,821	4,375,252	4,405,767	8,608,348
1,696,258	2,131,877	3,355,149	3,211,459	3,163,108	9,416,233
<u>79,333,150</u>	<u>82,952,050</u>	<u>104,180,061</u>	<u>99,572,300</u>	<u>110,784,207</u>	<u>130,174,137</u>
<u>(2,753,399)</u>	<u>(377,661)</u>	<u>(18,187,342)</u>	<u>(11,005,302)</u>	<u>(20,456,070)</u>	<u>(37,214,584)</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Changes in Fund Balances of Governmental Funds (Continued)**

**Last Ten Fiscal Years  
(modified accrual basis of accounting)**

	Fiscal Year			
	2000	2001	2002	2003
<b>Other financing sources (uses)</b>				
Transfers from other funds	\$ 5,172,182	\$ 4,360,015	\$ 5,720,951	\$ 3,068,509
Transfers to other funds	(5,832,182)	(5,520,375)	(6,573,381)	(3,806,434)
Issuance of bonds	-	3,400,000	-	-
Issuance of installment obligations	4,425,000	-	-	4,237,811
Issuance of other long-term obligation	-	2,240,860	5,500,000	-
Premium on bonds	-	-	-	-
Premium on installment obligations	-	-	-	-
Discount on installment obligations	-	-	-	-
Payment to redeem outstanding bonds	-	-	-	-
Payment to redeem outstanding installment obligation	-	-	-	-
Payment to redeem outstanding other long-term obligations	-	-	-	-
Total other financing sources (uses)	<u>3,765,000</u>	<u>4,480,500</u>	<u>4,647,570</u>	<u>3,499,886</u>
Net change in fund balances	<u>\$ 4,013,768</u>	<u>\$ 4,646,568</u>	<u>\$ 9,812,942</u>	<u>\$ 4,241,627</u>
Debt service as a percentage of noncapital expenditures	11.4%	10.2%	10.6%	8.9%

**Notes:** Includes General, Debt Service, Special Revenue and Capital Project Funds.

- (1) Includes related penalties and interest.
- (2) Beginning in fiscal year 2000, the area annexed effective January 31, 1999 is included.
- (3) Beginning in fiscal year 2002, the area annexed effective September 30, 2000 is included. In fiscal year 2002 only, there is included an additional nine months of revenue from the annexation for the prior year due to the timing of the annexation effective date.
- (4) Local option sales tax and franchise tax are restated in fiscal year 2003 to reflect a change in the availability criteria for recording revenues from 60 to 90 days.
- (5) Beginning in fiscal year 2001, parking fines are reported in the Parking Facilities Fund, an enterprise fund.
- (6) Beginning in fiscal year 2005, debt service is accounted for in the Debt Service Fund.



**TABLE 4**

Fiscal Year					
2004	2005	2006	2007	2008	2009
\$ 6,905,283	\$ 18,633,309	\$ 19,534,201	\$ 14,226,412	\$ 17,209,961	\$ 16,405,136
(7,305,956)	(19,026,558)	(20,324,515)	(14,848,737)	(17,605,890)	(16,405,136)
10,351,989	-	-	-	-	14,605,000
-	47,365,000	-	-	62,495,000	-
-	1,184,184	273,803	1,093,500	20,417,545	1,525,745
-	-	-	-	-	121,181
-	2,258,494	-	-	-	-
-	-	-	-	(36,997)	-
(6,702,956)	-	-	-	-	-
-	(8,535,107)	-	-	-	-
-	-	-	(1,093,500)	-	-
3,248,360	41,879,322	(516,511)	(622,325)	82,479,619	16,251,926
\$ 494,961	\$ 41,501,661	\$ (18,703,853)	\$ (11,627,627)	\$ 62,023,549	\$ (20,962,658)
9.1%	9.4%	10.9%	9.6%	9.3%	19.4%

**TABLE 5**

**CITY OF WILMINGTON, NORTH CAROLINA**

**Assessed and Estimated Actual Value of Taxable Property**

**Last Ten Fiscal Years**

<u>Fiscal Year Ended June 30</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Public Service Companies</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Assessed Taxable Value as a Percentage of Actual Value</u>
2000	\$ 5,200,161,853	\$ 1,046,503,494	\$ 145,551,520	\$ 6,392,216,867 <sup>(1)</sup>	0.4700	100 %
2001	5,337,095,765	1,119,464,898	145,371,646	6,601,932,309	0.4700	100
2002	6,682,783,632	1,307,522,169	155,487,381	8,145,793,182	0.4700	100
2003	6,845,437,902	1,316,772,835	151,502,588	8,313,713,325	0.4700	100
2004	6,994,374,825	1,198,554,241	143,646,286	8,336,575,352	0.4700	100
2005	7,159,369,535	1,233,951,171	149,194,323	8,542,515,029	0.4600	100
2006	7,421,238,230	1,333,505,244	150,444,028	8,905,187,502	0.4600	100
2007	7,682,889,110	1,411,828,677	101,833,749	9,196,551,536	0.4600	100
2008	12,002,372,073	1,491,937,992	149,180,498	13,643,490,563 <sup>(1)</sup>	0.3000	100
2009	12,271,215,860	1,528,093,049	153,314,021	13,952,622,930	0.3325	100

**Source:** New Hanover County Tax Office

**Notes:** <sup>(1)</sup> Property in New Hanover County is appraised at least once every eight years on average as required by state law. Property is assessed at 100 percent of value. Tax rates are per \$100 of assessed value.

TABLE 6

## CITY OF WILMINGTON, NORTH CAROLINA

Property Tax Rates - Direct and Overlapping Governments  
(Per \$100 of Assessed Value)

## Last Ten Fiscal Years

<u>Fiscal Year Ended</u>	<u>City of Wilmington Direct Rates</u>	<u>New Hanover County Overlapping Rates</u>	<u>Total Direct &amp; Overlapping Rates</u>
2000	\$ 0.4700	\$ 0.5650	\$ 1.0350
2001	0.4700	0.6100	1.0800
2002	0.4700	0.6900	1.1600
2003	0.4700	0.6900	1.1600
2004	0.4700	0.6800	1.1500
2005	0.4600	0.6800	1.1400
2006	0.4600	0.6800	1.1400
2007	0.4600	0.6850	1.1450
2008	0.3000	0.4200	0.7200
2009	0.3325	0.4525	0.7850

**Source:** New Hanover County Tax Office

**Notes:** Overlapping rates are those of the county government that apply to property owners within the City of Wilmington. This is in addition to the City tax rate that is levied on residents within the corporate limits. The City tax rate may not exceed \$1.50 per \$100 of assessed value under state law.

TABLE 7

## CITY OF WILMINGTON, NORTH CAROLINA

## Top Ten Taxpayers

## Current Year and Nine Years Ago

Taxpayer	2009			2000		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Corning Inc.	\$ 195,438,384	1	1.40 %	\$ 244,857,385	1	3.83 %
UDRT of North Carolina LLC	66,567,697	2	0.48	46,680,840	4	0.73
Carolina Power & Light Co.	63,125,623	3	0.45	54,824,126	3	0.86
BellSouth Tel Co.	50,383,340	4	0.36	60,271,344	2	0.94
Independence Shoppingtown	48,459,567	5	0.35	27,860,332	5	0.44
Mayfaire Retail LLC	34,199,668	6	0.25	-	-	-
River Ventures LLC	25,939,121	7	0.19	-	-	-
Piedmont Natural Gas Co. Inc.	24,069,475	8	0.17	-	-	-
PPD	24,015,363	9	0.17	-	-	-
AAI	20,615,535	10	0.15	-	-	-
Developers Diversified Realty	-	-	-	23,702,699	6	0.37
The American Crane Co.	-	-	-	17,461,412	7	0.27
North Carolina Natural Gas	-	-	-	16,595,892	8	0.26
Federal Paper Board	-	-	-	15,838,703	9	0.25
Net Realty Holding Trust	-	-	-	12,729,238	10	0.20
	<u>\$ 552,813,773</u>		<u>3.97 %</u>	<u>\$ 520,821,971</u>		<u>8.15 %</u>

Source: New Hanover County Tax Office

**TABLE 8**

**CITY OF WILMINGTON, NORTH CAROLINA**

**Property Tax Levies and Collections**

**Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Total Tax Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2000	\$ 34,043,367	\$ 33,258,083	97.69 %	\$ 715,883	\$ 33,973,966	99.80 %
2001	31,085,675	30,367,985	97.69	652,510	31,020,495	99.79
2002	42,566,296	41,663,142	97.88	807,664	42,470,806	99.78
2003	39,230,731	38,241,979	97.48	862,974	39,104,953	99.68
2004	39,330,888	38,520,774	97.94	637,290	39,158,064	99.56
2005	39,393,630	38,704,342	98.25	572,159	39,276,501	99.70
2006	41,015,008	40,344,559	98.37	550,269	40,894,828	99.71
2007	42,368,273	41,565,365	98.10	618,257	42,183,622	99.56
2008	41,416,471	40,641,812	98.13	544,442	41,186,254	99.44
2009	46,343,406	45,631,444	98.46	-	45,631,444	98.46

**Source:** New Hanover County Tax Office

TABLE 9

## CITY OF WILMINGTON, NORTH CAROLINA

## Ratio of Outstanding Debt by Type

## Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)	
	General Obligation Bonds	Installment Obligations	Other Long-term Obligations	General Obligation Bonds	Revenue Bonds	Installment Obligations				Other Long-term Obligations
2000	\$ 20,338,584	\$ 13,885,000	\$ 3,853,417	\$ 46,731,416	\$ 22,761,794	\$ 22,550,000	\$ 4,566,900	\$134,687,111	6.18 %	1,765
2001	21,400,297	13,310,000	5,046,349	43,959,703	22,000,714	22,030,000	2,851,149	130,598,212	4.95	1,435
2002	18,969,229	12,710,000	9,032,849	43,180,771	21,202,561	21,490,000	2,316,319	128,901,729	4.92	1,410
2003	16,644,492	16,322,811	7,719,888	40,130,508	20,247,335	30,157,190	1,769,997	132,992,221	4.94	1,435
2004	17,819,954	15,457,810	6,521,800	36,920,046	19,351,017	29,567,190	1,223,367	126,861,184	4.45	1,356
2005	15,251,701	61,197,259	7,468,017	33,598,299	18,418,416	30,250,758	775,363	166,959,813	5.93	1,763
2006	12,962,155	52,500,673	12,398,500	30,422,845	70,404,118	29,639,327	1,419,811	209,747,429	6.98	2,159
2007	10,819,973	50,907,104	12,915,737	27,245,027	69,357,690	28,437,896	1,037,576	200,721,003	6.29	2,037
2008	8,569,853	111,728,535	36,706,193	21,085,147	81,103,686	27,211,465	640,586	287,045,465	N/A	2,849
2009	39,355,000 <sup>(2)</sup>	127,104,966 <sup>(2)</sup>	33,426,711	- <sup>(2)</sup>	13,490,000	8,855,034 <sup>(2)</sup>	228,870	222,460,581	N/A	2,191

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

(1) See Table 14, Demographic and Economic Statistics for personal income and population data.

(2) The operations of the water, sewer and groundwater systems, business-type activities, were transferred to the Cape Fear Public Utility Authority (CFPUA) in 2009. Outstanding general obligation bonds and installment obligations related to those systems were not assigned to the CFPUA and continue to be obligations of the City. These obligations are classified as governmental activities and are reimbursed to the City by the CFPUA.

## CITY OF WILMINGTON, NORTH CAROLINA

## Ratios of General Bond Debt Outstanding

## Last Ten Fiscal Years

Fiscal Year Ended June 30,	General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
2000	\$ 20,338,584	0.32 %	\$ 267
2001	21,400,297	0.32	235
2002	18,969,229	0.23	207
2003	16,644,492	0.20	180
2004	17,819,954	0.21	191
2005	15,251,701	0.18	161
2006	12,962,155	0.15	133
2007	10,819,973	0.12	110
2008	8,569,853	0.06	85
2009	39,355,000 (3)	0.28	388

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

(1) See Table 5, Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value.

(2) Population data can be found in Table 14, Schedule of Demographic and Economic Statistics.

(3) The operations of the water, sewer and groundwater systems, business-type activities, were transferred to the Cape Fear Public Utility Authority (CFPUA) in 2009. The outstanding general obligation bonds related to those systems were not assigned to the CFPUA and continue to be obligations of the City. These obligations are classified as governmental activities and are reimbursed to the City by the CFPUA.

## CITY OF WILMINGTON, NORTH CAROLINA

## Direct and Overlapping Governmental Activities Debt

As of June 30, 2009

Jurisdiction	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes:			
New Hanover County	\$ 394,703,536	41.74 %	\$ 164,749,256
City of Wilmington direct debt			<u>199,886,677</u> (2)
Total direct and overlapping debt			<u>\$ 364,635,933</u>

**Source:** Assessed value data used to estimate applicable percentages provided by the New Hanover Tax Office. Debt outstanding data provided by each government.

**Notes:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Wilmington. This process recognizes that, when considering the city's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

- (1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the City's boundaries and dividing it by the county's total assessed value.
- (2) The operations of the water, sewer and groundwater systems, business-type activities, were transferred to the Cape Fear Public Utility Authority (CFPUA) in 2009. Included in the City's direct debt are the outstanding general obligation bonds and installment obligations related to those systems that were not assigned to the CFPUA and continue to be obligations of the City. These obligations are classified as governmental activities and are reimbursed to the City by the CFPUA.



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**CITY OF WILMINGTON, NORTH CAROLINA**

**Legal Debt Margin Information**

**Last Ten Fiscal Years**

	Fiscal Year			
	2000	2001	2002	2003
Debt limit	\$ 511,377,349	\$ 528,154,585	\$ 651,663,455	\$ 665,097,066
Total net debt applicable to debt limit	<u>33,041,899</u>	<u>33,156,421</u>	<u>75,336,640</u>	<u>82,407,456</u>
Legal debt margin	<u>\$ 478,335,450</u>	<u>\$ 494,998,164</u>	<u>\$ 576,326,815</u>	<u>\$ 582,689,610</u>
Total net debt applicable to the debt limit as a percentage of the debt limit	6.46%	6.28%	11.56%	12.39%

**Legal Debt Margin Calculation for Fiscal Year 2009**

Total assessed valuation at June 30, 2009	<u>\$ 13,952,622,930</u>
Debt limit: 8% of total assessed value	\$ 1,116,209,834
Amount of debt applicable to debt limit:	
General obligation bonds (1)	\$ 39,355,000
Authorized but unissued general obligation bonds	5,000,000
Other debt (excluding revenue bonds) (1)	<u>169,615,581</u>
Gross debt	213,970,581
Less deductions allowed by law:	
Water and sewer general obligation bonds (1)	17,816,532
Authorized but unissued general obligation bonds	<u>5,000,000</u>
Total net debt applicable to debt limit	<u>191,154,049</u>
Legal debt margin	<u>\$ 925,055,785</u>

**Notes:** Under state law, the City of Wilmington's debt limit should not exceed 8% of the City's assessed valuation.

Total net debt is total outstanding bonded debt (other than revenue bonds) plus other outstanding debt minus funding and refunding bonds authorized but not yet issued and bonded debt incurred for water and sewer enterprise operations.

<sup>(1)</sup> The operations of the water, sewer and groundwater systems, business-type activities, were transferred to the Cape Fear Public Utility Authority (CFPUA) in 2009. Included in the City's gross debt are the outstanding general obligation bonds and installment obligations related to those systems not assigned to the CFPUA and remain obligations of the City. These obligations are classified as governmental activities and are reimbursed to the City by the CFPUA.

**TABLE 12**

Fiscal Year					
<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 666,926,028	\$ 683,401,202	\$ 712,415,000	\$ 735,724,123	\$1,091,479,245	\$1,116,209,834
<u>79,151,927</u>	<u>114,698,689</u>	<u>114,885,464</u>	<u>107,225,070</u>	<u>184,856,632</u>	<u>191,154,049</u>
<u>\$ 587,774,101</u>	<u>\$ 568,702,513</u>	<u>\$ 597,529,536</u>	<u>\$ 628,499,053</u>	<u>\$ 906,622,613</u>	<u>\$ 925,055,785</u>
11.87%	16.78%	16.13%	14.57%	16.94%	17.13%

## CITY OF WILMINGTON, NORTH CAROLINA

## Pledged-Revenue Coverage

## Last Two Fiscal Years

Fiscal Year Ended June 30	Storm Water Fee Revenue Bonds <sup>(3)</sup>					
	Gross Revenues <sup>(1)</sup>	Less Operating Expenses <sup>(2)</sup>	Net Available Revenue	Debt Service <sup>(4)</sup>		Coverage
				Principal	Interest	
2008	\$ 6,734,019	\$ 4,372,127	\$ 2,361,892	\$ 405,000	\$ 646,869	2.25
2009	6,549,226	4,883,353	1,665,873	425,000	629,656	1.58

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

<sup>(1)</sup> Gross revenues include all fees, other charges and investment income.

<sup>(2)</sup> Operating expenses do not include interest, depreciation and amortization expenses.

<sup>(3)</sup> Storm Water Revenue Bonds were issued for the first time in the fiscal year ended June 30, 2008.

<sup>(4)</sup> Principal and interest expenses are for the succeeding fiscal year according to the terms of the bond covenants.

TABLE 14

## CITY OF WILMINGTON, NORTH CAROLINA

## Demographic and Economic Statistics

## Last Ten Fiscal Years

<u>Fiscal Year Ended June 30</u>	<u>Population (1)</u>	<u>Personal Income (amounts expressed in thousands)</u>	<u>Per Capita Income (2)</u>	<u>Median Age (3)</u>	<u>School Enrollment (4)</u>	<u>Unemployment Ratio (5)</u>
2000	76,307	\$ 2,179,252	\$ 28,559	36.3	21,792	3.9 %
2001	90,981 (6)	2,639,632	29,013	36.5	21,430	4.5
2002	91,441	2,619,785	28,650	36.6	21,854	6.6
2003	92,668	2,691,264	29,042	36.7	21,639	6.0
2004	93,524	2,849,302	30,466	36.9	22,140	3.6
2005	94,718	2,817,103	29,742	37.1	23,208	4.5
2006	97,135	3,003,220	30,918	37.3	24,097	3.5
2007	98,529	3,191,748	32,394	37.6	24,232	3.9
2008	100,746	N/A	N/A	37.6	24,057	5.5
2009	101,526	N/A	N/A	38.0	23,614	9.0

**Sources and notes:**

- (1) City of Wilmington Planning Department.
- (2) Department of Revenue, State of North Carolina.
- (3) North Carolina State Demographics, Median age statistics are for New Hanover County as a whole, which includes the City of Wilmington.
- (4) Figures are provided by the New Hanover County Public Schools which includes the City of Wilmington (City's 2009 population estimated at 101,526 out of 194,828 total County population).
- (5) North Carolina Employment Security Commission.
- (6) Includes increase attributable to annexation effective in 2000.

TABLE 15

## CITY OF WILMINGTON, NORTH CAROLINA

## Principal Employers

## Current Year and Nine Years Ago

Employer	2009			2000		
	Employees	Rank	Percentage of Total County Employment (1)	Employees	Rank	Percentage of Total County Employment (1)
New Hanover Health Network*	4,887	1	4.61 %	4,000	1	5.84 %
New Hanover County Schools**	4,129	2	3.90	2,810	3	4.10
General Electric Nuclear Fuel/Aircraft***	3,000	3	2.83	2,200	2	3.21
University of North Carolina (Wilmington)*	1,809	4	1.71	1,120	6	1.64
Pharmaceutical Products Development*	1,800	5	1.70	-	-	-
New Hanover County**	1,673	6	1.58	1,300	5	1.90
Cape Fear Community College*	1,256	7	1.19	-	-	-
Verizon Wireless*	1,200	8	1.13	-	-	-
City of Wilmington*	1,114	9	1.05	970	7	1.42
Corning, Inc.***	1,000	10	0.94	1,700	4	2.48
United States Government*	-	-	-	940	8	1.37
Wal-mart**	-	-	-	585	9	0.85
Applied Analytical Industries, Inc.*	-	-	-	560	10	0.82
Total	<u>21,868</u>		<u>20.64 %</u>	<u>16,185</u>		<u>23.63 %</u>

Source: Wilmington Industrial Development

## Notes:

\* Located within the City of Wilmington

\*\* Located partially in City

\*\*\* Located within New Hanover County

(1) Total employment numbers available from North Carolina Employment Security Commission only on a county basis.

**TABLE 16**

**CITY OF WILMINGTON, NORTH CAROLINA**

**Full-time Equivalent City Government Employees by Function**

**Last Ten Fiscal Years**

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Government	144	156	161	154	158	155	161	168	173	159
Public Safety										
Police										
Policeman and officers	250	249	247	246	251	251	253	254	262	262
Civilians	32	36	38	41	44	43	43	48	58	58
Fire										
Firemen and officers	179	203	209	209	210	210	210	212	216	216
Civilians	6	6	6	6	7	7	7	8	8	8
Code enforcement	7	7	8	8	8	9	11	11	11	11
Transportation	50	57	59	60	61	61	61	62	62	63
Economic and Physical Development	10	11	11	13	13	12	13	13	13	13
Cultural and Recreational	60	66	66	70	73	73	74	79	82	83
Solid Waste	39	54	55	55	55	59	87	91	93	93
Water and Sewer	130	151	156	156	157	157	159	178	183	-
Groundwater Utility	18	18	18	18	18	18	18	7	7	-
Storm Water Management	45	56	57	57	57	58	58	59	59	59
Parking Facilities	-	-	-	-	1	1	1	1	1	2
Golf Course	10	10	10	9	9	9	9	9	9	9
<b>Total</b>	<b>980</b>	<b>1,080</b>	<b>1,101</b>	<b>1,102</b>	<b>1,122</b>	<b>1,123</b>	<b>1,165</b>	<b>1,200</b>	<b>1,237</b>	<b>1,036</b>

**Source:** City Budget Office.

TABLE 17

## CITY OF WILMINGTON, NORTH CAROLINA

## Operating Indicators by Function

## Last Ten Fiscal Years

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Police										
Calls dispatched	N/A	139,383	144,934	148,547	173,768	154,959	179,088	173,235	179,803	180,194
Part I crimes	8,554	8,243	9,208	8,970	8,361	7,966	8,363	7,410	7,426	6,576
Fire										
Actual fires	610	637	640	556	561	568	583	597	482	462
Fire department responses	5,113	5,914	8,138	7,969	8,417	9,567	10,364	9,807	9,536	9,221
Fire inspections completed	5,418	4,731	2,926	3,429	4,957	5,115	4,925	6,791	4,455	4,676
Streets Maintenance										
Miles of streets resurfaced	4	0	1	10	7	5	3	6	8	4
Solid Waste										
Tons of residential refuse	25,082	29,023	31,794	32,156	27,777	29,808	29,986	28,552	27,124	25,855
Tons of recyclables	2,366	2,547	3,200	3,429	4,302	4,831	4,526	4,454	4,818	4,785
Water (1)										
Number of consumers	36,800	37,440	37,440	41,891	43,160	44,715	46,252	47,171	47,776	N/A
Average daily consumptions (gallons)	15,400,000	18,220,000	18,220,000	17,978,000	16,752,000	15,050,000	16,140,000	15,386,083	14,680,000	N/A
Sewer (1)										
Number of consumers	N/A	22,640	22,860	22,880	23,580	24,040	24,750	24,890	25,376	N/A
Average million gallons treated per day	18	14	14	15	15	16	16	17	17	N/A
Golf Course										
Total number of regular rounds	N/A	55,782	54,750	52,550	51,458	N/A	55,460	55,000	54,000	55,500

**Source:** Various City departments.

**Notes:** Indicators are not available for the general government function.

(1) In connection with the creation of the Cape Fear Public Utility Authority (CFPUA) in 2009, the water, sewer, and ground water operations, business-type activities, were transferred to the CFPUA.



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**CITY OF WILMINGTON, NORTH CAROLINA**

**Capital Asset Statistics by Function**

**Last Ten Fiscal Years**

	Fiscal Year		
	2000	2001	2002
Police			
Stations / facilities	3	4	4
Patrol units	153	175	181
Fire			
Fire stations	9	9	9
Transportation			
Streets (miles)	304	303	365
Streetlights	7,421	7,789	8,290
Cultural and Recreational			
Parks	N/A	41	41
Parks acreage	N/A	459	459
Recreation centers	9	9	9
Solid Waste			
Collection trucks	30	30	33
Storm Water			
Storm sewers (miles)	400	400	400
Number of customers	N/A	N/A	N/A
ERUs	N/A	N/A	N/A
Parking			
Parking Decks	1	1	1
Fleet			
Vehicles (excluding patrol units)	330	352	359

**Source:** Various City departments and the Cape Fear Public Utility Authority

**Notes:** No capital assets indicators are available for the general government function.

**TABLE 18**

Fiscal Year						
2003	2004	2005	2006	2007	2008	2009
4	3	2	2	2	2	2
186	186	192	239	316	295	289
9	9	9	9	10	10	10
375	381	382	383	383	385	385
8,699	8,738	9,252	9,226	9,248	9,353	9,272
41	42	43	44	45	52	53
459	517	563	602	695	717	732
9	9	9	9	9	9	9
36	37	42	56	65	53	55
400	400	400	400	400	400	400
N/A	N/A	N/A	N/A	29,764	28,119	28,229
78,622	76,148	75,926	80,126	80,298	85,019	87,760
1	1	2	2	2	2	2
357	367	368	387	410	370	237

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**SINGLE AUDIT SECTION TAB (BACK)**



**Lanier, Whaley, Craft & Co.**  
*Certified Public Accountants and Consultants*

**Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

To the City Council  
City of Wilmington, North Carolina

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregated remaining fund information of the City of Wilmington, North Carolina as of and for the year ended June 30, 2009, which collectively comprises the City of Wilmington, North Carolina's basic financial statements, and have issued our report thereon dated October 30, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Wilmington, North Carolina's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Wilmington, North Carolina's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Wilmington, North Carolina's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City of Wilmington, North Carolina, in a separate letter dated October 30, 2009.

This report is intended solely for the information and use of the audit committee, management, others within the organization, members of City Council, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Lanier, Whaley, Craft & Co.*

Wilmington, North Carolina  
October 30, 2009





**Lanier, Whaley, Craft & Co.**  
*Certified Public Accountants and Consultants*

**Report on Compliance with Requirements Applicable to Each Major  
Federal Program and Internal Control Over Compliance in  
Accordance with OMB Circular A-133 and the  
State Single Audit Implementation Act**

To the City Council  
City of Wilmington, North Carolina

Compliance

We have audited the compliance of the City of Wilmington, North Carolina, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to its major federal programs for the year ended June 30, 2009. The City of Wilmington, North Carolina's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the City of Wilmington, North Carolina's management. Our responsibility is to express an opinion on the City of Wilmington, North Carolina's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Wilmington, North Carolina's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Wilmington, North Carolina's compliance with those requirements.

In our opinion, the City of Wilmington, North Carolina complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the City of Wilmington, North Carolina is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Wilmington, North Carolina's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the City's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, others within the organization, members of City Council, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Lanier, Whaley, Craft & Co.*

Wilmington, North Carolina  
October 30, 2009



**Lanier, Whaley, Craft & Co.**  
*Certified Public Accountants and Consultants*

**Report on Compliance with Requirements Applicable to Each Major State  
Program and Internal Control Over Compliance in Accordance with  
Applicable Sections of OMB Circular A-133 and the  
State Single Audit Implementation Act**

To the City Council  
City of Wilmington, North Carolina

Compliance

We have audited the compliance of the City of Wilmington, North Carolina, with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to its major State program for the year ended June 30, 2009. The City of Wilmington, North Carolina's major State program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major State program is the responsibility of the City of Wilmington, North Carolina's management. Our responsibility is to express an opinion on the City of Wilmington, North Carolina's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of OMB Circular A-133, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the City of Wilmington, North Carolina's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Wilmington, North Carolina's compliance with those requirements.

In our opinion, the City of Wilmington, North Carolina complied, in all material respects, with the requirements referred to above that are applicable to its major State program for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the City of Wilmington, North Carolina is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered the City of Wilmington, North Carolina's internal control over compliance with requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a State program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to administer a State program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a State program that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a State program will not be prevented or detected by the City's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, others within the organization, members of City Council, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Lanier, Whaley, Craft & Co.*

Wilmington, North Carolina  
October 30, 2009

**CITY OF WILMINGTON, NORTH CAROLINA**

**Schedule of Findings and Questioned Costs**

**Year Ended June 30, 2009**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

\* Material weakness(es) identified?             yes        x   no

\* Significant Deficiency(s) identified that are  
not considered to be material weaknesses?             yes        x   none reported

Noncompliance material to financial statements noted             yes        x   no

**Federal Awards**

Internal control over major federal programs:

\* Material weakness(es) identified?             yes        x   no

\* Significant Deficiency(s) identified that are  
not considered to be material weaknesses?             yes        x   none reported

Type of auditor's report issued on compliance for  
major federal programs: Unqualified

Any audit findings disclosed that are required  
to be reported in accordance with Section  
510(a) of Circular A-133             yes        x   no

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.239	Home Investment Partnerships Program
20.205	Highway Planning and Construction

**CITY OF WILMINGTON, NORTH CAROLINA**

**Schedule of Findings and Questioned Costs (Continued)**

**Year Ended June 30, 2009**

**Section I - Summary of Auditor's Results (Continued)**

**Federal Awards (Continued)**

Dollar threshold used to distinguish  
between Type A and Type B Programs

\$ 300,000

Auditee qualified as low-risk auditee?

x yes      \_\_\_\_\_ no

**State Awards**

Internal control over major State programs:

\* Material weakness(es) identified?

\_\_\_\_\_ yes      x no

\* Significant Deficiency(s) identified that are  
not considered to be material weaknesses?

\_\_\_\_\_ yes      x none reported

Type of auditor's report issued on compliance for major  
State programs:

Unqualified

Any audit findings disclosed that are required to be  
reported in accordance with the State Single  
Audit Implementation Act

\_\_\_\_\_ yes      x no

Identification of major State programs:

Program Name

Powell Bill

**CITY OF WILMINGTON, NORTH CAROLINA**

**Schedule of Findings and Questioned Costs (Continued)**

**Year Ended June 30, 2009**

**Section II - Financial Statement Findings**

None reported

**Section III - Federal Award Findings and Questioned Costs**

None reported

**Section IV - State Award Findings and Questioned Costs**

None reported

**CITY OF WILMINGTON, NORTH CAROLINA**

**Corrective Action Plan**

**Year Ended June 30, 2009**

**Section II - Financial Statement Findings**

None reported

**Section III - Federal Award Findings and Questioned Costs**

None reported

**Section IV - State Award Findings and Questioned Costs**

None reported



**CITY OF WILMINGTON, NORTH CAROLINA**

**Summary Schedule of Prior Year Audit Findings**

**Year Ended June 30, 2009**

**Section II - Financial Statement Findings**

None reported

**Section III - Federal Award Findings and Questioned Costs**

None reported

**Section IV - State Award Findings and Questioned Costs**

None reported

**CITY OF WILMINGTON, NORTH CAROLINA**

**Schedule of Expenditures of Federal and State Awards**

**Year Ended June 30, 2009**

Grantor/Passthrough Grantor/Program Title	Federal CFDA or State DOT Number	Grant Award Number	WBS Number	Expenditures		
				Federal	State	Local
<b>Federal Awards:</b>						
<u>U.S. Department of Housing and Urban Development</u>						
Direct Program:						
Community Development Block Grants	14.218	B-00-MC-370010	-	\$ 12,607	\$ -	\$ -
Community Development Block Grants	14.218	B-03-MC-370010	-	160	-	-
Community Development Block Grants	14.218	B-05-MC-370010	-	15,120	-	-
Community Development Block Grants	14.218	B-06-MC-370010	-	20,273	-	-
Community Development Block Grants	14.218	B-07-MC-370010	-	39,215	-	-
Community Development Block Grants	14.218	B-08-MC-370010	-	517,384	-	28,171
Home Investment Partnerships Program	14.239	M-03-MC-37-0207	-	82,490	-	-
Home Investment Partnerships Program	14.239	M-04-MC-37-0207	-	74,026	-	-
Home Investment Partnerships Program	14.239	M-05-MC-37-0207	-	166,382	-	-
Home Investment Partnerships Program	14.239	M-06-MC-37-0207	-	114,493	-	-
Home Investment Partnerships Program	14.239	M-07-MC-37-0207	-	529,683	-	141,805
Home Investment Partnerships Program	14.239	M-08-MC-37-0207	-	26,986	-	116,858
Total U.S. Department of Housing and Urban Development				<u>1,598,819</u>	<u>-</u>	<u>286,834</u>
<u>U.S. Department of Transportation</u>						
Direct Program:						
Urbanized Area Formula Program	20.507	NC-90-X356	-	6,285	-	1,570

See Notes to Schedule of Expenditures  
of Federal and State Awards

**CITY OF WILMINGTON, NORTH CAROLINA**

**Schedule of Expenditures of Federal and State Awards (Continued)**

**Year Ended June 30, 2009**

Grantor/Passthrough Grantor/Program Title	Federal CFDA or State DOT Number	Grant Award Number	WBS Number	Expenditures		
				Federal	State	Local
<b>Federal Awards (continued):</b>						
<u>U.S. Department of Transportation (continued)</u>						
Passthrough N.C. Department of Transportation:						
Transportation Planning	20.205	-	39225.1.16	\$ 277,600	\$ -	\$ 69,400
Transportation Planning	20.205	U-5017A	41439.3.1	13,749	40,447	-
Transportation Planning	20.205	U-5017B	41439.3.2	13,749	40,447	-
Transportation Planning	20.205	U-5017C	41439.3.3	13,749	40,447	-
Enhancement Agreement	20.205	E-4749	36423.1.1	5,109	-	1,277
Enhancement Agreement	20.205	E-4516	34041.2.1	3,649	-	912
Transportation Planning	20.505	09-08-116	36230.27.8.6	44,134	5,517	5,517
Governor's Highway Safety Program	20.600	PT-09-03-04-44	58000.6.44	52,767	-	22,615
Governor's Highway Safety Program	20.609	K4-08-04-12	57000.11.12	70,656	-	23,552
				<u>501,447</u>	<u>126,858</u>	<u>124,843</u>
<u>U.S. Department of Homeland Security</u>						
Direct Program:						
Port Security	97.056	2007-GB-T7-0218	-	247,941	-	82,647

See Notes to Schedule of Expenditures  
of Federal and State Awards

**CITY OF WILMINGTON, NORTH CAROLINA**

**Schedule of Expenditures of Federal and State Awards (Continued)**

**Year Ended June 30, 2009**

Grantor/Passthrough Grantor/Program Title	Federal CFDA or State DOT Number	Grant Award Number	WBS Number	Expenditures		
				Federal	State	Local
<b>Federal Awards (continued):</b>						
<u>U.S. Department of Homeland Security (continued)</u>						
Passthrough N.C. Department of Crime Control and Public Safety:						
RRT 2 - Wilmington	97.067	2006-GE-T6-0010	-	\$ 8,369	\$ -	\$ -
RRT 2 - Wilmington	97.067	2007-GE-T7-0048	-	120,228	-	-
Public Assistance	97.036	FEMA-1801-DR-NC	-	<u>168,633</u>	<u>43,301</u>	<u>63,063</u>
Total U.S. Department of Homeland Security				<u>545,171</u>	<u>43,301</u>	<u>145,710</u>
<u>U.S. Department of Justice</u>						
Direct Program:						
Bulletproof Vest Partnership	16.607	2006BUBX06136042	-	(2,049)	-	(2,049)
Bulletproof Vest Partnership	16.607	2007BUBX07039996	-	3,622	-	3,622
Bulletproof Vest Partnership	16.607	2009BUBX08044793	-	5,518	-	5,518
Edward Byrne Memorial Justice Assistance Grant Program	16.580	2007-DD-BX-0632	-	188,523	-	47,131
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2008-DJ-BX-0431	-	42,460	-	-

**CITY OF WILMINGTON, NORTH CAROLINA**

**Schedule of Expenditures of Federal and State Awards (Continued)**

**Year Ended June 30, 2009**

Grantor/Passthrough Grantor/Program Title	Federal CFDA or State DOT Number	Grant Award Number	WBS Number	Expenditures		
				Federal	State	Local
<b>Federal Awards (continued):</b>						
<u>U.S. Department of Justice (continued)</u>						
Passthrough N.C. Department of Crime Control and Public Safety:						
Building Futures	16.523	065-1-06-011-AK-713	-	\$ 25,428	\$ -	\$ 8,476
Vocational Pathways into Society's Mainstream	16.540	065-1-08-018-AJ-574	-	104,521	-	34,840
Gang Intervention	16.609	065-1-08-001-AZ-075	-	16,250	-	-
PSN: Reentry Case Manager	16.609	065-1-07-001-BI-228	-	16,720	-	-
Total U.S. Department of Justice				<u>400,993</u>	<u>-</u>	<u>97,538</u>
<u>U.S. Department of Interior</u>						
Passthrough N.C. Department of Environment and Natural Resources						
Boating Infrastructure	15.622	1505	-	2,738	-	913
Passthrough N.C. Department of Cultural Resources						
Historic Preservation	15.904	-	-	9,000	(6,000)	6,000
Total U.S. Department of Interior				<u>11,738</u>	<u>(6,000)</u>	<u>6,913</u>
Total Federal Awards				<u>3,058,168</u>	<u>164,159</u>	<u>661,838</u>

See Notes to Schedule of Expenditures  
of Federal and State Awards

**CITY OF WILMINGTON, NORTH CAROLINA**

**Schedule of Expenditures of Federal and State Awards (Continued)**

**Year Ended June 30, 2009**

Grantor/Passthrough Grantor/Program Title	Federal CFDA or State DOT Number	Grant Award Number	WBS Number	Expenditures		
				Federal	State	Local
<b>State Awards:</b>						
<u>N.C. Department of Environment and Natural Resources</u>						
Hewlett's Creek Storm Water Agreement	-	2004B-707	-	\$ -	\$ 32,010	\$ -
Love Grove Regional Access	-	S07028	-	-	16,291	5,430
Total N.C. Department of Environment and Natural Resources				-	48,301	5,430
<u>N.C. Department of Transportation</u>						
Powell Bill Funds	DOT - 4	-	32570	-	2,876,986	30,077
Transportation Agreement	DOT - 18	U-4751	40191.2.1	-	132,363	-
Municipal Agreement	-	-	37309.1.1	-	21,603	14,402
Municipal Agreement	-	-	34263.1.1	-	233,060	-
Total N.C. Department of Transportation				-	3,264,012	44,479
Total State Awards				-	3,312,313	49,909
Total Federal and State Awards				<u>\$3,058,168</u>	<u>\$3,476,472</u>	<u>\$ 711,747</u>

See Notes to Schedule of Expenditures  
of Federal and State Awards

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Schedule of Expenditures of Federal and State Awards

Year Ended June 30, 2009

### NOTE 1 - GENERAL

The accompanying Schedule of Expenditures of Federal and State Awards represents the activity of all federal and State awards to the City of Wilmington, North Carolina. The City's reporting entity is defined in Note 1 to the City's basic financial statements. Expenditures are reported on the schedule only at such time as there is an approved award and as activity occurs that obligates the City to make a payment, not when the award has been received. As a result, certain expenditures incurred in a prior year may be reported for the first time in the current year or as a reimbursement of expenditures reported in a prior year. All federal and state awards, received directly or indirectly (passthrough) from federal and state agencies, are included on the schedule.

### NOTE 2 - BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal and state awards has been prepared on the modified accrual basis, which is described in Note 1 of the City's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, amounts presented in this schedule will frequently differ from amounts presented in, or used in the preparation of the financial statements.

### NOTE 3 - FEDERAL PROGRAM MONIES USED TO MAKE LOANS

The following schedule reflects the activity in the Federal loan programs.

	<u>CFDA Number</u>	<u>Outstanding June 30, 2008</u>	<u>Loaned or Assigned</u>	<u>Collected or Forgiven</u>	<u>Outstanding June 30, 2009</u>
<u>U.S. Department of Housing and</u>					
Urban Development					
Direct Program:					
Community Development					
Block Grants	14.218	\$5,228,184	\$ 450,545	\$ 396,729	\$ 5,282,000
Home Investment Partnership	14.239	4,553,844	536,872	152,093	4,938,623
Rental Rehabilitation	N.A.	84,681	1,583	8,982	77,282
Urban Development Action Grant	N.A.	27,520	48,397	-	75,917

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