

Comprehensive Annual Financial Report



For the Fiscal Year Ended June 30, 2010

City of Wilmington
North Carolina

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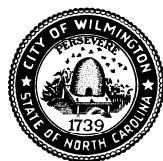
Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2010



Thalian Hall Main Stage Completely Renovated in 2010
Photograph Courtesy of Thalian Hall Center for the Performing Arts

City of Wilmington North Carolina



Prepared by
Finance Department



W CITY OF
WILMINGTON
NORTH CAROLINA

INTRODUCTORY SECTION TAB (FRONT)

INTRODUCTORY SECTION TAB (BACK)

CITY OF WILMINGTON, NORTH CAROLINA

Comprehensive Annual Financial Report

Year Ended June 30, 2010

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City Council

Bill Saffo, Mayor
Earl Sheridan, Mayor Pro-Tem
Laura W. Padgett
Ronald Sparks
Kristi Tomey
Kevin O'Grady
Charlie Rivenbark

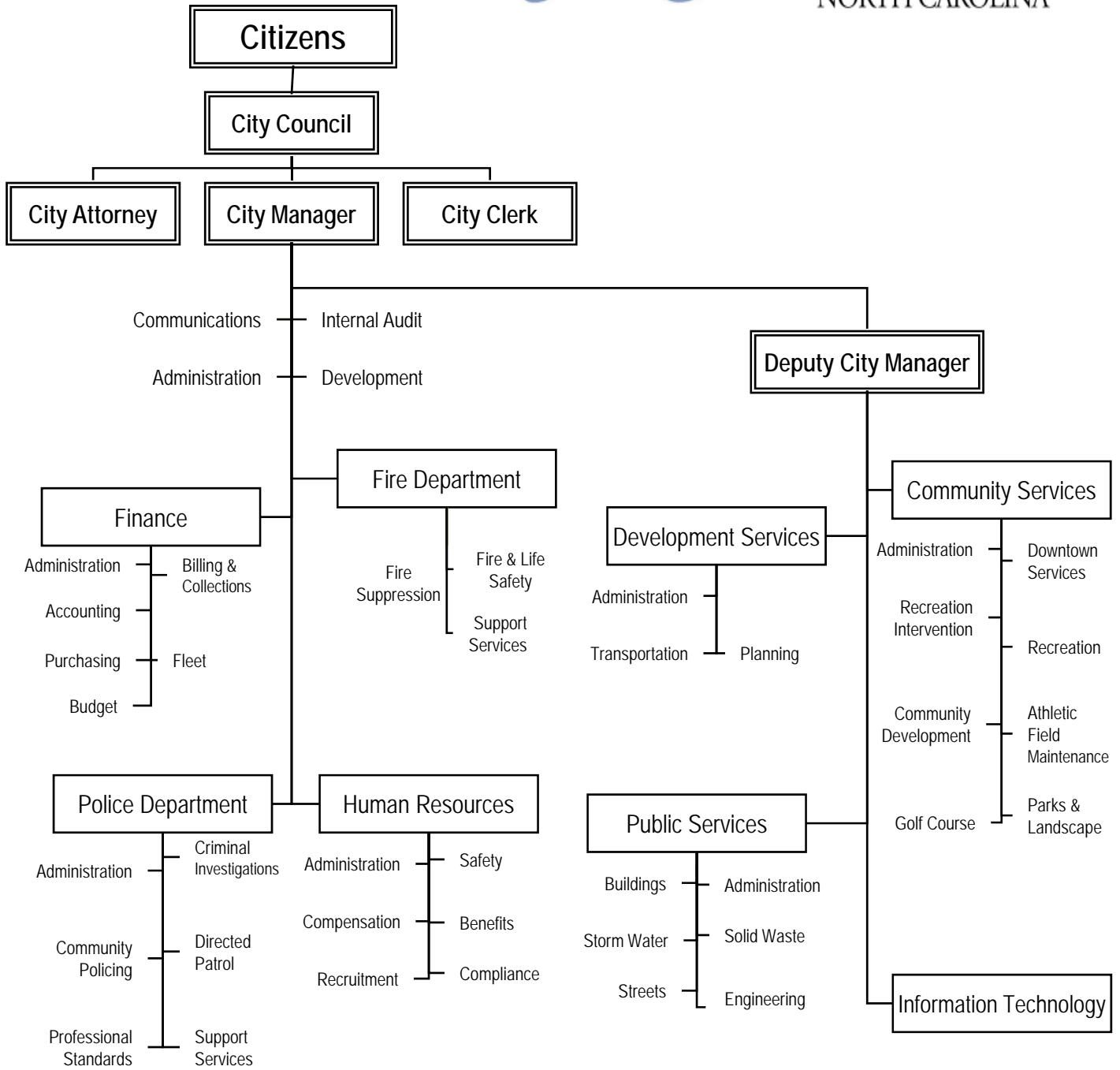
City Manager

Sterling B. Cheatham

Finance Director

Debra H. Mack





November 22, 2010



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, 2010. 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 McGladrey & Pullen, LLP, 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, 2010 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, 2010 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 442,000 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 102,207, making it the ninth 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.

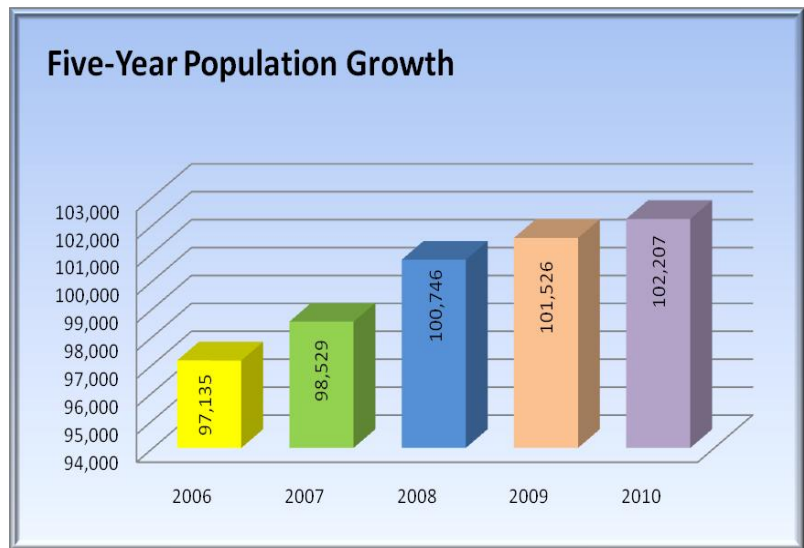
The City is empowered to levy a property tax on both real and personal properties located within its boundaries and New Hanover County is the only other unit that levies taxes within the City's corporate limits. The City is also empowered by state statute to extend its corporate limits by annexation,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

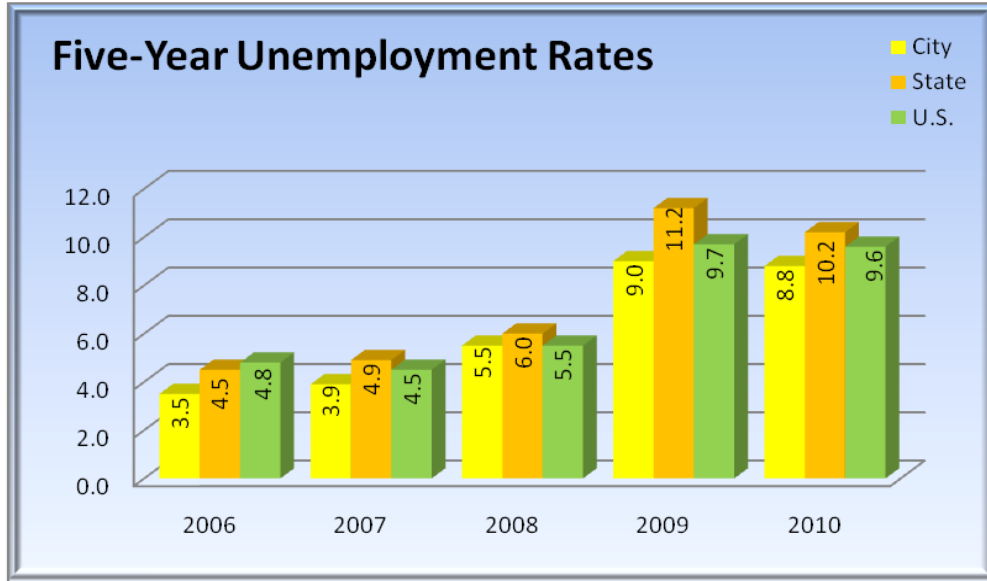
ECONOMIC CONDITIONS AND OUTLOOK

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 2009 ranks the Wilmington MSA 34th in the nation in the largest metropolitan areas category for its ability to create and sustain jobs. Fortune Small Business ranked the Wilmington MSA 14th among mid-size metro areas for “Best Places to Launch Small Business”. Forbes Magazine’s 12th annual ranking of Best Places for Business and Careers ranked Wilmington 32nd out of the 200 largest metropolitan areas in the US; and Forbes “Best Cities for Technology Jobs” ranked Wilmington 5th in the number of information-sector jobs created since 2000. The Builder Market Health Report ranked Wilmington 17th of the “The 20 Healthiest Housing Markets for 2010”. Relocate America lists Wilmington 9th in the “Top 10 Recreation Cities” and also in the “Top 100 Places to Live”.

The city’s population has increased over 34% since 2000. According to New Hanover County, development exceeded \$277 million in fiscal year 2009-2010. 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 3.3% in 2011, more than that forecast for the state of North Carolina, 3.2% and the nation, 3.0%.



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.

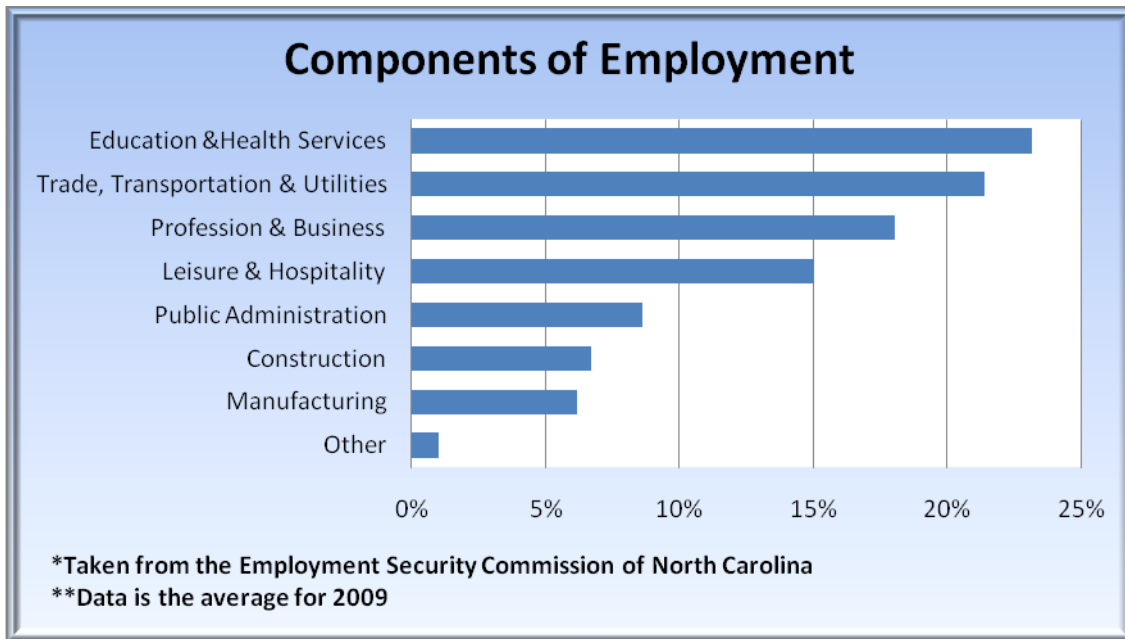
Top Ten Employers			Percentage of Total Employment (1)
Employer	Product/Service	Employees	
New Hanover Health Network*	Health Care	4,890	4.68%
New Hanover County Schools**	Education	4,130	3.95%
General Electric Nuclear Fuel/Aircraft***	Uranium Enrichment & Nuclear Fuel	3,000	2.87%
University of N. C. (Wilmington)*	Education	1,810	1.73%
Pharmaceutical Products Dev.*	Pharmaceuticals	1,800	1.72%
New Hanover County**	Education	1,670	1.60%
Cape Fear Community College*	Education	1,260	1.21%
Verizon Wireless*	Telecommunications	1,200	1.15%
City of Wilmington*	Government	1,075	1.03%
Corning, Inc.*	Optical Fiber	1,000	0.96%
Total		21,835	20.91%

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.**

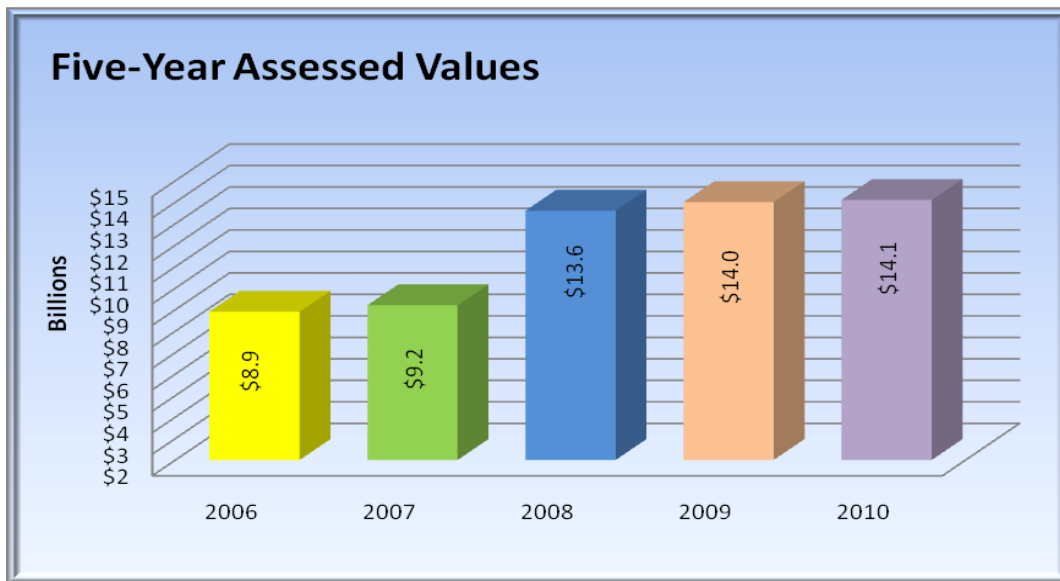
Corning Inc. operates an optical fiber plant in the City. In July 2007, Corning announced the invention of a fiber capable of twisting and turning without losing its signal. Verizon Communications, which helped Corning develop the new fiber (known as ClearCurve®), is spending \$23 billion to put down 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 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. In the summer of 2009 a “test loop” for the commercial use of the laser enrichment process started with plans for construction of the new facility to start in 2012. This will bring the region more than \$1 billion 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.

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. 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 June 2010, PPD was rated one of the top Contract Research Organization by the *CenterWatch European Site Survey* and named the Best Contract Research Organization in Asia at the 2010 Vaccine Industry Excellence Awards. In September 2010, PPD was named to the *Information Week 500 List of Top Technology Innovators* for their Integrated and Transparent Trials Initiative.



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 October 2010, 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 feet 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. No time table has been set as of yet to begin the development of this phase. The second of two programmed hotels, a 118 room Homewood Suites, was completed in the 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

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 Children's Museum occupies a 17,000 square foot facility, featuring twelve dynamic exhibits, an outdoor courtyard, a secret garden and a gift store and has over 51,000 visitors a year. This hands-on, learning-through-play museum offers something for children of all ages with all interests. Sail the seas as a pirate in Ahoy, Wilmington!, Climb on the new School Bus, examine your teeth in the ToothaSaurus Pediatric Dental Exhibit, perform examinations as a physician in the Teddy Bear Hospital, experiment in the Science Lab, sing and act in the Star Maker Sound Stage and make a masterpiece in the Art Studio.



The Cameron Art Museum occupies a 40,000 square foot facility on a 9.3 acre woodland park known as Pyramid Park, featuring long-leaf pine woodlands, outdoor sculptures, nature trails, a historic Civil War site and The Clay Studio housed in the Pancoe Art Education Center. The main museum building includes three exhibition areas, the Weyerhaeuser lecture and reception hall, a full service museum café and catering kitchen, museum gift shop and free parking. The Cameron Art Museum is committed to arts education, and presents exhibitions and public programs of both historical and contemporary significance, with 6-8 changing exhibitions annually, in addition to outdoor, site-specific projects on its park property.



Cape Fear Museum established in 1898, is the oldest continuously operating museum of history in North Carolina. The skeleton of a 20-foot-tall Giant Ground Sloth greets visitors to the museum. A miniature re-creation of the second battle of Fort Fisher, a scale model of Civil War Wilmington's waterfront and the Michael Jordan Discovery Gallery — an interactive science exhibit for the entire family. Children's activities, concerts, special events and acclaimed touring exhibits help make the Museum one of the primary repositories of local lore with an extensive permanent collection of over 40,000 artifacts.



The **Cucalorus Film Festival** (Cucalorus) is considered one of the regions premier cultural events drawing more than 10,000 visitors and screens over 150 films. The Brooks Institute named the Cucalorus as one of the “Top 10 Film Festivals in the United States” and Movie Maker Magazine included it in a list of the “Top 25 Coolest Film Festivals”.

One of the venues for the screening of films is held at **Thalian Hall**, owned by the City and part of the City Hall since 1856. The City along with private donors funded a renovation that was completed in May 2010. Last year there were over 250 shows, events and films for a total of 495 performances, and these programs attracted audiences totaling more than 85,000 people. The events ranged from music to ballet and theatre, from pop, jazz, folk and country music to the finest in domestic, independent and foreign films. The Thalian Hall complex is the site of recitals, awards ceremonies, film festivals, lectures and charity events, and is "home" to a large number of theatre and performing companies, including By Chance Productions, Opera House Theatre, Thalian Association, Willis Richardson Players, Theatre Exchange, and Stageworks Youth Theatre. Thalian Hall is an education center, with unique performances and programs attracting more than 10,000 school children each season. Thalian Hall is one of the most heavily utilized facilities of its kind in the nation and is an economic generator stimulating the local economy by more than \$2 million dollars annually.



The Wilmington Railroad Museum has a great collection of displays and areas for children, which include, Thomas the Tank Train play area, more than 20 operating scale model trains, spectacular model layouts, and a real life-size caboose, boxcar, and 100-year-old steam locomotive.



U.S.S. North Carolina (Battleship) is the centerpiece of the Wilmington Riverfront. A majestic symbol of this country's hard-earned naval victories in World War II and is the Memorial to the 10,000 North Carolinians of all the armed services who gave their lives during World War II. Commissioned in 1941, the 45,000-ton warship wields nine 16-inch turreted guns and carries nickel-steel hull armor 16 to 18 inches thick. The Battleship came to its present home in 1961. The public has access to more than nine decks including the crew's quarters, galley, sick bay, gun turrets, engine room, plotting rooms, radio central, the Admiral's Cabin, the bridge and combat central.



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 2009, travel and tourism generated \$390.4 million. This number represents a 7.6% decrease from revised 2008 revenues. Despite the 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 \$35.96 million. Travel generated \$92.31 million in payroll in 2009 and provided 5,200 jobs.

Film Industry

EUE/Screen Gems Studios has completed Stage 10, a 37,500 square-foot movie studio on North 23rd Street with a 3,600 square-foot special effects water tank and an estimated value of \$3.2 million. It is the latest expansion to the largest film and television lot east of California. 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, the 50 acre complex has a total of 125,900 square feet of stage space located in ten existing stages ranging in size from 7,200 square-feet to 37,500 square-feet. 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 comprises more than 1.4% of the total tax base providing further confirmation of the City's diversity.

Top Ten Taxpayers		
Taxpayer	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
Corning Inc.	\$ 192,535,316	1.37 %
Progress Energy (CP&L)	61,247,884	0.44
Centro Independence LLC (mall)	50,436,737	0.36
BellSouth Tel Co.	47,460,093	0.34
Mayfaire Retail LLC	34,739,297	0.25
NNP IV Cape Fear River LLC	33,672,953	0.24
River Ventures LLC (PPD)	33,496,976	0.24
GS II University Centre LLC	33,061,926	0.24
Mayfaire Spe/B LLC	31,466,430	0.22
Avalon Apartments LLC	29,725,985	0.21
Total	<u>\$ 547,843,597</u>	<u>3.91 %</u>

Source: New Hanover County Tax Office

HOSPITAL AND MEDICAL FACILITIES

New Hanover Regional Medical Center (NHRMC) is a teaching hospital and regional referral center and the tertiary care center for a seven-county area. NHRMC is one of 10 trauma centers in the state certified at Level II or above and is one of only two cardiac centers of excellence east of Interstate 40. NHRMC is home to the region's first Level III, Neonatal Intensive Care Unit (NICU), and has a *da Vinci*® Surgical System, which is a state-of-the-art robotic platform for surgeons. NHRMC continues to expand its services and is southeastern North Carolina's leading health-care provider with over 4,800 employees. NHRMC's Zimmer Cancer Center has distinction attained by just 25% of the nation's hospitals: certification as a teaching cancer hospital by the Commission on Cancer of the American College of Surgeons. 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 186,500 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 \$1,381,054 for fiscal year ending June 30, 2010. This amount represents approximately 20% of the current year's transit budget. There are also approximately 55 trucking companies serving the greater Wilmington area.

The State Port

In March 2010, the Journal of Commerce ranked the **Port of Wilmington** 25th Top Overall Container Port in North America. The City's location affords industries equal accessibility to major markets to the north and south. The Port of Wilmington, located in the City on the east bank of the Cape Fear River, is one of two deep water harbors in the State. The Port handled 3,429,237 tons of cargo for the fiscal year ended June 30, 2010, an increase of 11.5% over 2009. 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.

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 4th largest in the State. In calendar year 2009, the Airport served 807,126 passengers, a decrease of 7,376 or (.91%) over 2008. 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 a U.S. Customs and Border Protection General Aviation International Clearance Facility. This 13,500 square foot facility processes commercial and general aviation public passengers entering and exiting the United States.

EDUCATION

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 13th consecutive year, was rated among the top 10 public master’s universities in the south by *U.S. News and World Report* and 5th on its list of “up-an-coming” master’s universities in the South. Among all 118 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 7th consecutive year that UNC Wilmington has been named to this elite group. For the second year, UNCW is part of an exclusive group of higher education institutions included in the prestigious *Fiske Guide to Colleges* and was named for the second year in row as a 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 ranked 17th for “America’s Best College Buys” by Forbes.

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, 36 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 2010 enrollment of 13,071 full-time-equivalent undergraduate and graduate students.

Cape Fear Community College (CFCC) is the 5th largest school in the 58 North Carolina Department of Community Colleges System. CFCC offers 60 technical and vocational programs along with 21 college transfer programs and serves over 26,500 students every year. CFCC's enrollment in credit programs is 7,622 part-time and full-time equivalent students. Funding for CFCC is provided through the County, State and Federal governments.

CFCC'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, new parking deck and a student services center.



[Union Station Project](#)

LONG-TERM FINANCIAL PLANNING

The City seeks to consistently maintain a strong financial position as evidenced by its AA+/AA+/Aa1 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, storm water 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 2010 results that are built into the 2010-2011 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 105,000 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 open in November 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 approved on Sir Tyler Drive. The projected \$2.7 million project will be home to Westfall Medical Offices. The project is currently awaiting approval by the NCDOT for roadway enhancements.

A mixed-use development is proposed at the site of the former “Babies Hospital” on Wrightsville Avenue near the bridge to Wrightsville Beach. The development known as “The Sidbury” will consist of 2 three story buildings and one 4 story building. The site will contain a mixture of multi-family units, office, and retail. The applicant is proposing to use low impact development techniques and to utilize underneath building parking areas to minimize impervious surfaces.

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, 2009. 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-seven 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, 2009

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 stylized, handwritten signature in black ink, appearing to be "J. R. Emen".

President

A handwritten signature in black ink, appearing to be "Jeffrey R. Emen".

Executive Director

FINANCIAL SECTION TAB (FRONT)

FINANCIAL SECTION TAB (BACK)



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Independent Auditor's Report

To the Honorable Mayor
and Members of the City Council
City of Wilmington
Wilmington, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Wilmington, North Carolina, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Wilmington's management. Our responsibility is to express opinions on these basic financial statements based on our audit. We did not audit the financial statements of Cape Fear Public Transportation Authority, which is the City's discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Wilmington, North Carolina as of June 30, 2010, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 8, the July 1, 2009 fund balances of the Building Improvements major fund and the non-major governmental funds (part of the aggregate remaining fund information opinion unit) were restated to correct the City's accounting for the proceeds from a long-term obligation incurred in June 2008. With respect to this issue, previously issued reports should not be relied on. We audited the adjustments described in Note 8. In our opinion, such adjustments are appropriate and have been properly applied.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2010 on our consideration of City of Wilmington's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance Schedules of Funding Progress and Employer Contributions and the Other Postemployment Benefits Schedules of Funding Progress and Employer Contributions on pages 13 through 21 and 91 through 94 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 inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 2010 basic financial statements of City of Wilmington, North Carolina. The introductory section, combining and individual fund statements and schedules, the supplemental financial data and the statistical section, as well as the accompanying schedule 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 2010 combining and individual fund financial statements and schedules, the supplemental financial data and 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 for the year ended June 30, 2010, taken as a whole. The City of Wilmington, North Carolina's financial statements for the year ended June 30, 2009, which are not presented with the accompanying financial statements, were audited by other auditors whose report thereon dated October 30, 2009, expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information. Their report on the 2009 individual fund statements and schedules and other supplemental financial data stated that, in their opinion, such information was fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2009, taken as a whole. The introductory section and the statistical section tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

McGladrey & Pullen, LLP

Wilmington, North Carolina
November 22, 2010

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, 2010. 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

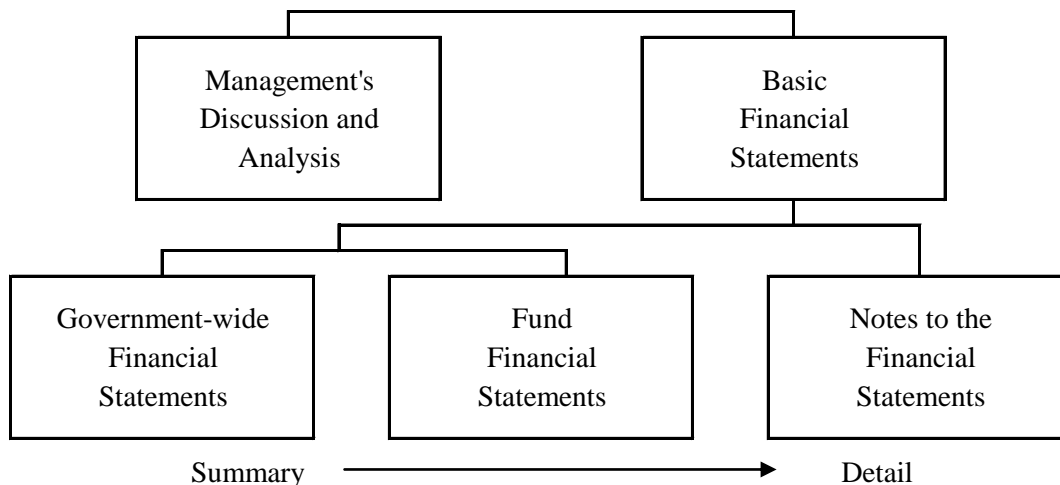
- The assets of the City of Wilmington exceeded its liabilities at the close of the fiscal year by \$302,714,788 (*net assets*).
- The government's total net assets increased by \$7,861,074, with approximately 75.8% of that amount accounted for in the net assets of the governmental activities and 24.2% in the net assets of the business-type activities.
- As of the close of the current fiscal year, the City of Wilmington's governmental funds combined ending fund balances decreased \$6,306,903 from the prior year to a total of \$109,225,335. Approximately 9.7% of this amount, or \$10,542,512, 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 \$16,554,604 or 24.6% of total general fund expenditures and 21% of total general fund expenditures including operating transfers for the fiscal year.
- At the end of the current fiscal year, undesignated fund balance for the General Fund was \$15,181,159 or 22.6% of total general fund expenditures and 19.3% of total general fund expenditures including operating transfers for the fiscal year.
- The City of Wilmington's total long-term liabilities increased by \$19,441,591 or 8.4% during the current fiscal year. Total long-term liabilities increased for governmental activities by \$20,199,542 and decreased for the business-type activities by \$757,951. The single factor attributable to the overall increase in governmental activities was due to the city issuing \$19,270,000 of Build America Bonds see the notes to the financial statements 4B.

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 four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary funds.

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 to the City because the Authority is primarily fiscally dependent upon the City.

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

Fund Financial Statements

The fund financial statements (see figure 1) 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 three categories: governmental funds, proprietary funds and fiduciary 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.

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 – equipment maintenance and replacement 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.

Fiduciary Funds – Fiduciary funds are used to account for reserves held by the government in a trustee capacity for others. Because the resources of fiduciary funds cannot be used to support the government's own programs, such funds are specifically excluded from the government-wide statements. The City uses fiduciary funds to account for the assets of postemployment benefits, which include the City's Law Enforcement Officers' Special Separation Allowance plan and retiree healthcare program.

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 37 - 90 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 benefits and other postemployment benefits to its employees. Required supplementary information can be found beginning on page 91 of this report.

Government-Wide Financial Analysis

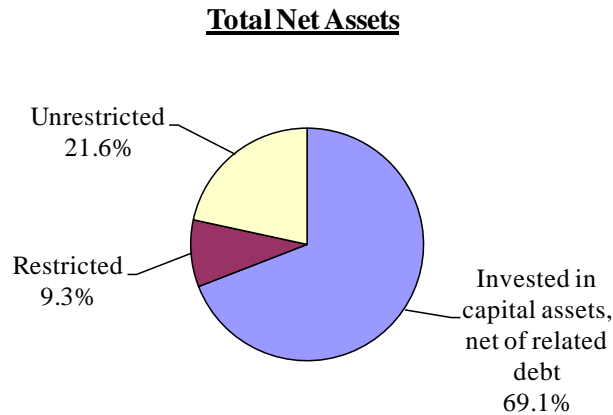
As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of the City of Wilmington exceeded liabilities by \$302,714,788 as of June 30, 2010. The City's net assets increased by \$7,861,074 for the fiscal year ended June 30, 2010.

A significant portion of the City of Wilmington's net assets \$209,074,116 (69.1%) 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 \$28,281,949 (9.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$65,358,723 (21.6%) 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	
	2010	2009	2010	2009	2010	2009
ASSETS:						
Current and other assets	\$ 166,408,533	\$ 173,346,722	\$ 20,783,234	\$ 21,505,592	\$ 187,191,767	\$ 194,852,314
Capital assets	<u>343,600,008</u>	<u>306,021,883</u>	<u>42,515,901</u>	<u>40,298,963</u>	<u>386,115,909</u>	<u>346,320,846</u>
Total assets	<u>510,008,541</u>	<u>479,368,605</u>	<u>63,299,135</u>	<u>61,804,555</u>	<u>573,307,676</u>	<u>541,173,160</u>
LIABILITIES:						
Long-term liabilities	228,779,971	208,580,429	23,005,545	23,763,496	251,785,516	232,343,925
Current and other liabilities	<u>17,280,912</u>	<u>12,799,115</u>	<u>1,526,460</u>	<u>1,176,406</u>	<u>18,807,372</u>	<u>13,975,521</u>
Total liabilities	<u>246,060,883</u>	<u>221,379,544</u>	<u>24,532,005</u>	<u>24,939,902</u>	<u>270,592,888</u>	<u>246,319,446</u>
NET ASSETS:						
Invested in capital assets, net of related debt	188,091,906	187,569,283	20,982,210	18,275,937	209,074,116	205,845,220
Restricted	25,903,793	22,617,510	2,378,156	2,368,253	28,281,949	24,985,763
Unrestricted	<u>49,951,959</u>	<u>47,802,268</u>	<u>15,406,764</u>	<u>16,220,463</u>	<u>65,358,723</u>	<u>64,022,731</u>
Net assets	<u>\$ 263,947,658</u>	<u>\$ 257,989,061</u>	<u>\$ 38,767,130</u>	<u>\$ 36,864,653</u>	<u>\$ 302,714,788</u>	<u>\$ 294,853,714</u>



Governmental activities. Governmental activities increased the City's net assets by \$5,958,597 accounting for 75.8% of the total increase in the net assets of the City of Wilmington. Key elements of this increase are as follows:

- Revenues related to governmental activities increased by \$12,363,673 or 13.3% over the prior year despite a \$1,926,907 decrease in Investment Earnings which was mostly comprised of a reduction in interest rates as a result of the U.S. Treasury actions.
- Capital grants and contributions increased by \$13,438,759 or 303.8% over the prior year with \$11,560,329 of street acceptances and \$3,766,801 of capital contributions from New Hanover County for parks development.
- Program revenues provided 30.1% of the support for governmental activities.
- Expenses related to governmental activities increased by \$4,400,460 or 4.6% over the prior year. The two largest increases were in Public Safety of \$3,495,535 and \$2,192,011 in Culture and Recreation.

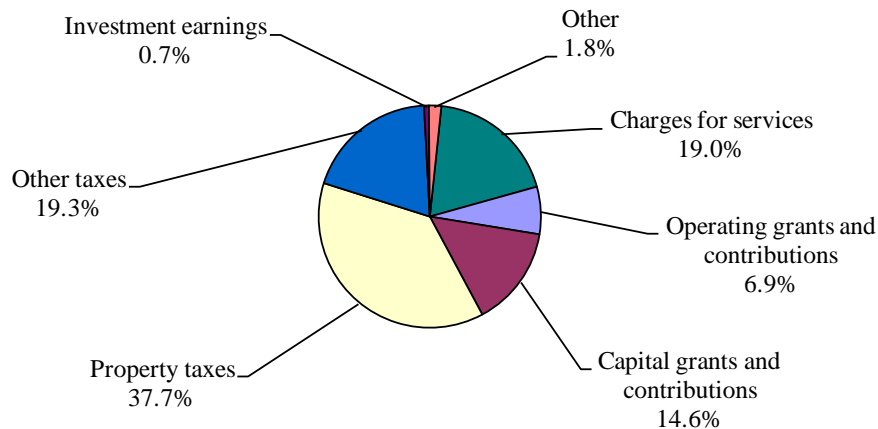
Business-type activities. Business-type activities increased the City of Wilmington's net assets by \$1,902,477 accounting for 24.2% of the total increase in the government-wide net assets. Key elements of the increase are as follows:

- Charges for services increased by \$598,540 or 3.4% over the prior year mainly due to the 2% increase in Storm water fees and 1% increase in Solid waste fees over the prior year.
- Expenses related to Solid waste management decreased by \$419,221 or 5.3% over the prior year.

**Changes in Net Assets
Figure 3**

	Governmental		Business-type		Total	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 5,199,609	\$ 4,742,493	\$ 18,333,018	\$ 17,734,478	\$ 23,532,627	\$ 22,476,971
Operating grants and contributions	8,587,862	8,242,549	-	-	8,587,862	8,242,549
Capital grants and contributions	17,861,814	4,423,055	343,665	601,799	18,205,479	5,024,854
General revenues:						
Property taxes	46,827,896	46,423,441	-	-	46,827,896	46,423,441
Other taxes	23,906,985	24,063,830	-	-	23,906,985	24,063,830
Investment earnings	700,500	2,627,407	187,750	491,543	888,250	3,118,950
Other	2,116,047	2,314,265	69,493	52,172	2,185,540	2,366,437
Total revenues	105,200,713	92,837,040	18,933,926	18,879,992	124,134,639	111,717,032
Expenses:						
General government	17,913,454	17,979,039	-	-	17,913,454	17,979,039
Public safety	46,623,265	43,127,730	-	-	46,623,265	43,127,730
Transportation	11,223,125	9,834,553	-	-	11,223,125	9,834,553
Economic and physical development	2,128,078	4,367,773	-	-	2,128,078	4,367,773
Culture and recreation	10,418,701	8,226,690	-	-	10,418,701	8,226,690
Transit system	1,522,702	1,149,733	-	-	1,522,702	1,149,733
Interest and other charges	9,462,791	10,206,138	-	-	9,462,791	10,206,138
Solid waste management	-	-	7,510,722	7,929,943	7,510,722	7,929,943
Storm water management	-	-	5,939,703	5,766,847	5,939,703	5,766,847
Parking facilities	-	-	2,394,835	2,468,358	2,394,835	2,468,358
Golf	-	-	1,136,189	1,108,490	1,136,189	1,108,490
Total expenses	99,292,116	94,891,656	16,981,449	17,273,638	116,273,565	112,165,294
Increase(decrease) in net assets before Special Item and transfers	5,908,597	(2,054,616)	1,952,477	1,606,354	7,861,074	(448,262)
Special Item: Conveyance of assets and liabilities to the CFPUA, net	-	(983,665)	-	(166,183,586)	-	(167,167,251)
Transfers from (to) other funds	50,000	-	(50,000)	-	-	-
Increase(decrease) in net assets	5,958,597	(3,038,281)	1,902,477	(164,577,232)	7,861,074	(167,615,513)
Net assets at beginning of year	257,989,061	261,027,342	36,864,653	201,441,885	294,853,714	462,469,227
Net assets at end of year	\$ 263,947,658	\$ 257,989,061	\$ 38,767,130	\$ 36,864,653	\$ 302,714,788	\$ 294,853,714

Total Revenues



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 \$16,554,604, a 11.2% decrease from the prior year; while total fund balance was \$25,751,341 a 1.1% 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 24.6% of total General Fund expenditures, while total fund balance represents 38.3% of that same amount.

The Building Improvements capital project fund has a reserved fund balance of \$19,826,488, a decrease of \$11,940,500 from the prior year. This decrease was primarily a result of the construction of the Convention Center.

At June 30, 2010, the governmental funds of the City of Wilmington reported a combined fund balance of \$109,225,335, a 5.5% decrease from the prior year and this decrease is mainly due to the construction of the Convention Center. The General Fund, special purpose fund, building improvements fund, debt service fund, and special revenue 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 below budget estimates by \$792,198 for the fiscal year. This decrease was mainly due to a continued decrease in sales tax receipts of \$1,130,207.

Expenditures (excluding transfers) in the General Fund were \$3,203,524 less than the \$70,444,546 budget. In response to the economy the City froze hiring and eliminated 54 positions, both major factors in the City being able to contain expenditure levels 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 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 \$2,898,761, \$8,872,336, and \$2,281,690, respectively. The unrestricted net assets of the Golf nonmajor proprietary fund totaled \$1,353,977.

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, 2010 was \$386,115,909 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

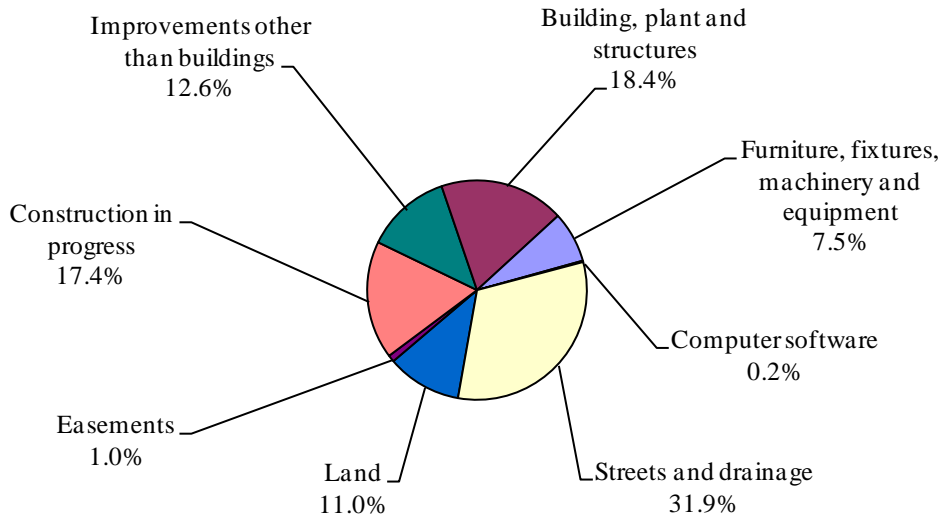
Major capital asset transactions during the year include the following additions (there were no significant demolitions or disposals):

- The largest change in governmental activity capital assets was the construction on the Convention Center which was primarily responsible for the \$26,667,112 increase in construction in progress.
- An increase of \$1,384,264 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.

**Capital Assets
Figure 4**

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 53,084,711	\$ 52,560,575	\$ 3,036,932	\$ 2,285,567	\$ 56,121,643	\$ 54,846,142
Easements	4,855,758	-	92,057	-	4,947,815	-
Construction in progress	<u>85,710,275</u>	<u>59,043,163</u>	<u>3,360,466</u>	<u>2,408,892</u>	<u>89,070,741</u>	<u>61,452,055</u>
Total non-depreciable assets	<u>143,650,744</u>	<u>111,603,738</u>	<u>6,489,455</u>	<u>4,694,459</u>	<u>150,140,199</u>	<u>116,298,197</u>
Improvements other than buildings	22,384,726	20,685,672	42,065,815	40,681,551	64,450,541	61,367,223
Buildings, plant and structures	79,997,848	76,258,952	13,781,990	13,716,411	93,779,838	89,975,363
Furniture, fixtures, machinery and equipment	37,485,846	37,804,346	959,280	699,277	38,445,126	38,503,623
Computer software	817,418	-	-	-	817,418	-
Streets and drainage	<u>162,974,969</u>	<u>155,254,979</u>	-	-	<u>162,974,969</u>	<u>155,254,979</u>
Total assets being depreciated	303,660,807	290,003,949	56,807,085	55,097,239	360,467,892	345,101,188
Accumulated depreciation	<u>(103,711,543)</u>	<u>(95,585,804)</u>	<u>(20,780,639)</u>	<u>(19,492,735)</u>	<u>(124,492,182)</u>	<u>(115,078,539)</u>
Total capital assets being depreciated, net	<u>199,949,264</u>	<u>194,418,145</u>	<u>36,026,446</u>	<u>35,604,504</u>	<u>235,975,710</u>	<u>230,022,649</u>
Total capital assets, net	<u>\$ 343,600,008</u>	<u>\$ 306,021,883</u>	<u>\$ 42,515,901</u>	<u>\$ 40,298,963</u>	<u>\$ 386,115,909</u>	<u>\$ 346,320,846</u>

Capital Assets



Additional information on the City’s capital assets can be found in note 4 on pages 54-56 of this report.

Long-term Liabilities. As of June 30, 2010, the City of Wilmington had total bonded debt outstanding of \$46,930,000. Of this amount, \$33,865,000 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, 2010 of the former water and sewer fund are \$14,210,000.

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

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
General obligation bonds	\$ 33,865,000	\$ 39,355,000	\$ -	\$ -	\$ 33,865,000	\$ 39,355,000
Revenue bonds	-	-	13,065,000	13,490,000	13,065,000	13,490,000
Total	\$ 33,865,000	\$ 39,355,000	\$ 13,065,000	\$ 13,490,000	\$ 46,930,000	\$ 52,845,000

The City of Wilmington’s total bonded debt decreased by \$5,915,000 during the past fiscal year. At June 30, 2010, the general obligation debt was rated AA+/AA+/Aa1 by Fitch, Standard and Poor’s, and Moody’s respectively. The revenue bonds of the Storm Water 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 \$1,125,000,105. The City has \$5,000,000 of authorized but unissued bonds at June 30, 2010.

Additional information on the City of Wilmington's long-term debt can be found in note 4 on pages 69-81 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 8.8% at June 30, 2010 was below the State average of 10.2% and the national average of 9.6%.
- Reductions in construction were evident as the building permits valued at \$191,912,782 in fiscal year 2010 were \$76,138,197 less than the permitted values in fiscal year 2009.
- Sales tax receipts (county-wide) ended the year down by 10.9% over the prior fiscal year but due to the distribution method selected by New Hanover County a 5% reduction was projected for 2011.

All of these factors were included in preparing the City of Wilmington's budget for the 2011 fiscal year.

Budget Highlights for the Fiscal Year Ending June 30, 2011

Governmental Activities. The budget includes a tax rate of 37 cents per \$100, which is an increase of 3.75 cents over the prior year. Sales tax revenue was projected to be 5% lower or \$.8 million less over the previous year; and includes an appropriation of fund balance of \$322,528. The Budgeted expenditures, excluding transfers, in the General Fund are expected to increase \$1,418,075 or 2% to \$71,862,621.

Business – type Activities. Storm water fees increased by 4% to \$5.30 per month per residence and Solid waste fees increased by 2% to \$24.15 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, 5th Floor, Wilmington, N.C. 28401.

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BASIC FINANCIAL STATEMENTS



W CITY OF
WILMINGTON
NORTH CAROLINA

CITY OF WILMINGTON, NORTH CAROLINA

Statement of Net Assets

June 30, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 47,758,695	\$ 16,765,719	\$ 64,524,414	\$ 77,022
Taxes receivable, net	1,417,909	-	1,417,909	-
Accounts receivable, net	752,625	2,845,237	3,597,862	-
Due from fiduciary funds	68,775	-	68,775	-
Due from primary government	-	-	-	175,039
Due from other governments	13,389,077	485,838	13,874,915	1,054,847
Inventories	504,486	97,442	601,928	75,640
Assets held for resale	258,331	-	258,331	-
Deferred charges, net	2,023,458	409,221	2,432,679	-
Deferred outflow of resources	1,156,073	-	1,156,073	-
Notes receivable	15,067,562	-	15,067,562	-
Prepays	1,569,759	179,777	1,749,536	-
Restricted assets:				
Cash and cash equivalents	45,706,071	-	45,706,071	-
Due from other governments	6,250,617	-	6,250,617	-
Long-term receivables:				
Due within one year	3,875,000	-	3,875,000	-
Due in more than one year	26,600,000	-	26,600,000	-
Net pension asset	10,095	-	10,095	-
Capital assets:				
Land, easements and construction in progress	143,650,744	6,489,455	150,140,199	4,294,250
Other capital assets, net of accumulated depreciation	199,949,264	36,026,446	235,975,710	4,176,800
Total assets	510,008,541	63,299,135	573,307,676	9,853,598
LIABILITIES				
Accounts payable	4,271,627	870,348	5,141,975	747,600
Due to management company	-	-	-	12,732
Due to other governments	1,983,206	333	1,983,539	-
Due to component unit	175,039	-	175,039	-
Accrued liabilities	5,020,218	464,820	5,485,038	103,873
Customer and escrow deposits	1,016,727	119,105	1,135,832	-
Unearned revenues	8,542	71,854	80,396	-
Derivative instrument - interest rate swap	1,156,073	-	1,156,073	-
Payable from restricted assets	3,649,480	-	3,649,480	-
Long-term liabilities:				
Due within one year	15,030,496	1,254,951	16,285,447	-
Due in more than one year	213,749,475	21,750,594	235,500,069	-
Total liabilities	246,060,883	24,532,005	270,592,888	864,205
NET ASSETS				
Invested in capital assets, net of related debt	188,091,906	20,982,210	209,074,116	8,471,050
Restricted for:				
Community development housing loans	11,280,381	-	11,280,381	-
Law enforcement grants and contributions	855,207	-	855,207	-
Firemen's relief	97,283	-	97,283	-
Capital projects	-	2,378,156	2,378,156	-
Convention center facility	13,670,922	-	13,670,922	-
Unrestricted	49,951,959	15,406,764	65,358,723	518,343
Net assets	\$ 263,947,658	\$ 38,767,130	\$ 302,714,788	\$ 8,989,393

See notes to financial statements.

CITY OF WILMINGTON, NORTH CAROLINA

Statement of Activities

Year Ended June 30, 2010

<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	\$ 17,913,454	\$ 2,588,922	\$ 17,814	\$ 77,114
Public safety	46,623,265	911,408	1,726,108	470,322
Transportation	11,223,125	726,216	2,949,513	12,767,173
Economic and physical development	2,128,078	336,894	1,720,498	-
Environmental protection	-	6,622	41,817	-
Cultural and recreational	10,418,701	629,547	513,607	4,547,205
Transit system	1,522,702	-	-	-
Interest and other charges	<u>9,462,791</u>	<u>-</u>	<u>1,618,505</u>	<u>-</u>
Total governmental activities	<u>99,292,116</u>	<u>5,199,609</u>	<u>8,587,862</u>	<u>17,861,814</u>
Business-type activities:				
Solid waste management	7,510,722	8,163,730	-	-
Storm water management	5,939,703	6,775,129	-	343,665
Parking facilities	2,394,835	2,274,661	-	-
Golf	<u>1,136,189</u>	<u>1,119,498</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>16,981,449</u>	<u>18,333,018</u>	<u>-</u>	<u>343,665</u>
Total primary government	<u>\$ 116,273,565</u>	<u>\$ 23,532,627</u>	<u>\$ 8,587,862</u>	<u>\$ 18,205,479</u>
Component unit	<u>\$ 7,607,867</u>	<u>\$ 2,375,809</u>	<u>\$ 3,023,608</u>	<u>\$ 2,574,209</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

Total general revenues not including transfers

Transfers from (to) other funds

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

<u>Primary Government</u>			
<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Unit</u>
\$ (15,229,604)	\$ -	\$ (15,229,604)	\$ -
(43,515,427)	-	(43,515,427)	-
5,219,777	-	5,219,777	-
(70,686)	-	(70,686)	-
48,439	-	48,439	-
(4,728,342)	-	(4,728,342)	-
(1,522,702)	-	(1,522,702)	-
(7,844,286)	-	(7,844,286)	-
<u>(67,642,831)</u>	<u>-</u>	<u>(67,642,831)</u>	<u>-</u>
-	653,008	653,008	-
-	1,179,091	1,179,091	-
-	(120,174)	(120,174)	-
-	(16,691)	(16,691)	-
-	<u>1,695,234</u>	<u>1,695,234</u>	<u>-</u>
<u>(67,642,831)</u>	<u>1,695,234</u>	<u>(65,947,597)</u>	<u>-</u>
-	-	-	<u>365,759</u>
46,827,896	-	46,827,896	-
2,087,618	-	2,087,618	-
1,209,643	69,493	1,279,136	-
-	-	-	1,381,054
-	-	-	303,645
13,655,742	-	13,655,742	-
6,480,873	-	6,480,873	-
1,519,216	-	1,519,216	-
163,536	-	163,536	-
700,500	187,750	888,250	-
906,404	-	906,404	-
<u>73,551,428</u>	<u>257,243</u>	<u>73,808,671</u>	<u>1,684,699</u>
<u>50,000</u>	<u>(50,000)</u>	<u>-</u>	<u>-</u>
<u>73,601,428</u>	<u>207,243</u>	<u>73,808,671</u>	<u>1,684,699</u>
5,958,597	1,902,477	7,861,074	2,050,458
<u>257,989,061</u>	<u>36,864,653</u>	<u>294,853,714</u>	<u>6,938,935</u>
<u>\$ 263,947,658</u>	<u>\$ 38,767,130</u>	<u>\$ 302,714,788</u>	<u>\$ 8,989,393</u>

CITY OF WILMINGTON, NORTH CAROLINA

**Balance Sheet -
Governmental Funds**

June 30, 2010

	General Fund	Special Purpose Fund	Streets and Sidewalks Fund
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 24,487,361	\$ 450,682	\$ 3,540,531
Taxes receivable, net	1,417,909	-	-
Accounts receivable, net	719,801	-	-
Due from other funds	68,775	591,259	-
Due from other governments	6,645,439	1,115,584	1,066,785
Assets held for resale	-	-	-
Notes receivable	247,620	-	-
Inventories	403,158	-	-
Prepays	1,524,580	-	-
Restricted assets:			
Cash and cash equivalents	-	13,651,137	15,727,864
Due from other governments	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	\$ 35,514,643	\$ 15,808,662	\$ 20,335,180
	<u> </u>	<u> </u>	<u> </u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 682,016	\$ 319,567	\$ 759,823
Due to other funds	-	-	-
Due to component unit	80,971	-	-
Due to other governments	1,983,206	-	-
Accrued liabilities	3,802,615	39,925	-
Customer and escrow deposits	698,360	-	-
Deferred revenues	2,516,134	3,612	-
Payable from restricted assets	-	-	2,090,939
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	9,763,302	363,104	2,850,762
	<u> </u>	<u> </u>	<u> </u>
Fund balances:			
Reserved for encumbrances	685,589	259,757	11,937,188
Reserved for inventories	403,158	-	-
Reserved by State statute	6,583,410	1,703,743	1,066,785
Reserved for prepaids	1,524,580	-	-
Reserved for loans	-	-	-
Reserved for firemen's relief	-	-	-
Reserved for capital projects	-	-	4,480,445
Reserved for debt service	-	-	-
Reserved for convention center facility	-	13,651,137	-
Reserved for assets held for resale	-	-	-
Unreserved, General Fund:			
Designated for subsequent year's expenditures	322,528	-	-
Designated for self-insurance	1,050,917	-	-
Undesignated (deficit)	15,181,159	(169,079)	-
Unreserved, reported in:			
Nonmajor special revenue funds	-	-	-
Nonmajor capital projects funds	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	25,751,341	15,445,558	17,484,418
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	\$ 35,514,643	\$ 15,808,662	\$ 20,335,180
	<u> </u>	<u> </u>	<u> </u>

Building Improvements Fund	Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
\$ 4,899,844	\$ 7,235,766	\$ 1,150,321	\$ 41,764,505
-	-	-	1,417,909
-	-	-	719,801
1,294,305	-	60,000	2,014,339
488,868	-	4,072,401	13,389,077
-	-	258,331	258,331
-	-	14,819,942	15,067,562
-	-	-	403,158
-	-	23,195	1,547,775
15,966,168	665	360,237	45,706,071
178,166	-	6,072,451	6,250,617
<u>\$ 22,827,351</u>	<u>\$ 7,236,431</u>	<u>\$ 26,816,878</u>	<u>\$ 128,539,145</u>
\$ 1,836,269	\$ 43,943	\$ 471,207	\$ 4,112,825
-	-	1,945,564	1,945,564
94,068	-	-	175,039
-	-	-	1,983,206
-	-	34,757	3,877,297
-	-	318,367	1,016,727
-	-	33,926	2,553,672
1,070,526	-	488,015	3,649,480
<u>3,000,863</u>	<u>43,943</u>	<u>3,291,836</u>	<u>19,313,810</u>
4,693,480	-	3,340,098	20,916,112
-	-	-	403,158
1,961,339	-	10,062,841	21,378,118
-	-	23,195	1,547,775
-	-	15,438,858	15,438,858
-	-	97,283	97,283
13,171,669	-	125,980	17,778,094
-	7,192,488	-	7,192,488
-	-	21,569	13,672,706
-	-	258,331	258,331
-	-	-	322,528
-	-	-	1,050,917
-	-	-	15,012,080
-	-	(1,408,384)	(1,408,384)
-	-	(4,434,729)	(4,434,729)
<u>19,826,488</u>	<u>7,192,488</u>	<u>23,525,042</u>	<u>109,225,335</u>
<u>\$ 22,827,351</u>	<u>\$ 7,236,431</u>	<u>\$ 26,816,878</u>	<u>\$ 128,539,145</u>

CITY OF WILMINGTON, NORTH CAROLINA

**Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Assets**

June 30, 2010

Total fund balances - governmental funds	\$ 109,225,335
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.	339,388,294
Long-term receivables are not available to pay for current expenditures and, therefore, are not reported in the funds.	30,475,000
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.	8,415,348
Liabilities for earned but deferred revenues in fund statements.	2,545,130
Long-term liabilities including bonds payable, are not due and payable in the current period and, therefore are not reported in the funds.	(226,111,544)
Miscellaneous adjustments to net assets including pension assets not reported in the governmental funds.	<u>10,095</u>
Net assets - governmental activities	<u>\$ 263,947,658</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, 2010

	General Fund	Special Purpose Fund	Streets and Sidewalks Fund
Revenues:			
Ad valorem taxes	\$ 46,815,757	\$ -	\$ -
Room occupancy tax	-	2,087,618	-
Other taxes	21,819,367	-	-
Unrestricted intergovernmental	973,523	-	-
Restricted intergovernmental	3,134,210	2,494,349	1,206,844
Licenses and permits	2,360,546	-	-
Sales and services	2,013,273	-	-
Fines and forfeits	60,202	-	-
Investment earnings	276,425	145,293	31,482
Donations	-	12,357	-
Miscellaneous	700,288	725,314	-
	<u>78,153,591</u>	<u>5,464,931</u>	<u>1,238,326</u>
Total revenues			
Expenditures:			
Current:			
General government	15,980,234	3,795	-
Public safety	36,986,913	2,497,762	-
Transportation	6,820,640	837,129	9,485,190
Economic and physical development	-	334,248	-
Cultural and recreational	6,032,715	348,624	793,052
Transit system	1,420,520	-	8,114
Debt service:			
Principal retirement	-	-	-
Interest and other charges	-	-	-
	<u>67,241,022</u>	<u>4,021,558</u>	<u>10,286,356</u>
Total expenditures			
Excess of revenues over (under) expenditures	<u>10,912,569</u>	<u>1,443,373</u>	<u>(9,048,030)</u>
Other financing sources (uses):			
Transfers from other funds	207,663	399,596	1,458,057
Transfers to other funds	(11,472,096)	(451,034)	(500,000)
Issuance of installment obligations	-	-	14,558,000
Issuance of refunding installment obligations	-	-	-
Issuance of other long-term obligations	-	-	-
Premium on installment obligations	-	-	177,422
Premium on other long-term obligations	-	-	-
Payment to refund outstanding installment obligations	-	-	-
	<u>(11,264,433)</u>	<u>(51,438)</u>	<u>15,693,479</u>
Total other financing sources (uses)			
Net change in fund balances	<u>(351,864)</u>	<u>1,391,935</u>	<u>6,645,449</u>
Fund balances at beginning of year as previously stated	26,040,603	14,053,623	10,838,969
Prior period adjustment (Note 8)	-	-	-
Fund balances at beginning of year as restated	26,040,603	14,053,623	10,838,969
Change in reserve for inventories	62,602	-	-
Fund balances at end of year	<u>\$ 25,751,341</u>	<u>\$ 15,445,558</u>	<u>\$ 17,484,418</u>

See notes to financial statements.

Building Improvements Fund	Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 46,815,757
-	-	-	2,087,618
-	-	-	21,819,367
-	-	-	973,523
77,114	6,045,037	4,624,380	17,581,934
-	-	-	2,360,546
-	-	-	2,013,273
-	-	-	60,202
96,866	65,305	17,414	632,785
215,442	-	17,573	245,372
25,987	-	134,378	1,585,967
<u>415,409</u>	<u>6,110,342</u>	<u>4,793,745</u>	<u>96,176,344</u>
612,558	-	128,000	16,724,587
298,483	-	82,741	39,865,899
-	-	105	17,143,064
19,157,200	-	1,607,149	21,098,597
2,444,232	-	7,169,039	16,787,662
94,068	-	-	1,522,702
-	9,811,333	-	9,811,333
-	6,218,148	3,026,321	9,244,469
<u>22,606,541</u>	<u>16,029,481</u>	<u>12,013,355</u>	<u>132,198,313</u>
<u>(22,191,132)</u>	<u>(9,919,139)</u>	<u>(7,219,610)</u>	<u>(36,021,969)</u>
977,946	9,077,784	2,527,012	14,648,058
(217,480)	-	(1,957,448)	(14,598,058)
9,312,000	-	-	23,870,000
-	-	8,910,000	8,910,000
178,166	-	4,887,641	5,065,807
-	-	-	177,422
-	-	411,685	411,685
-	-	(8,832,450)	(8,832,450)
<u>10,250,632</u>	<u>9,077,784</u>	<u>5,946,440</u>	<u>29,652,464</u>
<u>(11,940,500)</u>	<u>(841,355)</u>	<u>(1,273,170)</u>	<u>(6,369,505)</u>
31,663,072	8,033,843	20,575,418	111,205,528
103,916	-	4,222,794	4,326,710
31,766,988	8,033,843	24,798,212	115,532,238
-	-	-	62,602
<u>\$ 19,826,488</u>	<u>\$ 7,192,488</u>	<u>\$ 23,525,042</u>	<u>\$ 109,225,335</u>

CITY OF WILMINGTON, NORTH CAROLINA

Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
To the Statement of Activities

Year Ended June 30, 2010

Net change in fund balances - total governmental funds	\$ (6,369,505)
Amounts reported for governmental activities in the statement of activities are different because:	
Change in fund balance due to change in reserve for inventory	62,602
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.	38,744,673
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.	228,981
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.	(23,740,453)
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.	(2,778,893)
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.	(60,301)
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>(128,507)</u>
Change in net assets - governmental activities	<u>\$ 5,958,597</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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Ad valorem tax	\$ 46,399,175	\$ 46,399,175	\$ 46,815,757	\$ 416,582
Local option sales tax	14,785,949	14,785,949	13,655,742	(1,130,207)
Franchise tax	6,154,512	6,154,512	6,480,873	326,361
Video programming tax	1,400,000	1,400,000	1,519,216	119,216
Rental vehicle tax	142,000	142,000	163,536	21,536
Unrestricted intergovernmental	1,301,568	989,959	973,523	(16,436)
Restricted intergovernmental	3,528,392	3,307,874	3,134,210	(173,664)
Licenses and permits	2,510,449	2,510,449	2,360,546	(149,903)
Sales and services	2,085,171	2,085,171	2,013,273	(71,898)
Fines and forfeits	126,200	126,200	60,202	(65,998)
Interest earnings	500,000	500,000	276,425	(223,575)
Miscellaneous	540,000	544,500	700,288	155,788
Total revenues	<u>79,473,416</u>	<u>78,945,789</u>	<u>78,153,591</u>	<u>(792,198)</u>
Expenditures:				
General Government	10,846,811	11,617,181	10,336,090	1,281,091
Public Safety	38,085,868	37,615,692	36,986,913	628,779
Transportation	13,140,352	13,053,892	12,464,784	589,108
Cultural and Recreational	6,821,731	6,737,261	6,032,715	704,546
Transit System	1,205,837	1,420,520	1,420,520	-
Total expenditures	<u>70,100,599</u>	<u>70,444,546</u>	<u>67,241,022</u>	<u>3,203,524</u>
Excess of revenues over expenditures	<u>9,372,817</u>	<u>8,501,243</u>	<u>10,912,569</u>	<u>2,411,326</u>
Other financing sources (uses):				
Transfers from other funds	-	207,663	207,663	-
Transfers to other funds	(11,169,189)	(11,664,025)	(11,472,096)	191,929
Appropriated fund balance	1,796,372	2,955,119	-	(2,955,119)
Total other financing uses	<u>(9,372,817)</u>	<u>(8,501,243)</u>	<u>(11,264,433)</u>	<u>(2,763,190)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(351,864)</u>	<u>\$ (351,864)</u>
Fund balance at beginning of year			26,040,603	
Change in reserve for inventories			<u>62,602</u>	
Fund balance at end of year			<u>\$ 25,751,341</u>	

CITY OF WILMINGTON, NORTH CAROLINA

**Statement of Net Assets -
Proprietary Funds**

June 30, 2010

	Enterprise Funds		
	<u>Solid Waste Management Fund</u>	<u>Storm Water Management Fund</u>	<u>Parking Facilities Fund</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,945,787	\$ 10,985,490	\$ 2,301,107
Accounts receivable:			
Customers, net	1,544,642	1,013,935	271,660
Other receivables	-	15,000	-
Due from other governments	238,154	247,249	-
Inventory of materials and supplies	-	85,238	-
Prepays	<u>91,953</u>	<u>72,735</u>	<u>1,729</u>
Total current assets	<u>3,820,536</u>	<u>12,419,647</u>	<u>2,574,496</u>
Noncurrent assets:			
Capital assets:			
Land	-	820,220	2,107,319
Easements	-	92,057	-
Improvements other than buildings	-	41,301,239	-
Buildings, plant and structures	-	1,202,630	12,288,457
Furniture, fixtures, machinery and equipment	12,198	339,170	252,160
Construction in progress	-	2,917,697	248,324
Less accumulated depreciation	<u>(7,199)</u>	<u>(14,624,313)</u>	<u>(5,118,230)</u>
Total capital assets, net of accumulated depreciation	<u>4,999</u>	<u>32,048,700</u>	<u>9,778,030</u>
Other assets:			
Deferred charges, net	<u>-</u>	<u>283,689</u>	<u>125,532</u>
Total noncurrent assets	<u>4,999</u>	<u>32,332,389</u>	<u>9,903,562</u>
 Total assets	 <u>3,825,535</u>	 <u>44,752,036</u>	 <u>12,478,058</u>

Nonmajor Golf Fund	Total	Internal Service Funds
\$ 1,533,335	\$ 16,765,719	\$ 5,994,190
-	2,830,237	32,824
-	15,000	-
435	485,838	-
12,204	97,442	101,328
13,360	179,777	21,984
<u>1,559,334</u>	<u>20,374,013</u>	<u>6,150,326</u>
109,393	3,036,932	-
-	92,057	-
764,576	42,065,815	-
290,903	13,781,990	-
355,752	959,280	19,427,294
194,445	3,360,466	-
<u>(1,030,897)</u>	<u>(20,780,639)</u>	<u>(15,215,580)</u>
<u>684,172</u>	<u>42,515,901</u>	<u>4,211,714</u>
-	409,221	2,378
<u>684,172</u>	<u>42,925,122</u>	<u>4,214,092</u>
<u>2,243,506</u>	<u>63,299,135</u>	<u>10,364,418</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

June 30, 2010

	Enterprise Funds		
	<u>Solid Waste Management Fund</u>	<u>Storm Water Management Fund</u>	<u>Parking Facilities Fund</u>
LIABILITIES			
Current liabilities:			
Accounts payable:			
Trade	\$ 164,426	\$ 41,386	\$ 238,524
Contracts and retainage	34,075	366,228	199
Due to other governments	-	-	-
Accrued liabilities:			
Personnel costs	194,182	151,701	6,453
Interest	-	55,198	27,607
Current portion of long-term liabilities:			
Bonds payable	-	440,000	-
Installment obligations	-	75,000	406,431
Other long-term obligations	-	-	-
Accrued vacation and sick leave	140,319	156,564	6,849
Customer and escrow deposits	-	119,105	-
Unearned revenues	-	-	-
Total current liabilities	<u>533,002</u>	<u>1,405,182</u>	<u>686,063</u>
Noncurrent liabilities:			
Noncurrent portion of long-term liabilities:			
Bonds payable	-	13,069,537	-
Installment obligations	-	1,084,772	6,867,172
Other long-term obligations	-	-	-
Accrued vacation and sick leave	70,054	78,164	3,420
Accrued other postemployment benefits	<u>318,719</u>	<u>200,809</u>	<u>9,754</u>
Total noncurrent liabilities	<u>388,773</u>	<u>14,433,282</u>	<u>6,880,346</u>
Total liabilities	<u>921,775</u>	<u>15,838,464</u>	<u>7,566,409</u>
NET ASSETS			
Invested in capital assets, net of related debt	4,999	17,663,080	2,629,959
Restricted for:			
Capital projects	-	2,378,156	-
Unrestricted	<u>2,898,761</u>	<u>8,872,336</u>	<u>2,281,690</u>
Net assets	<u>\$ 2,903,760</u>	<u>\$ 28,913,572</u>	<u>\$ 4,911,649</u>

Nonmajor Golf Fund	Total	Internal Service Funds
\$ 22,887	\$ 467,223	\$ 158,802
2,623	403,125	-
333	333	-
29,679	382,015	43,717
-	82,805	4,893
-	440,000	-
-	481,431	-
-	-	823,960
29,788	333,520	50,926
-	119,105	-
<u>71,854</u>	<u>71,854</u>	<u>-</u>
<u>157,164</u>	<u>2,781,411</u>	<u>1,082,298</u>
-	13,069,537	-
-	7,951,944	-
-	-	783,679
13,851	165,489	28,454
<u>34,342</u>	<u>563,624</u>	<u>54,639</u>
<u>48,193</u>	<u>21,750,594</u>	<u>866,772</u>
<u>205,357</u>	<u>24,532,005</u>	<u>1,949,070</u>
684,172	20,982,210	2,606,453
-	2,378,156	-
<u>1,353,977</u>	<u>15,406,764</u>	<u>5,808,895</u>
<u>\$ 2,038,149</u>	<u>\$ 38,767,130</u>	<u>\$ 8,415,348</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2010

	Enterprise Funds		
	<u>Solid Waste Management Fund</u>	<u>Storm Water Management Fund</u>	<u>Parking Facilities Fund</u>
Operating revenues:			
Charges for services	\$ 8,121,140	\$ 6,711,216	\$ 2,266,923
Other operating revenues	<u>42,590</u>	<u>63,913</u>	<u>7,738</u>
Total operating revenues	<u>8,163,730</u>	<u>6,775,129</u>	<u>2,274,661</u>
Operating expenses:			
Salaries, employee benefits and other personnel costs	3,782,170	2,780,741	120,160
Materials and fuels consumed	2,128,344	389,202	1,616
Services	842,879	571,404	1,094,969
Utilities	6,000	29,641	54,732
Depreciation	2,439	661,506	573,141
Amortization	-	12,763	6,974
Other operating expenses	<u>744,787</u>	<u>919,650</u>	<u>197,092</u>
Total operating expenses	<u>7,506,619</u>	<u>5,364,907</u>	<u>2,048,684</u>
Operating income (loss)	<u>657,111</u>	<u>1,410,222</u>	<u>225,977</u>
Nonoperating revenues (expenses):			
Investment earnings	15,725	124,827	30,817
Solid waste disposal tax	69,493	-	-
Interest and other charges	(4,103)	(574,796)	(346,151)
Gain on sale of capital assets	<u>-</u>	<u>-</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>81,115</u>	<u>(449,969)</u>	<u>(315,334)</u>
Income (loss) before capital contributions and transfers	738,226	960,253	(89,357)
Capital contributions	-	343,665	-
Transfers to other funds	<u>-</u>	<u>(50,000)</u>	<u>-</u>
Change in net assets	738,226	1,253,918	(89,357)
Net assets at beginning of year	<u>2,165,534</u>	<u>27,659,654</u>	<u>5,001,006</u>
Net assets at end of year	<u>\$ 2,903,760</u>	<u>\$ 28,913,572</u>	<u>\$ 4,911,649</u>

Nonmajor Golf Fund	Total	Internal Service Funds
\$ 1,118,862	\$ 18,218,141	\$ 4,312,327
<u>636</u>	<u>114,877</u>	<u>6,819</u>
<u>1,119,498</u>	<u>18,333,018</u>	<u>4,319,146</u>
533,036	7,216,107	807,687
232,089	2,751,251	15,239
55,209	2,564,461	914,238
34,598	124,971	5,775
71,368	1,308,454	2,146,249
-	19,737	3,357
<u>209,889</u>	<u>2,071,418</u>	<u>525,325</u>
<u>1,136,189</u>	<u>16,056,399</u>	<u>4,417,870</u>
<u>(16,691)</u>	<u>2,276,619</u>	<u>(98,724)</u>
16,381	187,750	67,715
-	69,493	-
-	(925,050)	(98,241)
<u>-</u>	<u>-</u>	<u>78,431</u>
<u>16,381</u>	<u>(667,807)</u>	<u>47,905</u>
(310)	1,608,812	(50,819)
-	343,665	-
<u>-</u>	<u>(50,000)</u>	<u>(9,482)</u>
(310)	1,902,477	(60,301)
<u>2,038,459</u>	<u>36,864,653</u>	<u>8,475,649</u>
<u>\$ 2,038,149</u>	<u>\$ 38,767,130</u>	<u>\$ 8,415,348</u>

CITY OF WILMINGTON, NORTH CAROLINA

**Statement of Cash Flows -
Proprietary Funds**

Year Ended June 30, 2010

	Enterprise Funds		
	Solid Waste Management Fund	Storm Water Management Fund	Parking Facilities Fund
Cash flows from operating activities:			
Receipts from customers and users	\$ 8,350,897	\$ 5,219,123	\$ 2,182,223
Receipts from interfund services provided	31,326	1,474,712	-
Payments to suppliers	(2,859,248)	(1,406,448)	(1,190,212)
Payments to or on behalf of employees	(3,641,182)	(2,685,141)	(109,941)
Payments for interfund services used	(813,220)	(478,737)	(7,327)
Net cash provided by operating activities	<u>1,068,573</u>	<u>2,123,509</u>	<u>874,743</u>
Cash flows from noncapital and related financing activities:			
Solid waste disposal tax	<u>69,493</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	-	(2,362,856)	(870,761)
Principal payments on bonds	-	(425,000)	-
Principal payments on installment obligations	-	(75,000)	(406,431)
Principal payments on other long-term obligations	(228,870)	-	-
Interest and other charges	(4,844)	(573,496)	(347,332)
Proceeds from sale of capital assets	-	-	-
Transfers to other funds	-	(50,000)	-
Capital contributions	-	41,913	-
Net cash used in capital and related financing activities	<u>(233,714)</u>	<u>(3,444,439)</u>	<u>(1,624,524)</u>
Cash flows from investing activities:			
Investment earnings	<u>15,725</u>	<u>124,827</u>	<u>30,817</u>
Net increase (decrease) in cash and cash equivalents	920,077	(1,196,103)	(718,964)
Cash and cash equivalents at beginning of year	<u>1,025,710</u>	<u>12,181,593</u>	<u>3,020,071</u>
Cash and cash equivalents at end of year	<u>\$ 1,945,787</u>	<u>\$ 10,985,490</u>	<u>\$ 2,301,107</u>

Nonmajor Golf Fund	Total	Internal Service Funds
\$ 1,138,465	\$ 16,890,708	\$ 443,537
-	1,506,038	3,908,107
(470,711)	(5,926,619)	(1,469,098)
(505,849)	(6,942,113)	(789,690)
(45,603)	(1,344,887)	(13,490)
<u>116,302</u>	<u>4,183,127</u>	<u>2,079,366</u>
-	69,493	-
(12,060)	(3,245,677)	(961,351)
-	(425,000)	-
-	(481,431)	-
-	(228,870)	(2,154,931)
-	(925,672)	(105,066)
-	-	106,533
-	(50,000)	-
-	41,913	-
<u>(12,060)</u>	<u>(5,314,737)</u>	<u>(3,114,815)</u>
<u>16,381</u>	<u>187,750</u>	<u>67,715</u>
120,623	(874,367)	(967,734)
<u>1,412,712</u>	<u>17,640,086</u>	<u>6,961,924</u>
<u>\$ 1,533,335</u>	<u>\$ 16,765,719</u>	<u>\$ 5,994,190</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2010

	Enterprise Funds		
	Solid Waste Management Fund	Storm Water Management Fund	Parking Facilities Fund
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 657,111	\$ 1,410,222	\$ 225,977
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	2,439	674,269	580,115
Changes in assets and liabilities:			
Accounts receivable	218,493	(81,294)	(103,916)
Due from other governments	-	-	11,478
Inventory of materials and supplies	-	2,530	-
Prepays	(91,953)	(72,735)	(1,729)
Accounts payable and accrued liabilities	70,730	58,136	154,943
Accrued vacation and sick leave	18,119	9,369	1,172
Accrued other postemployment benefits	193,634	123,012	6,703
Deferred revenues	-	-	-
Net cash provided by operating activities	<u>\$ 1,068,573</u>	<u>\$ 2,123,509</u>	<u>\$ 874,743</u>
Supplemental disclosure of noncash investing, capital and related financing activities:			
Capital assets acquired on account	\$ -	\$ 22,763	\$ -
Capital contributions from developers	-	263,559	-
Capital contributions receivable	-	38,193	-
Transfer of capital assets to governmental funds	-	-	-

Nonmajor Golf Fund	Total	Internal Service Funds
\$ (16,691)	\$ 2,276,619	\$ (98,724)
71,368	1,328,191	2,149,606
(51)	33,232	32,498
-	11,478	-
(1,016)	1,514	3,977
(13,360)	(179,777)	(21,984)
34,702	318,511	(27,743)
1,719	30,379	5,400
20,613	343,962	36,336
19,018	19,018	-
<u>\$ 116,302</u>	<u>\$ 4,183,127</u>	<u>\$ 2,079,366</u>

\$ -	\$ 22,763	\$ (55,934)
-	263,559	-
-	38,193	-
-	-	(9,482)

CITY OF WILMINGTON, NORTH CAROLINA

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

June 30, 2010

ASSETS

Cash and cash equivalents \$ 1,670,948

LIABILITIES

Accounts payable 675

Due to General Fund 68,775

Total liabilities 69,450

NET ASSETS

Assets held in trust for pension
and other postemployment benefits \$ 1,601,498

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2010

Additions:	
Contributions:	
Employer	\$ 1,403,689
Plan members	<u>205,496</u>
Total contributions	1,609,185
Investment earnings	<u>12,489</u>
Total additions	<u>1,621,674</u>
Deductions:	
Benefit payments	1,539,343
Administrative expense	<u>115,986</u>
Total deductions	<u>1,655,329</u>
Change in net assets	(33,655)
Net assets at beginning of year	<u>1,635,153</u>
Net assets at end of year	<u>\$ 1,601,498</u>

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CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements June 30, 2010

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 102,207. 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 current agreement is in effect through June 30, 2011.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)

June 30, 2010

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, 2010 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, 2010

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.

Streets and Sidewalks. The Streets and Sidewalks Fund accounts for resources used for the acquisition, construction, repair and maintenance of streets and sidewalks within the city of Wilmington.

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.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. BASIS OF PRESENTATION (continued)

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 remained obligations of the City serviced by the debt service fund utilizing payments received from the CFPUA for this purpose. Debt service payments are reimbursed to the debt service fund by the CFPUA.

The City reports the following major proprietary funds:

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.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (continued)

Government-wide and Proprietary Fund Financial Statements. The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary fund and fiduciary 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. 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.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

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 2009 through February 2010 apply to the fiscal year ended June 30, 2010. Uncollected taxes that were billed during this period are shown as a receivable in these financial statements and are offset by deferred revenues.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (continued)

Governmental Fund Financial Statements. (continued) 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. Certain intergovernmental revenues and sales and services such as recreation fees 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.

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 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. Budgets are not adopted for special revenue loan funds in accordance with State law [G.S. 159-13(a)(3)] as these funds are established to account for monies held by the City as a common law trustee. The City's internal service funds operate under financial plans that were adopted by the City Council at the time the City's budget ordinance was approved, as is required by North Carolina General Statutes. 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 and the Community Development, the Home Investment Partnership and the Convention Center multi-year funds; at the fund level for all capital projects multi-year funds and the Authority; 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 Authority are made in board-designated official depositories as required by State law [G.S. 159-31]. Certain deposits of the City are not made in board-designated official depositories as indicated in Note 3A. All deposits of the City and of the Authority 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.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

DEPOSITS AND INVESTMENTS (continued)

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 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.

RESTRICTED ASSETS

Unexpended proceeds of the City's general obligation bonds, certificates of participation, limited obligation bonds 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. Certain receivables from New Hanover County for unexpended proceeds of park development bonds issued by the County on behalf of the City are classified as restricted assets. The City has also restricted the unexpended portion of occupancy tax collected as these funds are restricted by state statute.

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, 2009. 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.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

INVENTORIES AND PREPAID ITEMS

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.

Certain payments to vendors and employees reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used.

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, right-of-ways and easements \$10,000; furniture, equipment and computer software \$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.

Pursuant to GASB Statement No. 51, the City is required to report intangible assets for fiscal years beginning after June 15, 2009. Therefore, computer software, right-of-ways and easements acquired in the current year as well as costs incurred during the application/development stage of internally generated software have been included in these financial statements as intangible assets. The City is required to retroactively report intangible assets acquired after fiscal year ended June 30, 1980 that do not have an indefinite life. The City's right-of-ways and easements have been determined to have indefinite life and in prior years have been reported as part of the capital asset type land. No computer software acquired or internally generated software developed within the past five years was identified as material for retroactive reporting. Software acquired or developed prior to that time would be fully amortized and therefore not reported.

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, 2010, a total of \$111,493 was capitalized in the Storm Water Management Fund.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

CAPITAL ASSETS (continued)

Capital assets are depreciated by the City 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
Computer software	5 years

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.

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

LONG-TERM OBLIGATIONS

In the government-wide financial statements and proprietary 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.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

LONG TERM OBLIGATIONS (continued)

In the governmental fund financial statements, bond premiums and discounts, as well as bond issuance costs are recognized 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. The net interest expense resulting from the agreement is recorded in the financial statements. In addition, the swap's negative fair value and the deferred outflow of resources are recorded in the government-wide 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 31st 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 a hire date before July 1, 2009 and 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 4, 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, 2010 the Authority recorded a liability of \$68,232 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 indefinitely 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 to its employees that are reimbursed by agreement.

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.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

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 prepaids – represents a portion of fund balance not available for appropriation because it represents prepaid expenses, which are not expendable, available resources.

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 portion of the room occupancy tax specifically levied for construction of the convention center.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)

June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

FUND BALANCES (continued)

Reserved for assets held for resale – represents a portion of fund balance not available for appropriation because it represents an inventory of properties that will be resold, which are not expendable, available resources.

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, 2011.

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.

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	\$ 33,865,000
Installment obligations	148,531,397
Unamortized issuance costs, premiums and similar items	660,075
Accrued interest payable	1,094,311
Other long-term obligations	33,017,185
Accrued vacation and sick leave	5,498,405
Accrued other post employment benefits	<u>3,445,171</u>
	<u>\$ 226,111,544</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2010

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

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.”

The details of those items are as follows:

Capital outlay	\$ 35,054,363
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.	11,560,329
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.	9,482
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.	(7,596)
Depreciation expense	<u>(7,871,905)</u>
	<u>\$ 38,744,673</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.”

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2010

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 this item are as follows:

Debt issued:

Issuance of installment obligations	\$ (32,780,000)
Issuance of other long-term obligations	(5,065,808)
Issuance costs (to be amortized over the life of the obligation)	585,100
Issuance premium (to be amortized over the life of the obligation)	(589,107)
Principal payments:	
Bonds payable	1,883,468
Installment obligations	1,788,569
Refunded installment obligations	8,832,450
Other long-term obligations	1,712,764
Amortization of issuance costs, premiums and similar items	<u>(107,889)</u>
	<u>\$ (23,740,453)</u>

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	\$ (434,796)
Accrued other postemployment benefits	(2,081,906)
Accrued interest payable	(12,191)
Forgiveness of long-term receivable	<u>(250,000)</u>
	<u>\$ (2,778,893)</u>

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

NONCOMPLIANCE WITH NORTH CAROLINA GENERAL STATUTES

The City is not in compliance with State law [G.S. 159-31] which requires that municipalities only deposit public monies in a bank or trust company that has been declared as an official depository, except as permitted by State law [G.S. 159-30(b)]. The City is compiling a list of banks to present to the City Council for declaration as an official depository.

The Authority filed its Report of Deposits and Investments for the period ended December 31, 2009 late. The Authority was operating with an interim finance director from January 1, 2010 to March 1, 2010. Procedures have been implemented to prevent late submissions in the future.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2010

NOTE 4 – 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 formal policy regarding custodial credit risk for deposits and investments but rely on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance.

At June 30, 2010, the City's deposits had a carrying amount of \$75,905,257 and a bank balance of \$76,689,431. 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, 2010, was \$121,685.

At June 30, 2010, the Authority's deposits had a carrying amount of \$65,974 and the bank balance was \$271,662. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method.

At June 30, 2010, the City's and the Authority's investments consisted of \$35,874,491 and \$10,548, respectively, invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standard and Poor's. The City has no formal policy on managing credit risk. The Authority has no policy for managing interest rate risk or credit risk.

CITY OF WILMINGTON, NORTH CAROLINA

**Notes to Financial Statements (Continued)
June 30, 2010**

NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

A. ASSETS (continued)

RECEIVABLES

Receivables for governmental activities at the government-wide level at June 30, 2010, were as follows:

	Taxes	Accounts	Other Governments	Notes	Restricted Other Governments	Long-term	Total
General Fund	\$ 1,915,951	\$ 719,801	\$ 6,645,439	\$ 247,620	\$ -	\$ -	\$ 9,528,811
Special Purpose Fund Streets and Sidewalks Fund	-	-	1,115,584	-	-	-	1,115,584
Building Improvements Fund	-	-	1,066,785	-	-	-	1,066,785
Debt Service Fund	-	-	488,868	-	178,166	-	667,034
Nonmajor Governmental Funds	-	-	-	-	-	30,475,000	30,475,000
Internal Service Funds	-	32,824	4,072,401	14,819,942	6,072,451	-	24,964,794
	<u>-</u>	<u>32,824</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,824</u>
Total receivables	1,915,951	752,625	13,389,077	15,067,562	6,250,617	30,475,000	67,850,832
Allowance for doubtful accounts	(498,042)	-	-	-	-	-	(498,042)
Total governmental activities	<u>\$ 1,417,909</u>	<u>\$ 752,625</u>	<u>\$ 13,389,077</u>	<u>\$ 15,067,562</u>	<u>\$ 6,250,617</u>	<u>\$ 30,475,000</u>	<u>\$ 67,352,790</u>

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

Local government sales and use taxes	\$ 3,677,992
Franchise tax	1,482,540
Video programming sales tax	383,925
Refund of sales and use tax paid	1,047,700
Room occupancy tax	473,778
Motor vehicle licenses	199,752
ABC revenues	187,488
Expended parks development bonds issued by New Hanover County	2,789,967
Other grants and reimbursements	3,145,935
	<u>\$ 13,389,077</u>

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

Unexpended parks development bonds issued by New Hanover County	<u>\$ 6,250,617</u>
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CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2010

NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

A. ASSETS (continued)

RECEIVABLES (continued)

The amount of long-term receivables for governmental activities consists of amounts due from the Cape Fear Public Utility Authority (CFPUA) for principal on certain long-term debt obligations of the former Water and Sewer and Ground Water Funds not assignable to the CFPUA. The long-term receivable from the CFPUA at June 30, 2010 is as follows:

	General obligation bonds	Installment obligations	Total
Long-term receivable	\$ 14,210,000	\$ 16,265,000	\$ 30,475,000

Receivables for business-type activities at the government-wide level at June 30, 2010, were as follows:

	Accounts	Other Governments	Total
Solid Waste Management Fund	\$ 2,370,335	\$ 238,154	\$ 2,608,489
Storm Water Management Fund	1,301,667	247,249	1,548,916
Parking Facilities Fund	271,660	-	271,660
Nonmajor Golf Fund	-	435	435
Total receivables	3,943,662	485,838	4,429,500
Allowance for doubtful accounts	(1,098,425)	-	(1,098,425)
Total business-type activities	\$ 2,845,237	\$ 485,838	\$ 3,331,075

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

Refund of sales and use tax paid	\$ 7,926
Solid waste disposal tax	15,497
Cape Fear Public Utility Authority	392,212
Other grants and reimbursements	70,203
	\$ 485,838

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

State operating grants	\$ 76,349
Federal and State capital grants and contributions	819,430
Local government sales and use taxes	50,354
Governmental contracted services	108,714
	\$ 1,054,847

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2010

NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

A. ASSETS (continued)

CAPITAL ASSETS

Capital asset activity for the primary government for the year ended June 30, 2010, was as follows:

	July 1, 2009	Increases	Decreases	Transfers	June 30, 2010
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 52,560,575	\$ 524,136	\$ -	\$ -	\$ 53,084,711
Easements	-	4,855,758	-	-	4,855,758
Construction in progress	59,043,163	33,407,546	-	(6,740,434)	85,710,275
Total capital assets not being depreciated	111,603,738	\$ 38,787,440	\$ -	\$ (6,740,434)	143,650,744
Capital assets being depreciated:					
Improvements other than buildings	20,685,672	\$ 8,806	\$ -	\$ 1,690,248	22,384,726
Buildings, plant and structures	76,258,952	57,778	-	3,681,118	79,997,848
Furniture, fixtures, machinery and equipment	37,804,346	1,863,470	(1,928,113)	(253,857)	37,485,846
Computer software	-	42,293	-	775,125	817,418
Streets and drainage	155,254,979	6,862,708	-	857,282	162,974,969
Total capital assets being depreciated	290,003,949	\$ 8,835,055	\$ (1,928,113)	\$ 6,749,916	303,660,807
Less accumulated depreciation for:					
Improvements other than buildings	5,811,724	\$ 982,556	\$ -	\$ -	6,794,280
Buildings, plant and structures	16,811,995	1,898,621	-	-	18,710,616
Furniture, fixtures, machinery and equipment	26,875,288	3,982,874	(1,849,465)	(237,946)	28,770,751
Computer software	-	73,929	(42,950)	237,946	268,925
Streets and drainage	46,086,797	3,080,174	-	-	49,166,971
Total accumulated depreciation	95,585,804	\$ 10,018,154	\$ (1,892,415)	\$ -	103,711,543
Total capital assets being depreciated, net	194,418,145				199,949,264
Governmental activities capital assets, net	\$ 306,021,883				\$ 343,600,008

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

General government	\$ 1,206,399
Public safety	2,504,371
Transportation	3,145,920
Economic and physical development	3,536
Cultural and recreational	1,011,679
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	2,146,249
	\$ 10,018,154

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2010

NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

A. ASSETS (continued)

CAPITAL ASSETS (continued)

Capital asset activity for the business-type activities for the year ended June 30, 2010, was as follows:

	July 1, 2009	Increases	Decreases	Transfers	June 30, 2010
Solid waste:					
Capital assets being depreciated:					
Furniture, fixtures, machinery and equipment	\$ 12,198	\$ -	\$ -	\$ -	\$ 12,198
Less accumulated depreciation for:					
Furniture, fixtures, machinery and equipment	4,760	2,439	-	-	7,199
Solid waste capital assets, net	7,438				4,999
Storm water:					
Capital assets not being depreciated:					
Land	820,220	-	-	-	820,220
Easements	-	92,057	-	-	92,057
Construction in progress	1,857,868	1,896,889	-	(837,060)	2,917,697
Total capital assets not being depreciated	2,678,088	\$ 1,988,946	\$ -	\$ (837,060)	3,829,974
Capital assets being depreciated:					
Improvements other than buildings	39,916,975	\$ 547,204	\$ -	\$ 837,060	41,301,239
Buildings, plant and structures	1,189,806	12,824	-	-	1,202,630
Furniture, fixtures, machinery and equipment	244,016	100,154	(5,000)	-	339,170
Total capital assets being depreciated	41,350,797	\$ 660,182	\$ (5,000)	\$ 837,060	42,843,039
Less accumulated depreciation for:					
Improvements other than buildings	13,752,455	\$ 605,749	\$ -	\$ -	14,358,204
Buildings, plant and structures	14,873	29,905	-	-	44,778
Furniture, fixtures, machinery and equipment	200,479	25,852	(5,000)	-	221,331
Total accumulated depreciation	13,967,807	\$ 661,506	\$ (5,000)	\$ -	14,624,313
Total capital assets being depreciated, net	27,382,990				28,218,726
Storm water capital assets, net	30,061,078				32,048,700

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2010

NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

A. ASSETS (continued)

CAPITAL ASSETS (continued)

	July 1, 2009	Increases	Decreases	Transfers	June 30, 2010
Golf:					
Capital assets not being depreciated:					
Land	\$ 109,393	\$ -	\$ -	\$ -	\$ 109,393
Construction in progress	<u>182,385</u>	<u>12,060</u>	<u>-</u>	<u>-</u>	<u>194,445</u>
Total capital assets not being depreciated	<u>291,778</u>	<u>\$ 12,060</u>	<u>\$ -</u>	<u>\$ -</u>	<u>303,838</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>355,752</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>355,752</u>
Total capital assets being depreciated	<u>1,411,231</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,411,231</u>
Less accumulated depreciation for:					
Improvements other than buildings	554,084	\$ 38,229	\$ -	\$ -	592,313
Buildings, plant and structures	159,301	5,272	-	-	164,573
Furniture, fixtures, machinery and equipment	<u>246,144</u>	<u>27,867</u>	<u>-</u>	<u>-</u>	<u>274,011</u>
Total accumulated depreciation	<u>959,529</u>	<u>\$ 71,368</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,030,897</u>
Total capital assets being depreciated, net	<u>451,702</u>				<u>380,334</u>
Golf capital assets, net	<u>743,480</u>				<u>684,172</u>
Parking facilities:					
Capital assets not being depreciated:					
Land	1,355,954	\$ 751,365	\$ -	\$ -	2,107,319
Construction in progress	<u>368,639</u>	<u>-</u>	<u>-</u>	<u>(120,315)</u>	<u>248,324</u>
Total capital assets not being depreciated	<u>1,724,593</u>	<u>\$ 751,365</u>	<u>\$ -</u>	<u>\$ (120,315)</u>	<u>2,355,643</u>
Capital assets being depreciated:					
Buildings, plant and structures	12,235,702	\$ 52,103	\$ -	\$ 652	12,288,457
Furniture, fixtures, machinery and equipment	<u>87,311</u>	<u>60,736</u>	<u>(15,550)</u>	<u>119,663</u>	<u>252,160</u>
Total capital assets being depreciated	<u>12,323,013</u>	<u>\$ 112,839</u>	<u>\$ (15,550)</u>	<u>\$ 120,315</u>	<u>12,540,617</u>
Less accumulated depreciation for:					
Buildings, plant and structures	4,473,327	\$ 555,102	\$ -	\$ -	5,028,429
Furniture, fixtures, machinery and equipment	<u>87,312</u>	<u>18,039</u>	<u>(15,550)</u>	<u>-</u>	<u>89,801</u>
Total accumulated depreciation	<u>4,560,639</u>	<u>\$ 573,141</u>	<u>\$ (15,550)</u>	<u>\$ -</u>	<u>5,118,230</u>
Total capital assets being depreciated, net	<u>7,762,374</u>				<u>7,422,387</u>
Parking facilities capital assets, net	<u>9,486,967</u>				<u>9,778,030</u>
Business-type activities capital assets, net	<u>\$ 40,298,963</u>				<u>\$ 42,515,901</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2010

NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

A. ASSETS (continued)

CAPITAL ASSETS (continued)

COMMITMENTS FOR CAPITAL PROJECTS

At June 30, 2010, the City has commitments for active projects as follows:

	Spent to date	Remaining commitment
Governmental funds:		
Capital projects	\$ 63,747,533	\$ 18,915,623
Enterprise funds:		
Storm Water capital projects	\$ 1,932,320	\$ 1,490,357
Parking Facilities capital projects	-	14,739
Total enterprise funds	\$ 1,932,320	\$ 1,505,096

DISCRETELY PRESENTED COMPONENT UNIT

Activity for the Cape Fear Public Transportation Authority for the year ended June 30, 2010, is as follows:

	July 1, 2009	Increases	Decreases	June 30, 2010
Capital assets not being depreciated:				
Land	\$ 2,389,453	\$ -	\$ -	\$ 2,389,453
Vans	-	41,240	-	41,240
Computer software	-	28,072	-	28,072
Construction in progress	103,486	1,731,999	-	1,835,485
Total capital assets not being depreciated	2,492,939	\$ 1,801,311	\$ -	4,294,250
Capital assets being depreciated:				
Buildings and improvements	539,547	\$ 6,352	\$ -	545,899
Furniture, fixtures, machinery and equipment	10,217,631	778,375	(485,789)	10,510,217
Total capital assets being depreciated	10,757,178	\$ 784,727	\$ (485,789)	11,056,116
Less accumulated depreciation for:				
Buildings and improvements	488,851	\$ 10,056	\$ -	498,907
Furniture, fixtures, machinery and equipment	5,735,074	1,113,291	(467,956)	6,380,409
Total accumulated depreciation	6,223,925	\$ 1,123,347	\$ (467,956)	6,879,316
Total capital assets being depreciated, net	4,533,253			4,176,800
Authority capital assets, net	\$ 7,026,192			\$ 8,471,050

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2010

NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

A. ASSETS (continued)

CAPITAL ASSETS (continued)

DISCRETELY PRESENTED COMPONENT UNIT (continued)

The Authority purchased in 2008 from the North Carolina Department of Transportation (NCDOT) for \$1,750,460 a site for the future construction of a maintenance facility. The Authority has entered into a lease agreement with NCDOT expiring in 2011 permitting NCDOT to continue using the site rent-free in exchange for property maintenance.

The Authority has outstanding commitments for construction of its administrative offices and transfer station of approximately \$2,656,000 and commitments for the purchase of two buses and other equipment in the amount of approximately \$1,128,000. Substantially all of these commitments will be funded through federal and State grant reimbursements.

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, 2010, 2009, and 2008 were \$2,035,533, \$2,189,575, and \$2,425,801, respectively. Contributions by the Authority to LGERS for the years ended June 30, 2010, 2009, and 2008 were \$10,007, \$12,954, and \$12,086, respectively. The contributions made by the City and the Authority equaled the required contributions for each year.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2010

NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (continued)

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, 2009, the Separation Allowance's membership consisted of:

Retirees currently receiving benefits	13
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>259</u>
Total	<u>272</u>

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.

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 1.93% 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.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2010

NOTE 4 – 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)

The annual required contribution for the current year was determined as part of the December 31, 2008 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. The inflation component was 3.75%. The assumptions did not include postretirement benefit increases. The actuarial value of assets was market value. 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, 2008 was 22 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	\$ 379,825
Interest on net pension obligation	(10,049)
Adjustment to annual required contribution	<u>8,731</u>
Annual pension cost	378,507
Contributions made	<u>(250,000)</u>
Change in net pension obligation (asset)	128,507
Net pension obligation (asset), beginning of year	<u>(138,602)</u>
Net pension obligation (asset), end of year	<u><u>\$ (10,095)</u></u>

Three Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
June 30, 2008	\$ 292,547	85.46 %	\$ (230,647)
June 30, 2009	342,045	73.09	(138,602)
June 30, 2010	378,507	66.05	(10,095)

d. Funded status and funding progress.

As of December 31, 2009, the most recent actuarial valuation date, the plan was 18.74% funded. The actuarial accrued liability for benefits was \$5,486,794, and the actuarial value of assets was \$1,028,307, resulting in an unfunded actuarial liability (UAAL) of \$4,458,487. The covered payroll (annual payroll of active employees covered by the plan) was \$12,927,568, and the ratio of the UAAL to the covered payroll was 34.49%.

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.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2010

NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (continued)

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

The following are financial statements for the City's Separation Allowance included as Fiduciary Funds in the Basic Financial Statements at June 30, 2010:

Statement of Net Assets

Assets	
Cash and cash equivalents	\$ 1,172,191
Net Assets	
Assets held in trust for pension benefits	<u>\$ 1,172,191</u>

Statement of Changes in Net Assets

Additions	
Contributions:	
Employer	\$ 250,000
Investment earnings	<u>11,707</u>
Total additions	<u>261,707</u>
Deductions	
Benefits	<u>224,669</u>
Change in net assets	37,038
Net assets at beginning of year	<u>1,135,153</u>
Net Assets at end of year	<u>\$ 1,172,191</u>

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.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2010

NOTE 4 – 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)

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, 2010 the City's required contribution was \$628,793 for the law enforcement officers.

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 \$671,774 for the year ended June 30, 2010. Employee contributions to this plan, including law enforcement officers, included in salary expense for the year ended June 30, 2010, were \$1,133,190.

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 \$9,121 and employee contributions were \$10,849 for the year ended June 30, 2010.

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, 2010

NOTE 4 – 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, 2009, the date of the latest actuarial valuation:

	General Employees	Firefighters	Law Enforcement Officers
Retirees and dependents receiving benefits	85	43	33
Terminated plan members entitled to but not yet receiving benefits	-	-	-
Active plan members	528	201	259
Total	613	244	292

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, 2010 active employee contribution requirements range from \$60 to \$352 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 July 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:

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	-	-

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2010

NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (continued)

5. Other Postemployment Benefits (continued)

Funding Policy. (continued) 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 coverage 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 years 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 effects of these termination benefits were included in the 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 as determined by the following chart:

Years of Continuous Service with the City of Wilmington		Percentage of City Premium Required of Retiree in Addition to Active Employee Premium
At Least:	Not More Than:	
10	15	80 %
15	20	60
20	25	40
25	30	20
30	-	-

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 8.26% of annual covered payroll. For the current year, the City contributed \$1,154,471 or 2.64% of annual covered payroll for current premiums. The City of Wilmington is self-insured. Contributions were made by retirees of \$205,496 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, 2010

NOTE 4 – 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	\$ 3,607,884
Interest on net OPEB obligation	64,049
Adjustment to annual required contribution	<u>(55,258)</u>
Annual OPEB cost (expense)	3,616,675
Contributions made	<u>(1,154,471)</u>
Change in net OPEB obligation	2,462,204
Net OPEB obligation, beginning of year	<u>1,601,230</u>
Net OPEB obligation, end of year	<u>\$ 4,063,434</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the healthcare plan and the net OPEB obligation for 2010 and 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	54.00 %	\$ 1,601,230
June 30, 2010	3,616,675	32.00	4,063,434

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2010

NOTE 4 – 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, 2009, the most recent actuarial valuation date, the plan was funded 1.3%. The actuarial liability for benefits was \$38,267,174 and the actuarial value of assets was \$499,852 resulting in an unfunded actuarial accrued liability (UAAL) of \$37,767,322. The covered payroll (annual payroll of active employees covered by the plan) was \$43,659,539, and the ratio of the UAAL to the covered payroll was 86.5%.

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, 2009 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 rate of 10.5% decreasing to 5.00% annually. The investment rate included a 3.75% inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2009, was 30 years.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2010

NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (continued)

5. Other Postemployment Benefits (continued)

The following are financial statements for the Other Postemployment Benefits Trust Fund included as Fiduciary Funds in the Basic Financial Statements at June 30, 2010:

Statement of Net Assets

Assets	
Cash and cash equivalents	\$ 498,757
Liabilities	
Accounts payable	675
Due to General Fund	<u>68,775</u>
Total liabilities	<u>69,450</u>
Net Assets	
Assets held in trust for other postemployment benefits	\$ <u>429,307</u>

Statement of Changes in Net Assets

Additions	
Contributions:	
Employer	\$ 1,153,689
Plan members	<u>205,496</u>
Total contributions	1,359,185
Investment earnings	<u>782</u>
Total additions	<u>1,359,967</u>
Deductions	
Benefits	1,314,674
Administrative expense	<u>115,986</u>
Total deductions	<u>1,430,660</u>
Change in net assets	(70,693)
Net assets at beginning of year	<u>500,000</u>
Net Assets at end of year	<u><u>\$ 429,307</u></u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2010

NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (continued)

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. A separate report was not issued for the plan.

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, 2010, were \$196,632 that was matched by the City.

Employer contributions to the 457 Deferred Compensation Plan totaled \$931,215 for the year ended June 30, 2010. 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, 2010, were \$586,855.

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, 2010, the City made contributions to the State for death benefits of \$17,606. 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.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2010

NOTE 4 – 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, 2010, the City has general obligation bonds authorized but unissued of \$5,000,000 for which the authorization expires May 2, 2013.

General obligation bonds outstanding at June 30, 2010 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 4.80 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.	\$ 1,470,000
\$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.	2,275,000
\$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 \$3,025,000 through June 1, 2015; variable rate semiannual interest payments due June 1 and December 1.	14,210,000
\$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 3.875 percent.	2,040,000
\$5,605,000 General Obligation Bonds, Series 2008A issued for streets and highways; principal payments due annually on September 1 in installments of \$280,000 through September 1, 2028; semiannual interest payments due March 1 and September 1 with rates from 3.50 to 4.25 percent.	5,320,000

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2010

NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

General Obligation Bonds (continued)

	Governmental activities
<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>	<p>\$ <u>8,550,000</u></p>
<p>Serviced by Debt Service Fund</p>	<p>\$ <u>33,865,000</u></p>

Annual debt service requirements to maturity for general obligation bonds at June 30, 2010 are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
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	3,740,000	628,537
2016-2020	5,515,000	1,873,343
2021-2025	3,650,000	988,237
2026-2029	2,920,000	247,744
	\$ 33,865,000	\$ 8,000,617

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 transfer of assets and liabilities of the City to 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, 2010 of the former water and sewer fund are \$14,210,000.

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.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2010

NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

Revenue Bonds (continued)

Revenue bonds outstanding at June 30, 2010 are comprised of the following individual issue:

	Business-type activities
\$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 \$440,000 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.	\$ 13,065,000

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 \$1,054,656, or 48% of available net revenues of \$2,209,318.

Certain covenants are contained in the revenue bond order, 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, 2010 is 2.10 for the Storm Water Management Fund. The City was in compliance with the covenants during the fiscal year ended June 30, 2010.

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

Year Ending June 30	Business-type Activities	
	Principal	Interest
2011	\$ 440,000	\$ 611,594
2012	465,000	592,894
2013	480,000	573,131
2014	500,000	552,732
2015	520,000	531,481
2016-2020	2,965,000	2,301,218
2021-2025	2,780,000	1,606,587
2026-2030	2,845,000	958,000
2031-2033	2,070,000	210,500
	\$ 13,065,000	\$ 7,938,137

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2010

NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

Installment Obligations

Certificates of Participation and Limited Obligation Bonds have been issued for the purchase of real property, construction of public facilities, construction of new parking facilities and improvements to streets. All issues are tax-exempt with the exception of Limited Obligation Bonds, Series 2010B of which a portion are Build America Bonds issued for municipal improvements and another portion are refunding bonds issued to refund outstanding, taxable Certificates of Participation, Series 2008C, which were 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.

Installment obligations outstanding at June 30, 2010 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 4.00 to 5.00 percent.</p> <p style="margin-left: 20px;">Served by Debt Service Fund</p> <p style="margin-left: 20px;">Served by Parking Facility Fund</p>	<p>\$ 2,741,397</p> <p style="margin-left: 20px;">-</p>	<p>\$ -</p> <p style="margin-left: 20px;">7,273,603</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 \$350,000 to \$560,000 through September 1, 2029; semiannual interest payments due March 1 and September 1 at fixed rates from 3.25 to 5.25 percent.</p> <p style="margin-left: 20px;">Served by Debt Service Fund</p>	<p>10,360,000</p>	<p>-</p>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2010

NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

Installment Obligations (continued)

	Governmental activities	Business-type activities
<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 \$1,330,000 to \$2,190,000 through June 1, 2032; semiannual interest payments due June 1 and December 1 at rates from 3.50 to 5.000 percent.</p> <p>Serviced by Debt Service Fund</p> <p>Serviced by Storm Water Management Fund</p>	<p>\$ 32,635,000</p> <p style="text-align: right;">-</p>	<p>\$ -</p> <p style="text-align: right;">1,100,000</p>
<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 \$850,000 to \$1,550,000 through June 1, 2024; semiannual interest payments due June 1 and December 1 at rates from 4.00 to 5.00 percent.</p> <p>Serviced by Debt Service Fund</p>	<p>16,265,000</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 through June 1, 2028; annual interest payments due June 1 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, 2010

NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

Installment Obligations (continued)

	Governmental activities	Business-type activities
<p>\$4,600,000 Limited Obligation Bonds, Series 2010A issued for Thalian Hall renovations, Market Street bulkhead replacement and North Downtown streetscape improvements; principal payments due annually on June 1 in installments of \$1,150,000 beginning June 1, 2013 through June 1, 2016; semiannual interest payments due June 1 and December 1 beginning June 1, 2010 at rates from 2.25 to 4.00 percent.</p> <p>Serviced by Debt Service Fund</p>	\$ 4,600,000	\$ -
<p>\$28,180,000 Limited Obligation Bonds, Series 2010B of which a portion is Build America Bonds and a portion is refunding bonds; issued for Empie Park Firestation improvements, Front Street improvements, North Riverwalk improvements, North Downtown streetscape improvements, acquisition of property for a Downtown Multi-modal Transportation facility, the upgrade of existing analogue radios to digital and to refund \$8,745,000 of outstanding, taxable Certificates of Participation, Series 2008C which were issued for the construction of the private business use portion of the parking facility adjacent to the Convention Center; principal payments due annually on June 1 in installments ranging from \$1,150,000 to \$1,590,000 beginning June 1, 2011 through June 1, 2030; semiannual interest payments due June 1 and December 1 beginning June 1, 2010 at rates from 1.53 to 6.33 percent.</p> <p>Serviced by Convention Center Fund</p> <p>Serviced by Debt Service Fund</p>	<p style="text-align: right;">8,910,000</p> <p style="text-align: right;">19,270,000</p> <hr style="width: 100%;"/> <p style="text-align: right;">\$ 148,531,397</p>	<p style="text-align: right;">-</p> <hr style="width: 100%;"/> <p style="text-align: right;">\$ 8,373,603</p>
<p>Certificates of Participation Serviced By:</p> <p>Debt Service Fund</p> <p>Convention Center Fund</p> <p>Storm Water Management Fund</p> <p>Parking Facility Fund</p>	<p style="text-align: right;">\$ 85,871,397</p> <p style="text-align: right;">62,660,000</p> <p style="text-align: right;">-</p> <p style="text-align: right;">-</p> <hr style="width: 100%;"/> <p style="text-align: right;">\$ 148,531,397</p>	<p style="text-align: right;">\$ -</p> <p style="text-align: right;">-</p> <p style="text-align: right;">1,100,000</p> <p style="text-align: right;">7,273,603</p> <hr style="width: 100%;"/> <p style="text-align: right;">\$ 8,373,603</p>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2010

NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

Installment Obligations (continued)

Annual debt service requirements to maturity for installment obligations are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2011	\$ 4,118,569	\$ 6,971,962	\$ 481,431	\$ 382,070
2012	4,243,569	6,848,777	476,431	363,245
2013	6,223,569	6,710,650	481,431	344,395
2014	6,493,569	6,497,367	481,431	321,385
2015	6,213,569	6,236,753	481,431	297,885
2016-2020	32,317,845	26,904,474	2,407,155	1,175,658
2021-2025	32,155,707	19,103,656	2,364,293	622,706
2026-2030	28,150,000	11,589,019	1,200,000	114,000
2031-2035	17,680,000	5,257,675	-	-
2036-2038	10,935,000	1,111,250	-	-
	<u>\$ 148,531,397</u>	<u>\$ 97,231,583</u>	<u>\$ 8,373,603</u>	<u>\$ 3,621,344</u>

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 transfer of assets and liabilities of the City to 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, 2010 of the former groundwater fund are \$16,265,000.

Current Refunding

In April 2010, the City issued limited obligation bonds, a portion (\$8,910,000) of which was used to provide resources to redeem all future debt service payments of \$8,745,000 of Series 2008C Certificates of Participation. The reacquisition price exceeded the net carrying amount of the old debt by \$111,835. This amount is being netted against the new debt and amortized over the life of the refunded debt, which is the same as the life of the new debt issued. The transaction resulted in an economic gain of \$247,371 and a decrease of \$270,401 in future debt service payments.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2010

NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

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, 2010 are comprised of the following individual issues:

Governmental
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 \$ 3,162,500

\$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; certain equipment is pledged as security for the obligation.

Serviced by Debt Service Fund 448,877
Serviced by Equipment, Maintenance and Replacement Fund 1,607,639

\$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 12 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 12,840,000

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2010

NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

Other Long-Term Obligations (continued)

Governmental
activities

\$12,000,000 installment agreement executed in June 2008 for development of parks; principal payments due annually on June 1 in 10 installments of \$500,000, 8 installments of \$725,000 and one installment of \$700,000 through June 1, 2029; semiannual interest payments due June 1 and December 1 at rates from 3.50 to 5.00 percent.

Serviced by Debt Service Fund

\$ 11,500,000

\$5,065,808 installment agreement executed in June 2010 for development of parks; principal payments due annually on June 1 in 17 installments of \$253,058, and 3 installments of \$254,610 beginning August 1, 2011 through August 1, 2031; semiannual interest payments due August 1 and February 1 beginning February 1, 2011 at rates from 2.00 to 5.00 percent.

Serviced by Debt Service Fund

5,065,808

\$ 34,624,824

Other Long-Term Obligations Serviced By:

Debt Service Fund

\$ 33,017,185

Equipment, Maintenance and Replacement Fund

1,607,639

\$ 34,624,824

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2010

NOTE 4 – 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	
	Principal	Interest
2011	\$ 2,545,006	\$ 1,271,683
2012	2,744,569	1,258,665
2013	1,743,058	1,171,737
2014	1,743,058	1,106,004
2015	1,743,058	1,036,794
2016-2020	8,715,287	4,206,243
2021-2025	8,862,787	2,425,253
2026-2030	6,273,392	687,756
2031	254,609	6,365
	<u>\$ 34,624,824</u>	<u>\$ 13,170,500</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 a pay-fixed, receive variable 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%. The swap is accounted for as a cash flow hedge and is determined to be effective using the synthetic instrument method.

Terms. The bonds and the related swap agreement mature on June 1, 2015 and the swap's notional amount of \$14,210,000 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 \$1,156,073 as of June 30, 2010 which is reported on the government-wide Statement of Net Assets as a governmental activities derivative liability offset by a deferred outflow of resources. 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, 2010

NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

Interest Rate Swap Agreement (continued)

Credit risk. As of June 30, 2010 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, 2010 of 3.81%. As of June 30, 2010, the rate on the City's Bonds was .23% whereas 67% of LIBOR was .234%.

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, 2010, 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
2011	\$ 3,025,000	\$ 32,683	\$ 508,932	\$ 3,566,615
2012	2,985,000	25,726	400,591	3,411,317
2013	2,945,000	18,860	293,683	3,257,543
2014	2,900,000	12,087	188,208	3,100,295
2015	2,355,000	5,417	84,344	2,444,761
	<u>\$ 14,210,000</u>	<u>\$ 94,773</u>	<u>\$ 1,475,758</u>	<u>\$ 15,780,531</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2010

NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

Interest Rate Swap Agreement (continued)

In connection with the transfer of assets and liabilities of the City to 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.

The following is a summary of the City's derivative activity for the year ended June 30, 2010:

Governmental Activities:

Interest rate swaps:

Effective cash flow hedge:

	Notional Value <u>June 30, 2010</u>	Fair Value <u>July 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	Fair Value <u>June 30, 2010</u>
2002 pay-fixed, receive variable interest rate swap	\$14,210,000	\$ (1,225,469)	\$ 69,396	\$ -	\$ (1,156,073)

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, 2010 amounts to \$1,125,000,105 resulting in a legal debt margin of \$913,815,281.

Changes in long-term liabilities for governmental activities during fiscal year 2010 were as follows:

	Balance <u>July 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2010</u>	Due Within <u>One Year</u>
General obligation bonds	\$ 39,355,000	\$ -	\$ (5,490,000)	\$ 33,865,000	\$ 4,595,000
Installment obligations	127,104,966	32,780,000	(11,353,569)	148,531,397	4,118,569
Other long-term obligations	33,426,711	5,065,808	(3,867,695)	34,624,824	2,545,006
Less deferred amounts:					
For issuance discount	(36,997)	-	-	(36,997)	-
On refunding	(181,447)	(111,835)	41,872	(251,410)	-
Plus deferred amounts:					
For issuance premium	2,393,039	589,107	(12,584)	2,969,562	-
Compensated absences	5,137,589	3,961,878	(3,521,682)	5,577,785	3,771,921
Other postemployment benefits	<u>1,381,568</u>	<u>3,159,766</u>	<u>(1,041,524)</u>	<u>3,499,810</u>	<u>-</u>
Governmental activity long-term liabilities	<u>\$208,580,429</u>	<u>\$ 45,444,724</u>	<u>\$(25,245,182)</u>	<u>\$228,779,971</u>	<u>\$ 15,030,496</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2010

NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

Other long-term liabilities disclosures (continued)

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, \$79,380 of internal service funds' compensated absences, \$1,607,639 of internal service funds' other long-term obligations and \$54,639 in other postemployment benefits are included in the above amounts. Also, for the governmental activities, compensated absences are generally liquidated by the general fund.

Changes in long-term liabilities for business-type activities during fiscal year 2010 were as follows:

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010	Due Within One Year
Revenue bonds	\$ 13,490,000	\$ -	\$ (425,000)	\$ 13,065,000	\$ 440,000
Installment obligations	8,855,034	-	(481,431)	8,373,603	481,431
Other long-term obligations	228,870	-	(228,870)	-	-
For issuance discount	-	-	-	-	-
On refunding	(29,577)	-	11,227	(18,350)	-
Plus deferred amounts:					
For issuance premium	530,877	-	(8,218)	522,659	-
Compensated absences	468,630	543,850	(513,471)	499,009	333,520
Other postemployment benefits	219,662	456,909	(112,947)	563,624	-
Business-type activity long-term liabilities	<u>\$ 23,763,496</u>	<u>\$ 1,000,759</u>	<u>\$ (1,758,710)</u>	<u>\$ 23,005,545</u>	<u>\$ 1,254,951</u>

COMMITMENTS AND CONTINGENCIES

The City entered into a five-year lease for office facilities beginning in June 2009. The annual lease obligation is \$151,767, \$158,631, \$165,654, and \$173,133 for the fiscal years ending June 30, 2011 through June 30, 2014 plus community area maintenance fees. For the fiscal year ending June 30, 2010, the City paid \$138,933.

The City's Second Street parking deck, Market Street parking deck, Second Street parking lot and Hannah Block parking lot are managed under a three year 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, 2010 the City paid \$930,402 for these services. The City's remaining obligation under the contract for the final contract year ending January 31, 2011 is \$552,308. Subsequent to year-end, the contract was extended by council approval for an additional three years. The contract extension costs for the three additional years are \$969,152, \$1,007,779 and \$1,034,086.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2010

NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

COMMITMENTS AND CONTINGENCIES (continued)

The Authority retains a transit management company to provide management and operational services for the public transportation system. For the year ended June 30, 2010 those services were provided under contract, by Professional Transit Management, Ltd. (PTM) 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 \$180,533 and \$187,159 for the years ending June 30, 2011 and 2012, respectively. For the year ended June 30, 2010, the Authority incurred management fees totaling \$174,145. 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, 2010, the Authority was liable to PTM for unpaid expenses of \$12,732 which is included in current liabilities at year-end.

The City entered into an incentive agreement in March 2004 with Celco 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, 2010 the City's remaining obligation is \$125,000.

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 (2014 through 2018). 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 15th 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.

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 31st for each of the years 2005 through 2009 and 50 new employees as of December 31st 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, 2010 the City has made the first four payments to General Electric.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2010

NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

COMMITMENTS AND CONTINGENCIES (continued)

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 \$3.5 million on the project as of June 30, 2010. 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, other than as disclosed in the long-term liability footnotes.

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, 2010.

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, 2010**

NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

C. INTERFUND BALANCES AND ACTIVITY

The compositions of interfund balances as of June 30, 2010, are as follows:

	<u>General Fund</u>	<u>Special Purpose Fund</u>	<u>Building Improvements Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>	<u>Component Unit</u>
Receivable fund	<u>\$ 68,775</u>	<u>\$ 591,259</u>	<u>\$ 1,294,305</u>	<u>\$ 60,000</u>	<u>\$ 2,014,339</u>	<u>\$ 175,039</u>
Payable fund:						
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,971
Building Improvement Fund	-	-	-	-	-	94,068
Nonmajor Governmental Funds	-	591,259	1,294,305	60,000	1,945,564	-
Fiduciary Funds	<u>68,775</u>	-	-	-	<u>68,775</u>	-
Total	<u>\$ 68,775</u>	<u>\$ 591,259</u>	<u>\$ 1,294,305</u>	<u>\$ 60,000</u>	<u>\$ 2,014,339</u>	<u>\$ 175,039</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 for the year ended June 30, 2010 were as follows:

	<u>General Fund</u>	<u>Special Purpose Fund</u>	<u>Streets and Sidewalks Fund</u>	<u>Building Improvements Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Storm Water Management Fund</u>	<u>Internal Service Funds</u>	<u>Total</u>
Transfers out	<u>\$ 11,472,096</u>	<u>\$ 451,034</u>	<u>\$ 500,000</u>	<u>\$ 217,480</u>	<u>\$ 1,957,448</u>	<u>\$ 50,000</u>	<u>\$ 9,482</u>	<u>\$ 14,657,540</u>
Transfers in:								
General Fund	\$ -	\$ -	\$ -	\$ 207,663	\$ -	\$ -	\$ -	\$ 207,663
Special Purpose Fund	389,779	-	-	9,817	-	-	-	399,596
Streets and Sidewalks Fund	1,408,057	-	-	-	-	50,000	-	1,458,057
Building Improvements Fund	-	-	500,000	-	477,946	-	-	977,946
Debt Service Fund	9,077,784	-	-	-	-	-	-	9,077,784
Nonmajor Governmental Funds	<u>596,476</u>	<u>451,034</u>	-	-	<u>1,479,502</u>	-	-	<u>2,527,012</u>
Total	<u>\$ 11,472,096</u>	<u>\$ 451,034</u>	<u>\$ 500,000</u>	<u>\$ 217,480</u>	<u>\$ 1,957,448</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 14,648,058</u>
Governmental Activities Capital Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,482</u>	<u>\$ 9,482</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2010

NOTE 4 – 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.

NOTE 5 – DEFERRED REVENUES

The balance in deferred revenues in the governmental fund statements at June 30, 2010 is summarized as follows:

	General Fund	Special Purpose Fund	Nonmajor Special Revenue Funds	Total
Taxes receivable, net	\$ 1,417,937	\$ -	\$ -	\$ 1,417,937
Notes receivable	217,620	-	33,926	251,546
Accounts receivable	880,577	3,612	-	884,189
	<u>\$ 2,516,134</u>	<u>\$ 3,612</u>	<u>\$ 33,926</u>	<u>\$ 2,553,672</u>

NOTE 6 – RISK MANAGEMENT

The City is 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, dental and vision insurance plans and workers' compensation coverage. The risk financing fund is accounted for in the general fund where assets are set aside for claim settlements. In addition to premiums withheld from employees, 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, 2010, such interfund premiums did not exceed reimbursable expenditures.

MEDICAL SELF-INSURANCE PROGRAM

The City has contracted with Blue Cross and Blue Shield of North Carolina to administer its group medical self-insurance 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.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2010

NOTE 6 – RISK MANAGEMENT (continued)

MEDICAL SELF-INSURANCE PROGRAM (continued)

As of June 30, 2010, the City has recorded a liability of \$30,722 for estimated unpaid claims in accordance with the guidelines of GASB Statement No. 10, which requires that a liability for claims be reported if it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Claim liabilities include an amount for claims that have been incurred but not reported (IBNR) and are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors.

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

	2009	2010
Unpaid claims, beginning	\$ 211,646	\$ 31,322
Incurred claims (including IBNRs)	8,237,979	8,868,669
Claim payments	(8,418,303)	(8,869,269)
Unpaid claims, ending, due within one year	\$ 31,322	\$ 30,722

DENTAL AND VISION SELF-INSURANCE PROGRAMS

Beginning in fiscal year 2010, the City is a self-insurer for group dental and vision insurance. The City has contracted with Ameritas Group to administer the programs. As of June 30, 2010, the City has recorded a liability of \$41,013 and \$1,721 for estimated unpaid claims for dental and vision, respectively in accordance with the guidelines of GASB Statement No. 10, which requires that a liability for claims be reported if it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Claim liabilities include an amount for claims that have been incurred but not reported (IBNR) and are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors.

Changes in the balances of claims liabilities during the current fiscal year are as follows:

	2010
Unpaid claims, beginning	\$ -
Incurred claims (including IBNRs)	385,143
Claim payments	(344,130)
Unpaid claims, ending, due within one year	\$ 41,013

The amount of claims and payments associated with the City's vision self-insurance program are not considered to be material to the financial statements.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2010

NOTE 6 – RISK MANAGEMENT (continued)

WORKERS' COMPENSATION SELF-INSURANCE PROGRAM

The City has contracted with Key Risk, Inc., a provider of claims administrative services, to administer its workers' compensation and employers' liability self-insurance 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 self insured retentions (\$350,000/\$500,000) up to maximum limits provided under the North Carolina Workers' Compensation Act and up to \$1,000,000 each accident or disease for employers' liability. In addition, aggregate excess insurance would provide protection against cumulative retained losses after the City's aggregate costs reach a minimum of \$2,067,320 for claims occurring during the policy period. 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, 2010, the City has recorded a liability of \$446,521 for estimated claims in accordance with the guidelines of GASB Statement No. 10, which requires that a liability for claims be reported if it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Claim liabilities include an amount for claims that have been incurred but not reported (IBNR) and are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors.

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

	<u>2009</u>	<u>2010</u>
Unpaid claims, beginning	\$ 643,057	\$ 828,289
Incurred claims (including IBNRs)	1,316,460	443,483
Claim payments	<u>(1,131,228)</u>	<u>(825,251)</u>
Unpaid claims, ending, due within one year	<u>\$ 828,289</u>	<u>\$ 446,521</u>

COMMERCIAL COVERAGES

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 finance officer of the City is individually bonded for \$500,000. 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 carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year. Settled claims have not exceeded coverage in any of the past three fiscal years.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2010

NOTE 6 – RISK MANAGEMENT (continued)

DISCRETELY PRESENTED COMPONENT UNIT

The Authority is 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 Authority participates in two self-funded risk-financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the Authority obtains general liability and auto liability coverage of \$5,000,000 per occurrence, property coverage up to the total insurance values of the property policy and workers' compensation coverage up to the statutory limits. 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 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 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 or 2% of the total value at each location involved in the loss.

The Authority also participates in a self-funded risk-financing pool administered by the North Carolina League of Municipalities for employee health coverage up to a \$5,000,000 lifetime limit.

In accordance with North Carolina General Statutes, the Authority's finance officer is individually bonded for \$250,000.

The Authority carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year. Settled claims have not exceeded coverage in any of the past three fiscal years.

NOTE 7 – 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 (a) not expected to have a significant impact on the City's financial position or (b) a reserve for estimated liabilities has been accrued on the financial statements.

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, 2010 to be immaterial.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2010

NOTE 7 – SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES (continued)

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.

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. Monitoring for pollutants is continuing at some sites as of June 30, 2010. 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, 2010, the City recognized \$2,087,618 in tax revenue as result of the tax levy with a total of \$13,371,199 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.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2010

NOTE 8 – RESTATEMENT APPLICABLE TO PRIOR YEAR

The City determined that proceeds related to an interlocal agreement with New Hanover County for the issuance of parks development bonds during fiscal year 2008 had not been properly reflected in the fiscal year 2008 and 2009 financial statements, resulting in governmental fund balances and due from other governments receivables being understated as of June 30, 2008 and June 30, 2009 in the governmental funds financial statements. The effect of restatement to the Major Building Improvements Fund and the Nonmajor Governmental Funds would have resulted in increases to the ending fund balances as of June 30, 2008 of \$238,724 and \$5,613,731, respectively. The effect of restatement to the Major Building Improvements Fund and the Nonmajor Governmental Funds would have resulted in decreases to the change in fund balances for the year ending June 30, 2009 of \$134,808 and \$1,390,937, respectively. Therefore, beginning fund balances for the Major Building Improvements Fund and the Nonmajor Governmental Funds have been restated as of July 1, 2009 to increase those amounts previously reported by \$103,916 and \$4,222,794, respectively.

NOTE 9 – 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 has been delayed by the judicial process. The City moved for and prevailed on its motion for summary judgment in July 2010. The Petitioners appealed the matter to North Carolina Court of Appeals. It is anticipated the matter will be docketed in the fall of 2010 and perhaps heard before the Court in 2011.

NOTE 10 – PRONOUNCEMENTS ISSUED, NOT YET EFFECTIVE

The GASB has issued pronouncements prior to June 30, 2010 that have effective dates that may impact future financial presentations.

Management has not yet determined what, if any, impact implementation of the following statements may have on the financial statements of the City of Wilmington:

- GASB Statement No. 54, “Fund Balance Reporting” will be effective for the City beginning with its fiscal year ending June 30, 2011.
- GASB Statement No. 59, “Financial Instruments Omnibus” will be effective for the City beginning with its year ending June 30, 2011.

REQUIRED SUPPLEMENTARY INFORMATION



W CITY OF
WILMINGTON
NORTH CAROLINA

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)
12-31-00	\$ 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
12-31-09	1,028,307	5,486,794	4,458,487	18.74	12,927,568	34.49

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>
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
2010	379,825	65.8

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	12-31-2009
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	21 Years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	4.5% to 11.7%
*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 %
12-31-09	499,852	38,267,174	37,767,322	1.31	43,659,539	86.50

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 %
2010	3,607,884	32.0

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	12-31-2009
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	10.50% to 5.00%
Year of ultimate trend rate	2017

**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, 2010

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 1,024,341	\$ 125,980	\$ 1,150,321
Due from other funds	60,000	-	60,000
Due from other governments	692,697	3,379,704	4,072,401
Assets held for resale	258,331	-	258,331
Notes receivable	14,819,942	-	14,819,942
Prepays	23,195	-	23,195
Restricted assets:			
Cash and cash equivalents	360,237	-	360,237
Due from other governments	-	6,072,451	6,072,451
Total assets	<u>\$ 17,238,743</u>	<u>\$ 9,578,135</u>	<u>\$ 26,816,878</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 103,753	\$ 367,454	\$ 471,207
Due to other funds	651,259	1,294,305	1,945,564
Accrued liabilities	34,757	-	34,757
Customer and escrow deposits	318,367	-	318,367
Deferred revenues	33,926	-	33,926
Payable from restricted assets	-	488,015	488,015
Total liabilities	<u>1,142,062</u>	<u>2,149,774</u>	<u>3,291,836</u>
Fund balances:			
Reserved for encumbrances	1,055,143	2,284,955	3,340,098
Reserved by State statute	610,686	9,452,155	10,062,841
Reserved for prepaids	23,195	-	23,195
Reserved for loans	15,438,858	-	15,438,858
Reserved for firemen's relief	97,283	-	97,283
Reserved for capital projects	-	125,980	125,980
Reserved for convention center facility	21,569	-	21,569
Reserved for assets held for resale	258,331	-	258,331
Unreserved and undesignated (deficit)	<u>(1,408,384)</u>	<u>(4,434,729)</u>	<u>(5,843,113)</u>
Total fund balances	<u>16,096,681</u>	<u>7,428,361</u>	<u>23,525,042</u>
Total liabilities and fund balances	<u>\$ 17,238,743</u>	<u>\$ 9,578,135</u>	<u>\$ 26,816,878</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

June 30, 2010

	Convention Center Fund	Community Development Fund	Home Investment Partnership Fund	CDBG/Home Grant & Loan Administration Fund	Rental Rehabilitation Loan Fund	Commercial Loan Fund	UDAG Loan Fund
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 12,220	\$ 31,252	\$ -	\$ -
Due from other funds	-	-	-	-	-	-	-
Due from other governments	-	196,209	414,477	-	-	-	-
Assets held for resale	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	84,177	709,093	97,380
Prepays	-	-	-	23,195	-	-	-
Restricted assets:							
Cash and cash equivalents	<u>360,237</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 360,237</u>	<u>\$ 196,209</u>	<u>\$ 414,477</u>	<u>\$ 35,415</u>	<u>\$ 115,429</u>	<u>\$ 709,093</u>	<u>\$ 97,380</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 58,028	\$ 17,063	\$ 2,364	\$ 658	\$ -	\$ -	\$ -
Due to other funds	-	179,146	412,113	-	-	-	-
Accrued liabilities	-	-	-	34,757	-	-	-
Customer and escrow deposits	-	-	-	-	-	-	-
Deferred revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,542</u>	<u>-</u>
Total liabilities	<u>58,028</u>	<u>196,209</u>	<u>414,477</u>	<u>35,415</u>	<u>-</u>	<u>8,542</u>	<u>-</u>
Fund balances:							
Reserved for encumbrances	280,640	558,681	215,822	-	-	-	-
Reserved by State statute	-	196,209	414,477	-	-	-	-
Reserved for prepaids	-	-	-	23,195	-	-	-
Reserved for loans	-	-	-	-	115,429	700,551	97,380
Reserved for firemen's relief	-	-	-	-	-	-	-
Reserved for convention center facility	21,569	-	-	-	-	-	-
Reserved for assets held for resale	-	-	-	-	-	-	-
Unreserved and undesignated (deficit)	<u>-</u>	<u>(754,890)</u>	<u>(630,299)</u>	<u>(23,195)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>302,209</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>115,429</u>	<u>700,551</u>	<u>97,380</u>
Total liabilities and fund balances	<u>\$ 360,237</u>	<u>\$ 196,209</u>	<u>\$ 414,477</u>	<u>\$ 35,415</u>	<u>\$ 115,429</u>	<u>\$ 709,093</u>	<u>\$ 97,380</u>

Rehabilitation Loan Fund	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
\$ 272,298	\$ 34,324	\$ 112,182	\$ 8,030	\$ 247,787	\$ 290,976	\$ 15,272	\$ -	\$ 1,024,341
-	-	-	-	60,000	-	-	-	60,000
-	-	-	-	-	-	82,011	-	692,697
73,061	-	86,956	98,314	-	-	-	-	258,331
3,054,388	1,744,063	3,531,019	5,438,345	161,477	-	-	-	14,819,942
-	-	-	-	-	-	-	-	23,195
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	360,237
<u>\$ 3,399,747</u>	<u>\$ 1,778,387</u>	<u>\$ 3,730,157</u>	<u>\$ 5,544,689</u>	<u>\$ 469,264</u>	<u>\$ 290,976</u>	<u>\$ 97,283</u>	<u>\$ -</u>	<u>\$ 17,238,743</u>
\$ 15,469	\$ 3,927	\$ 350	\$ -	\$ 5,894	\$ -	\$ -	\$ -	\$ 103,753
-	-	60,000	-	-	-	-	-	651,259
-	-	-	-	-	-	-	-	34,757
19,275	-	86	8,030	-	290,976	-	-	318,367
-	-	-	-	25,384	-	-	-	33,926
<u>34,744</u>	<u>3,927</u>	<u>60,436</u>	<u>8,030</u>	<u>31,278</u>	<u>290,976</u>	<u>-</u>	<u>-</u>	<u>1,142,062</u>
-	-	-	-	-	-	-	-	1,055,143
-	-	-	-	-	-	-	-	610,686
-	-	-	-	-	-	-	-	23,195
3,291,942	1,774,460	3,582,765	5,438,345	437,986	-	-	-	15,438,858
-	-	-	-	-	-	97,283	-	97,283
-	-	-	-	-	-	-	-	21,569
73,061	-	86,956	98,314	-	-	-	-	258,331
-	-	-	-	-	-	-	-	(1,408,384)
<u>3,365,003</u>	<u>1,774,460</u>	<u>3,669,721</u>	<u>5,536,659</u>	<u>437,986</u>	<u>-</u>	<u>97,283</u>	<u>-</u>	<u>16,096,681</u>
<u>\$ 3,399,747</u>	<u>\$ 1,778,387</u>	<u>\$ 3,730,157</u>	<u>\$ 5,544,689</u>	<u>\$ 469,264</u>	<u>\$ 290,976</u>	<u>\$ 97,283</u>	<u>\$ -</u>	<u>\$ 17,238,743</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

June 30, 2010

	Parks and Recreation Fund	Public Improvements Fund	Total Nonmajor Capital Projects Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 125,980	\$ 125,980
Due from other governments	3,379,704	-	3,379,704
Restricted assets:			
Due from other governments	<u>6,072,451</u>	<u>-</u>	<u>6,072,451</u>
Total assets	<u>\$ 9,452,155</u>	<u>\$ 125,980</u>	<u>\$ 9,578,135</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 367,454	\$ -	\$ 367,454
Due to other funds	1,294,305	-	1,294,305
Payable from restricted assets	<u>488,015</u>	<u>-</u>	<u>488,015</u>
Total liabilities	<u>2,149,774</u>	<u>-</u>	<u>2,149,774</u>
Fund balances:			
Reserved for encumbrances	2,284,955	-	2,284,955
Reserved by State statute	9,452,155	-	9,452,155
Reserved for capital projects	-	125,980	125,980
Unreserved and undesignated (deficit)	<u>(4,434,729)</u>	<u>-</u>	<u>(4,434,729)</u>
Total fund balances	<u>7,302,381</u>	<u>125,980</u>	<u>7,428,361</u>
Total liabilities and fund balances	<u>\$ 9,452,155</u>	<u>\$ 125,980</u>	<u>\$ 9,578,135</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2010

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Restricted intergovernmental	\$ 1,720,498	\$ 2,903,882	\$ 4,624,380
Investment earnings	12,095	5,319	17,414
Donations	-	17,573	17,573
Miscellaneous	<u>134,378</u>	<u>-</u>	<u>134,378</u>
Total revenues	<u>1,866,971</u>	<u>2,926,774</u>	<u>4,793,745</u>
Expenditures:			
General government	127,247	753	128,000
Public safety	82,741	-	82,741
Transportation	-	105	105
Economic and physical development	1,607,149	-	1,607,149
Cultural and recreational	-	7,169,039	7,169,039
Debt service:			
Interest and other charges	<u>3,026,321</u>	<u>-</u>	<u>3,026,321</u>
Total expenditures	<u>4,843,458</u>	<u>7,169,897</u>	<u>12,013,355</u>
Excess of expenditures over revenues	<u>(2,976,487)</u>	<u>(4,243,123)</u>	<u>(7,219,610)</u>
Other financing sources (uses):			
Transfers from other funds	2,102,012	425,000	2,527,012
Transfers to other funds	(1,479,502)	(477,946)	(1,957,448)
Issuance of refunding installment obligations	8,910,000	-	8,910,000
Issuance of other long-term obligations	-	4,887,641	4,887,641
Premium on other long-term obligations	-	411,685	411,685
Payment to refund outstanding installment obligations	<u>(8,832,450)</u>	<u>-</u>	<u>(8,832,450)</u>
Total other financing sources	<u>700,060</u>	<u>5,246,380</u>	<u>5,946,440</u>
Net change in fund balances	<u>(2,276,427)</u>	<u>1,003,257</u>	<u>(1,273,170)</u>
Fund balances at beginning of year as previously stated	18,373,108	2,202,310	20,575,418
Prior period adjustment (Note 8)	<u>-</u>	<u>4,222,794</u>	<u>4,222,794</u>
Fund balances at beginning of year as restated	<u>18,373,108</u>	<u>6,425,104</u>	<u>24,798,212</u>
Fund balances at end of year	<u>\$ 16,096,681</u>	<u>\$ 7,428,361</u>	<u>\$ 23,525,042</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2010

	Convention Center Fund	Community Development Fund	Home Investment Partnership Fund	CDBG/Home Grant & Loan Administration Fund	Rental Rehabilitation Loan Fund	Commercial Loan Fund	UDAG Loan Fund
Revenues:							
Restricted intergovernmental	\$ -	\$ 901,254	\$ 819,244	\$ -	\$ -	\$ -	\$ -
Investment earnings	6,433	-	-	-	406	-	-
Miscellaneous	-	-	-	-	2,855	-	-
Total revenues	<u>6,433</u>	<u>901,254</u>	<u>819,244</u>	<u>-</u>	<u>3,261</u>	<u>-</u>	<u>-</u>
Expenditures:							
General government	-	-	-	127,247	-	-	-
Public safety	-	-	-	-	-	-	-
Economic and physical development	449,876	452,322	150,058	497,236	470	-	-
Debt service:							
Interest and other charges	<u>3,026,321</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>3,476,197</u>	<u>452,322</u>	<u>150,058</u>	<u>624,483</u>	<u>470</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>(3,469,764)</u>	<u>448,932</u>	<u>669,186</u>	<u>(624,483)</u>	<u>2,791</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):							
Transfers from other funds	429,571	3,695	126,938	624,483	-	-	21,463
Transfers to other funds	-	(452,627)	(796,124)	-	(2,596)	(1,099)	-
Issuance of refunding installment obligations	8,910,000	-	-	-	-	-	-
Payment to refund outstanding installment obligations	<u>(8,832,450)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>507,121</u>	<u>(448,932)</u>	<u>(669,186)</u>	<u>624,483</u>	<u>(2,596)</u>	<u>(1,099)</u>	<u>21,463</u>
Net change in fund balances	(2,962,643)	-	-	-	195	(1,099)	21,463
Fund balances at beginning of year	<u>3,264,852</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>115,234</u>	<u>701,650</u>	<u>75,917</u>
Fund balances at end of year	<u>\$ 302,209</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 115,429</u>	<u>\$ 700,551</u>	<u>\$ 97,380</u>

Rehabilitation Loan Fund	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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,720,498
-	-	3,440	-	1,354	-	462	-	12,095
<u>6,047</u>	<u>77</u>	<u>1,938</u>	<u>7,286</u>	<u>34,164</u>	<u>-</u>	<u>82,011</u>	<u>-</u>	<u>134,378</u>
<u>6,047</u>	<u>77</u>	<u>5,378</u>	<u>7,286</u>	<u>35,518</u>	<u>-</u>	<u>82,473</u>	<u>-</u>	<u>1,866,971</u>
-	-	-	-	-	-	-	-	127,247
-	-	-	-	-	-	-	82,741	82,741
2,536	26,160	350	28,019	122	-	-	-	1,607,149
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,026,321</u>
<u>2,536</u>	<u>26,160</u>	<u>350</u>	<u>28,019</u>	<u>122</u>	<u>-</u>	<u>-</u>	<u>82,741</u>	<u>4,843,458</u>
<u>3,511</u>	<u>(26,083)</u>	<u>5,028</u>	<u>(20,733)</u>	<u>35,396</u>	<u>-</u>	<u>82,473</u>	<u>(82,741)</u>	<u>(2,976,487)</u>
10,890	52,627	-	749,604	-	-	-	82,741	2,102,012
(13,480)	-	-	(130,835)	-	-	(82,741)	-	(1,479,502)
-	-	-	-	-	-	-	-	8,910,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,832,450)</u>
<u>(2,590)</u>	<u>52,627</u>	<u>-</u>	<u>618,769</u>	<u>-</u>	<u>-</u>	<u>(82,741)</u>	<u>82,741</u>	<u>700,060</u>
921	26,544	5,028	598,036	35,396	-	(268)	-	(2,276,427)
<u>3,364,082</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>
<u>\$ 3,365,003</u>	<u>\$ 1,774,460</u>	<u>\$ 3,669,721</u>	<u>\$ 5,536,659</u>	<u>\$ 437,986</u>	<u>\$ -</u>	<u>\$ 97,283</u>	<u>\$ -</u>	<u>\$ 16,096,681</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2010

	Parks and Recreation Fund	Public Improvements Fund	Total Nonmajor Capital Projects Funds
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Restricted intergovernmental	\$ 2,903,882	\$ -	\$ 2,903,882
Investment earnings	4,770	549	5,319
Donations	<u>17,573</u>	<u>-</u>	<u>17,573</u>
Total revenues	<u>2,926,225</u>	<u>549</u>	<u>2,926,774</u>
Expenditures:			
General government	-	753	753
Transportation	-	105	105
Cultural and recreational	<u>7,169,039</u>	<u>-</u>	<u>7,169,039</u>
Total expenditures	<u>7,169,039</u>	<u>858</u>	<u>7,169,897</u>
Excess of expenditures over revenues	<u>(4,242,814)</u>	<u>(309)</u>	<u>(4,243,123)</u>
Other financing sources (uses):			
Transfers from other funds	425,000	-	425,000
Transfers to other funds	(360,734)	(117,212)	(477,946)
Issuance of other long-term obligations	4,887,641	-	4,887,641
Premium on other long-term obligations	<u>411,685</u>	<u>-</u>	<u>411,685</u>
Total other financing sources (uses)	<u>5,363,592</u>	<u>(117,212)</u>	<u>5,246,380</u>
Net change in fund balances	<u>1,120,778</u>	<u>(117,521)</u>	<u>1,003,257</u>
Fund balances at beginning of year as previously stated	1,958,809	243,501	2,202,310
Prior period adjustment (Note 8)	<u>4,222,794</u>	<u>-</u>	<u>4,222,794</u>
Fund balances at beginning of year as restated	<u>6,181,603</u>	<u>243,501</u>	<u>6,425,104</u>
Fund balances at end of year	<u>\$ 7,302,381</u>	<u>\$ 125,980</u>	<u>\$ 7,428,361</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

June 30, 2010

	Law Enforcement Officers' Pension Trust Fund	Other Postemployment Benefits	Total Pension Trust Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 1,172,191	\$ 498,757	\$ 1,670,948
LIABILITIES			
Accounts payable	-	675	675
Due to General Fund	<u>-</u>	<u>68,775</u>	<u>68,775</u>
Total liabilities	<u>-</u>	<u>69,450</u>	<u>69,450</u>
NET ASSETS			
Assets held in trust for pension and other postemployment benefits	<u>\$ 1,172,191</u>	<u>\$ 429,307</u>	<u>\$ 1,601,498</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2010

	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	\$ 1,153,689	\$ 1,403,689
Plan members	<u> -</u>	<u> 205,496</u>	<u> 205,496</u>
Total contributions	250,000	1,359,185	1,609,185
Investment earnings	<u> 11,707</u>	<u> 782</u>	<u> 12,489</u>
Total additions	<u> 261,707</u>	<u> 1,359,967</u>	<u> 1,621,674</u>
Deductions:			
Benefits	224,669	1,314,674	1,539,343
Administrative expense	<u> -</u>	<u> 115,986</u>	<u> 115,986</u>
Total deductions	<u> 224,669</u>	<u> 1,430,660</u>	<u> 1,655,329</u>
Change in net assets	37,038	(70,693)	(33,655)
Net assets at beginning of year	<u> 1,135,153</u>	<u> 500,000</u>	<u> 1,635,153</u>
Net assets at end of year	<u>\$ 1,172,191</u>	<u>\$ 429,307</u>	<u>\$ 1,601,498</u>

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, 2010
With Comparative Actual Amounts for Year Ended June 30, 2009**

	2010		Variance Positive (Negative)	2009 Actual
	Budget	Actual		
Revenues:				
Ad valorem taxes:				
Current year	\$ 46,004,175	\$ 46,128,218	\$ 124,043	\$ 45,631,444
Prior years	295,000	487,874	192,874	585,193
Penalties and interest	100,000	199,665	99,665	221,976
Total	<u>46,399,175</u>	<u>46,815,757</u>	<u>416,582</u>	<u>46,438,613</u>
Other taxes:				
Local option sales tax	14,785,949	13,655,742	(1,130,207)	14,187,461
Franchise tax	6,154,512	6,480,873	326,361	6,053,968
Video programming sales tax	1,400,000	1,519,216	119,216	1,498,944
Rental vehicle tax	142,000	163,536	21,536	126,483
Total	<u>22,482,461</u>	<u>21,819,367</u>	<u>(663,094)</u>	<u>21,866,856</u>
Unrestricted intergovernmental:				
Beer and wine	153,479	145,446	(8,033)	452,448
ABC revenue	789,480	783,443	(6,037)	804,973
Court fees	47,000	44,634	(2,366)	47,071
Total	<u>989,959</u>	<u>973,523</u>	<u>(16,436)</u>	<u>1,304,492</u>
Restricted intergovernmental:				
Powell bill	2,563,158	2,563,158	-	2,876,986
PEG channel support	5,155	14,019	8,864	20,619
Categorical grants:				
Transportation	496,153	320,913	(175,240)	362,367
Hurricane disaster assistance	-	-	-	211,934
Other	243,408	236,120	(7,288)	209,286
Total	<u>3,307,874</u>	<u>3,134,210</u>	<u>(173,664)</u>	<u>3,681,192</u>
Licenses and permits:				
Privilege licenses	1,718,333	1,803,513	85,180	1,621,698
Motor vehicle licenses	340,956	352,619	11,663	371,127
CATV fees	-	-	-	143,204
Other permits and fees	451,160	204,414	(246,746)	223,682
Total	<u>2,510,449</u>	<u>2,360,546</u>	<u>(149,903)</u>	<u>2,359,711</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, 2010
With Comparative Actual Amounts for Year Ended June 30, 2009**

	2010		Variance	2009
	Budget	Actual	Positive (Negative)	Actual
Revenues: (continued)				
Sales and services:				
Recreation department sales and service	\$ 545,551	\$ 629,547	\$ 83,996	\$ 561,479
Other departmental charges	1,517,620	1,382,367	(135,253)	1,461,547
Central services charges	22,000	1,359	(20,641)	12,507
Total	<u>2,085,171</u>	<u>2,013,273</u>	<u>(71,898)</u>	<u>2,035,533</u>
Fines and forfeits:				
Fire code violations	10,000	8,488	(1,512)	14,505
False alarm citations	70,000	2,400	(67,600)	-
Civil citations	46,200	49,314	3,114	56,750
Total	<u>126,200</u>	<u>60,202</u>	<u>(65,998)</u>	<u>71,255</u>
Interest earnings:				
Investment earnings	500,000	275,000	(225,000)	816,379
Interest on liens	-	1,425	1,425	991
Total	<u>500,000</u>	<u>276,425</u>	<u>(223,575)</u>	<u>817,370</u>
Miscellaneous:				
Sale of real estate, equipment and material	-	27,910	27,910	11,702
Rents	335,000	358,982	23,982	347,929
Other	209,500	313,396	103,896	155,042
Total	<u>544,500</u>	<u>700,288</u>	<u>155,788</u>	<u>514,673</u>
Total revenues	<u>78,945,789</u>	<u>78,153,591</u>	<u>(792,198)</u>	<u>79,089,695</u>
Expenditures:				
General government:				
City Council and Clerk		319,384		381,433
City Manager		1,052,946		1,342,484
City Attorney		928,924		783,542
Human Resource Management		579,327		487,760
Finance		1,747,354		1,740,145
Information Technology Services		2,134,490		2,028,108
Contributions to other agencies		1,124,617		1,265,033
Nondepartmental		2,449,048		2,278,189
Total	<u>11,617,181</u>	<u>10,336,090</u>	<u>1,281,091</u>	<u>10,306,694</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, 2010
With Comparative Actual Amounts for Year Ended June 30, 2009**

	2010		Variance Positive (Negative)	2009 Actual
	Budget	Actual		
Expenditures: (continued)				
Public safety:				
Police		\$ 22,994,600		\$ 24,669,827
Fire		13,992,313		15,252,488
Total	\$ 37,615,692	36,986,913	\$ 628,779	39,922,315
Transportation:				
Development Services		1,407,608		3,014,180
Public Services		4,236,536		3,038,599
Traffic engineering		3,586,034		3,507,237
Streets		1,857,385		1,907,407
Storm water management fee		1,377,221		1,317,285
Total	13,053,892	12,464,784	589,108	12,784,708
Cultural and recreational:				
Community Services		1,165,114		2,004,289
Parks and recreation		4,867,601		5,203,539
Total	6,737,261	6,032,715	704,546	7,207,828
Transit system:				
Cape Fear Public Transportation Authority	1,420,520	1,420,520	-	1,140,000
Total expenditures	70,444,546	67,241,022	3,203,524	71,361,545
Excess of revenues over expenditures	8,501,243	10,912,569	2,411,326	7,728,150
Other financing sources (uses):				
Operating transfers - in:				
Special Purpose Fund	-	-	-	5,385
Streets and Sidewalks Fund	-	-	-	2,349,324
Parks and Recreation Fund	-	-	-	300,000
Building Improvements Fund	207,663	207,663	-	400,000
Public Improvements Fund	-	-	-	258
Total operating transfers - in	207,663	207,663	-	3,054,967

CITY OF WILMINGTON, NORTH CAROLINA

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

**Year Ended June 30, 2010
With Comparative Actual Amounts for Year Ended June 30, 2009**

	2010		Variance Positive (Negative)	2009 Actual
	Budget	Actual		
Other financing sources (uses): (continued)				
Operating transfers - out:				
GF-HOP Loan Fund	\$ -	\$ -	\$ -	\$ (250,000)
Debt Service Fund	(9,077,784)	(9,077,784)	-	(8,686,875)
Special Purpose Fund	(389,779)	(389,779)	-	(259,215)
Streets and Sidewalks Fund	(1,408,057)	(1,408,057)	-	(1,757,000)
Parks and Recreation Fund	(425,000)	(425,000)	-	(275,000)
Building Improvements Fund	-	-	-	(728,775)
CD/HM Grants & Loans Admin	(356,405)	(164,483)	191,922	-
LF-Rehabilitation	(7,000)	(6,993)	7	-
Total operating transfers - out	<u>(11,664,025)</u>	<u>(11,472,096)</u>	<u>191,929</u>	<u>(11,956,865)</u>
Appropriated fund balance	<u>2,955,119</u>	<u>-</u>	<u>(2,955,119)</u>	<u>-</u>
Total other financing uses	<u>(8,501,243)</u>	<u>(11,264,433)</u>	<u>(2,763,190)</u>	<u>(8,901,898)</u>
Net change in fund balance	<u>\$ -</u>	<u>(351,864)</u>	<u>\$ (351,864)</u>	<u>(1,173,748)</u>
Fund balance at beginning of year		26,040,603		27,370,625
Change in reserve for inventories		<u>62,602</u>		<u>(156,274)</u>
Fund balance at end of year		<u>\$ 25,751,341</u>		<u>\$ 26,040,603</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, 2010

	Grant Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Taxes:					
Room occupancy tax	\$ 6,680,106	\$ 11,283,581	\$ 2,087,618	\$ 13,371,199	\$ 6,691,093
Restricted intergovernmental:					
Federal grants	6,250,155	3,487,920	1,181,737	4,669,657	(1,580,498)
State grants	4,315,758	1,731,393	1,286,920	3,018,313	(1,297,445)
Other governments	480,638	230,634	25,692	256,326	(224,312)
Total restricted intergovernmental	11,046,551	5,449,947	2,494,349	7,944,296	(3,102,255)
Investment earnings	430,694	1,740,292	145,293	1,885,585	1,454,891
Miscellaneous:					
Red light traffic cameras	6,381,916	5,662,065	596,309	6,258,374	(123,542)
Other program income	431,579	452,614	129,005	581,619	150,040
Donations	172,871	140,003	12,357	152,360	(20,511)
Sale of property	25,234	25,235	-	25,235	1
Total miscellaneous	7,011,600	6,279,917	737,671	7,017,588	5,988
Total revenues	25,168,951	24,753,737	5,464,931	30,218,668	5,049,717
Expenditures:					
General government projects:					
LEAP energy assurance - ARRA	200,000	-	3,795	3,795	196,205
Public safety projects:					
Child Safety Seats	5,000	5,000	-	5,000	-
Fireboat grant	1,561,000	1,503,592	56,681	1,560,273	727
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	614,016	351,274	111,559	462,833	151,183
SABLE - Helicopter unit	222,825	219,297	1,947	221,244	1,581
Building Futures	198,164	188,591	9,572	198,163	1
Project Safe Neighborhoods	109,424	70,513	258	70,771	38,653
Bulletproof Vest Partnership	60,364	38,640	3,395	42,035	18,329
Federal forfeiture - SABLE	665,075	377,551	196,044	573,595	91,480
Regional response team 2	580,141	313,085	131,343	444,428	135,713
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	9,050	339,638	94
JAG-Moving Maps/SABLE/NHC	133,346	115,502	-	115,502	17,844
Violent Gang Apprehension	357,240	263,366	78,439	341,805	15,435
Gang Violence Prevention	66,666	33,296	25,838	59,134	7,532
FM Global Foundation	2,000	2,000	-	2,000	-

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, 2010

	Grant Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Expenditures: (continued)					
Public safety projects: (continued)					
JAG-License Plate Eqp/NHC	\$ 44,783	\$ 25,000	\$ 19,705	\$ 44,705	\$ 78
Gang Prevention and Intervention	499,604	-	370,800	370,800	128,804
Vocational Pathways - KMI	286,235	61,268	223,926	285,194	1,041
Rapid Response Team	205,714	-	24,787	24,787	180,927
Fire Officer Developmental Training	5,772	5,760	-	5,760	12
JAG-Equipment/NHC - ARRA	602,939	-	516,551	516,551	86,388
JAG-DNA database	146,531	-	139,226	139,226	7,305
COPS Hiring - ARRA	2,005,809	-	278,378	278,378	1,727,431
COPS Equipment - ARRA	40,000	-	27,743	27,743	12,257
Bomb Squad Unit equipment	200,058	-	200,058	200,058	-
WSAFM - Fire prevention	8,000	-	3,213	3,213	4,787
Cop camp	7,823	6,373	-	6,373	1,450
Federal Forfeiture	974,954	891,003	69,249	960,252	14,702
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>10,702,141</u>	<u>5,546,104</u>	<u>2,497,762</u>	<u>8,043,866</u>	<u>2,658,275</u>
Transportation projects:					
Transportation demand coordinator	204,272	183,085	-	183,085	21,187
Wave capital grant X356	100,000	100,000	-	100,000	-
Pedestrian plan	65,000	64,995	-	64,995	5
Market street corridor study	275,000	233,060	24,217	257,277	17,723
Wrightsville bike facility	29,000	8,676	20,245	28,921	79
Red light traffic cameras	8,455,476	7,239,715	768,836	8,008,551	446,925
North Carolina safe schools program	314,965	6,250	-	6,250	308,715
Fit community initiative	60,000	-	23,831	23,831	36,169
Total transportation	<u>9,503,713</u>	<u>7,835,781</u>	<u>837,129</u>	<u>8,672,910</u>	<u>830,803</u>
Economic and physical development projects:					
Homeless plan (10 year)	168,619	60,120	100,000	160,120	8,499
Historic preservation education	24,750	3,168	2,386	5,554	19,196
Tree Mitigation	142,125	-	40,205	40,205	101,920
Lead hazard control grant	209,405	-	12,415	12,415	196,990
Urgent repair grant 2009	37,500	-	-	-	37,500
Affordable housing program	1,175,000	985,948	91,049	1,076,997	98,003
Homeownership services	68,950	19,533	33,457	52,990	15,960
UDAG Income Projects	961,718	881,217	53,225	934,442	27,276
Trees Forever	65,755	2,760	1,511	4,271	61,484
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>2,907,538</u>	<u>2,002,379</u>	<u>334,248</u>	<u>2,336,627</u>	<u>570,911</u>

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, 2010

	Grant Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Expenditures: (continued)					
Environmental protection projects:					
ABC glass recycling	\$ 17,911	\$ 14,158	\$ -	\$ 14,158	\$ 3,753
Recycling expansion-carts	27,500	-	-	-	27,500
Cigarette litter prevention program	500	-	-	-	500
Total environmental protection	<u>45,911</u>	<u>14,158</u>	<u>-</u>	<u>14,158</u>	<u>31,753</u>
Cultural and recreational projects:					
Fitness Trail equipment	2,300	-	-	-	2,300
Downtown sundown concert	30,101	18,544	11,269	29,813	288
Love Grove regional access	306,364	21,721	284,643	306,364	-
Dog park development	22,822	18,766	420	19,186	3,636
Riverfront farmers market	60,863	36,028	11,525	47,553	13,310
Historic District Register	15,000	15,000	-	15,000	-
Downtown Business Alliance	17,514	8,943	6,851	15,794	1,720
Boating infrastructure	123,575	3,650	21,265	24,915	98,660
NC Arts Creative economies	15,000	-	12,316	12,316	2,684
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	4,471	335	4,806	1,344
Total cultural and recreational	<u>746,277</u>	<u>179,155</u>	<u>348,624</u>	<u>527,779</u>	<u>218,498</u>
Total expenditures	<u>24,105,580</u>	<u>15,577,577</u>	<u>4,021,558</u>	<u>19,599,135</u>	<u>4,506,445</u>
Excess of revenues over expenditures	<u>1,063,371</u>	<u>9,176,160</u>	<u>1,443,373</u>	<u>10,619,533</u>	<u>9,556,162</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	1,086,000	-	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
Building Improvements Fund	9,817	-	9,817	9,817	-
General Fund	<u>3,840,986</u>	<u>3,514,941</u>	<u>389,779</u>	<u>3,904,720</u>	<u>63,734</u>
Total operating transfers - in	<u>6,525,896</u>	<u>6,183,666</u>	<u>399,596</u>	<u>6,583,262</u>	<u>57,366</u>

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, 2010

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Other financing sources (uses): (continued)					
Operating transfers - out:					
General Fund	\$ (121,385)	\$ (121,385)	\$ -	\$ (121,385)	\$ -
Convention Center Fund	(4,180,106)	(649,000)	(429,571)	(1,078,571)	3,101,535
Building Improvements Fund	(2,500,000)	-	-	-	2,500,000
UDAG Loan Fund	(346,130)	(94,527)	(21,463)	(115,990)	230,140
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>(7,589,267)</u>	<u>(1,306,496)</u>	<u>(451,034)</u>	<u>(1,757,530)</u>	<u>5,831,737</u>
Total other financing sources (uses)	<u>(1,063,371)</u>	<u>4,877,170</u>	<u>(51,438)</u>	<u>4,825,732</u>	<u>5,889,103</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 14,053,330</u>	1,391,935	<u>\$ 15,445,265</u>	<u>\$ 15,445,265</u>
Fund balance at beginning of year			<u>14,053,623</u>		
Fund balance at end of year			<u>\$ 15,445,558</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, 2010

	Grant Project Authorization	Actual Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Investment earnings	\$ -	\$ 112,907	\$ 6,433	\$ 119,340	\$ 119,340
Expenditures:					
Economic and physical development project:					
Convention Center operations	1,021,270	269,292	449,876	719,168	302,102
Debt service:					
Interest and other charges	9,064,482	3,223,712	3,026,321	6,250,033	2,814,449
Reserved for debt service	167,853	-	-	-	167,853
Total debt service	9,232,335	3,223,712	3,026,321	6,250,033	2,982,302
Total expenditures	10,253,605	3,493,004	3,476,197	6,969,201	3,284,404
Excess of expenditures over revenues	(10,253,605)	(3,380,097)	(3,469,764)	(6,849,861)	3,403,744
Other financing sources (uses):					
Operating transfers - in:					
Special Purpose Fund	4,180,106	649,000	429,571	1,078,571	(3,101,535)
Issuance of installment obligations	5,995,949	5,995,949	-	5,995,949	-
Issuance of refunding installment obligations	8,910,000	-	8,910,000	8,910,000	-
Payment to refund outstanding installment obligations	(8,832,450)	-	(8,832,450)	(8,832,450)	-
Total other financing sources	10,253,605	6,644,949	507,121	7,152,070	(3,101,535)
Net change in fund balance	\$ -	\$ 3,264,852	(2,962,643)	\$ 302,209	\$ 302,209
Fund balance at beginning of year			3,264,852		
Fund balance at end of year			\$ 302,209		

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, 2010

	Grant Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Restricted intergovernmental:					
Federal grants	\$ 9,653,176	\$ 7,460,555	\$ 901,254	\$ 8,361,809	\$ (1,291,367)
Miscellaneous:					
Sale of property	4,080	27,080	-	27,080	23,000
Insurance reimbursement	200	1,562	-	1,562	1,362
Refunds	467,308	453,810	-	453,810	(13,498)
Total miscellaneous	471,588	482,452	-	482,452	10,864
Total revenues	10,124,764	7,943,007	901,254	8,844,261	(1,280,503)
Expenditures:					
Economic and physical development projects:					
Acquisition		541,000	-	541,000	
Public facilities		1,055,559	149,114	1,204,673	
Demolition		138,976	8,570	147,546	
Domestic Violence		138,782	44,218	183,000	
Shelter for homeless		319,500	-	319,500	
Community Boys Club		150,847	-	150,847	
Community Land Trust		5,000	5,000	10,000	
Shaw-Speaks Center		14,852	-	14,852	
Lot cleaning		20,000	-	20,000	
Volunteers of America		157,145	-	157,145	
Girls, Inc.		32,000	-	32,000	
Family Services		195,849	-	195,849	
Cop program		30,000	-	30,000	
Coalition of Success		13,500	-	13,500	
Head Start of Wilmington		57,996	-	57,996	
Cure AIDS of Wilmington		10,000	-	10,000	
Mercy House shelter		5,000	-	5,000	
Dreams of Wilmington		100,000	-	100,000	
Food Bank of Coastal Carolina		10,000	-	10,000	
Bottom Neighborhood Association		19,639	-	19,639	
Brigade Boys and Girls Club		155,000	-	155,000	
Leading Into New Communities		174,444	41,822	216,266	
Amigos International		8,025	-	8,025	
First Fruit Ministries		30,000	-	30,000	
Housing counseling		34,910	-	34,910	
Carousel Center		10,000	-	10,000	
Wilmington interfaith network		10,000	-	10,000	
Joint Project		73,992	106,008	180,000	
YWCA - Kids Making It		25,000	-	25,000	
Salvation Army		30,000	-	30,000	
Relocation		76,568	15,464	92,032	
Energy repairs/housing		235,459	77,070	312,529	

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, 2010

	Grant Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Expenditures: (continued)					
Economic and physical development projects: (continued)					
Capacity Building		\$ 4,836	\$ 5,056	\$ 9,892	
Small Business Development		55,458	-	55,458	
North Fourth Street Revitalization		78,645	-	78,645	
Castle Street		11,541	-	11,541	
Business training		17,883	-	17,883	
Economic development		12,768	-	12,768	
Charges for services		3,176,000	-	3,176,000	
Equipment/administration		18,001	-	18,001	
Code enforcement		228,000	-	228,000	
Planning		10,000	-	10,000	
Total expenditures	<u>\$ 8,653,276</u>	<u>7,492,175</u>	<u>452,322</u>	<u>7,944,497</u>	<u>\$ 708,779</u>
Excess of revenues over expenditures	<u>1,471,488</u>	<u>450,832</u>	<u>448,932</u>	<u>899,764</u>	<u>(571,724)</u>
Other financing sources (uses):					
Operating transfers - in:					
Commercial Loan Fund	105,897	104,639	1,099	105,738	(159)
Rehabilitation Loan Fund	152,816	152,816	-	152,816	-
Rental Rehabilitation Loan Fund	<u>137,470</u>	<u>141,720</u>	<u>2,596</u>	<u>144,316</u>	<u>6,846</u>
Total operating transfers - in	<u>396,183</u>	<u>399,175</u>	<u>3,695</u>	<u>402,870</u>	<u>6,687</u>
Operating transfers - out:					
Loan Funds	(1,374,687)	(757,035)	(52,627)	(809,662)	565,025
CDBG/HOME Administration Fund	(400,000)	-	(400,000)	(400,000)	-
Streets and Sidewalks Fund	<u>(92,984)</u>	<u>(92,972)</u>	<u>-</u>	<u>(92,972)</u>	<u>12</u>
Total operating transfers - out	<u>(1,867,671)</u>	<u>(850,007)</u>	<u>(452,627)</u>	<u>(1,302,634)</u>	<u>565,037</u>
Total other financing uses	<u>(1,471,488)</u>	<u>(450,832)</u>	<u>(448,932)</u>	<u>(899,764)</u>	<u>571,724</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>		

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, 2010

	Grant Project Authorization	Actual Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental:					
Federal grants	\$ 6,374,133	\$ 4,475,191	\$ 819,244	\$ 5,294,435	\$ (1,079,698)
Miscellaneous	211,342	155,630	-	155,630	(55,712)
Total revenues	<u>6,585,475</u>	<u>4,630,821</u>	<u>819,244</u>	<u>5,450,065</u>	<u>(1,135,410)</u>
Expenditures:					
Economic and physical development projects:					
HUD reimbursement		129,170	-	129,170	
Community Development Housing Organizations		1,827,591	-	1,827,591	
Tenant Based Assistance		239,381	122,578	361,959	
Affordable Housing Infrastructure		63,300	-	63,300	
Homeless rental housing		90,000	-	90,000	
Charges for services		399,307	15,116	414,423	
Land trust administration		10,000	12,364	22,364	
Relocation assistance		44,257	-	44,257	
Total expenditures	<u>3,099,866</u>	<u>2,803,006</u>	<u>150,058</u>	<u>2,953,064</u>	<u>146,802</u>
Excess of revenues over expenditures	<u>3,485,609</u>	<u>1,827,815</u>	<u>669,186</u>	<u>2,497,001</u>	<u>(988,608)</u>
Other financing sources (uses):					
Operating transfers - in:					
Special Purpose Fund	-	192,382	-	192,382	192,382
Home Loan Fund	1,703,186	1,487,833	126,938	1,614,771	(88,415)
Total operating transfers - in	<u>1,703,186</u>	<u>1,680,215</u>	<u>126,938</u>	<u>1,807,153</u>	<u>103,967</u>
Operating transfers - out:					
CDBG/HOME Administration Fund	(60,000)	-	(60,000)	(60,000)	-
Rental Rehabilitation Fund	(129,541)	-	-	-	129,541
Home Loan Fund	(4,999,254)	(3,508,030)	(736,124)	(4,244,154)	755,100
Total operating transfers - out	<u>(5,188,795)</u>	<u>(3,508,030)</u>	<u>(796,124)</u>	<u>(4,304,154)</u>	<u>884,641</u>
Total other financing uses	<u>(3,485,609)</u>	<u>(1,827,815)</u>	<u>(669,186)</u>	<u>(2,497,001)</u>	<u>988,608</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance at beginning of year			-		
Fund balance at end of year			<u>\$ -</u>		

CITY OF WILMINGTON, NORTH CAROLINA

**CDBG/Home Administration Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual**

**Year Ended June 30, 2010
With Comparative Actual Amounts for Year Ended June 30, 2009**

	2010		Variance Positive (Negative)	2009 Actual
	Budget	Actual		
Expenditures:				
General government:				
Finance		\$ 127,247		\$ -
Economic and physical development:				
Economic and community development		497,236		-
Total expenditures	<u>\$ 816,405</u>	<u>624,483</u>	<u>\$ 191,922</u>	<u>-</u>
Other financing sources:				
Operating transfers-in:				
General Fund	356,405	164,483	(191,922)	-
Community Development Fund	400,000	400,000	-	-
Home Investment Partnership Fund	<u>60,000</u>	<u>60,000</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>816,405</u>	<u>624,483</u>	<u>(191,922)</u>	<u>-</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u>-</u>	<u><u>\$ -</u></u>	<u>-</u>
Fund balance at beginning of year		<u>-</u>		<u>-</u>
Fund balance at end of year		<u><u>\$ -</u></u>		<u><u>\$ -</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, 2010

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Totals to Date	
Revenues:					
Restricted intergovernmental	\$ 9,853,377	\$ 1,007,022	\$ 1,206,844	\$ 2,213,866	\$ (7,639,511)
Investment earnings	1,032,000	2,038,977	31,482	2,070,459	1,038,459
Donations	770,370	188,943	-	188,943	(581,427)
Miscellaneous	-	272,024	-	272,024	272,024
Total revenues	11,655,747	3,506,966	1,238,326	4,745,292	(6,910,455)
Expenditures:					
Transportation:					
5th Street bridge	664,000	651,177	-	651,177	12,823
Bridge repairs 2004-05	244,000	33,125	145,488	178,613	65,387
Street rehabilitation 2004-05	3,447,917	1,336,944	358,253	1,695,197	1,752,720
Independence Boulevard phase II	6,400,000	581,403	2,926,910	3,508,313	2,891,687
Intersection improvements	220,459	25,141	18,673	43,814	176,645
Neighborhood traffic management	1,400,000	1,104,315	94,913	1,199,228	200,772
Masonboro/Pine Grove intersection	475,000	20,573	-	20,573	454,427
Eastwood Road path	29,214	-	-	-	29,214
Military Cutoff preservation maps	800,000	411,727	-	411,727	388,273
Independence Boulevard phase III	3,309,258	-	-	-	3,309,258
North downtown streetscape	6,687,357	2,271,084	2,366,393	4,637,477	2,049,880
North 3rd Street improvements	8,398,638	708,065	277,289	985,354	7,413,284
Front Street two-way	300,352	300,351	-	300,351	1
Street rehabilitation reserve	188,000	-	-	-	188,000
Kinston Avenue extension phase I	872,000	661	(661)	-	872,000
Front Street streetscapes	2,774,357	273,041	1,834,111	2,107,152	667,205
Market/Water Streets bulkhead	1,682,648	1,154,417	68,113	1,222,530	460,118
Signal system upgrade	5,000,000	4,513,418	368,960	4,882,378	117,622
Monkey Junction Annexation	10,159,300	31,791	382,164	413,955	9,745,345
3rd & Ann Street pedestrian improvements	76,500	-	43,300	43,300	33,200
Independence/Park pedestrian crossing	55,000	-	12,600	12,600	42,400
Independence Boulevard screen wall	210,000	-	-	-	210,000
Pine Grove Drive improvements	77,000	-	-	-	77,000
Eastwood Road bike path	601,610	525,796	-	525,796	75,814
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	718,041	62,984	781,025	6,260,430
Underground utility placement	234,743	231,843	-	231,843	2,900
New street paving	210,000	61,603	78,674	140,277	69,723
Sidewalk rehabilitation and repairs	1,220,947	828,164	113,525	941,689	279,258
Sidewalk construction 2003-04	1,431,366	483,591	123,686	607,277	824,089
Woodale and Mallard Street bike path	234,592	13,056	209,815	222,871	11,721
Military Cutoff bike path	829,951	354,878	-	354,878	475,073
Total transportation	65,455,664	16,645,302	9,485,190	26,130,492	39,325,172

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, 2010

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Expenditures (continued):					
Cultural and recreational:					
Riverwalk North convention center	\$ 2,594,625	\$ 147,103	\$ 43,881	\$ 190,984	\$ 2,403,641
Riverwalk North marina	<u>8,438,098</u>	<u>2,142,886</u>	<u>749,171</u>	<u>2,892,057</u>	<u>5,546,041</u>
Total cultural and recreational	<u>11,032,723</u>	<u>2,289,989</u>	<u>793,052</u>	<u>3,083,041</u>	<u>7,949,682</u>
Transit system:					
Transit capital grant match	<u>251,000</u>	<u>143,232</u>	<u>8,114</u>	<u>151,346</u>	<u>99,654</u>
Total expenditures	<u>76,739,387</u>	<u>19,078,523</u>	<u>10,286,356</u>	<u>29,364,879</u>	<u>47,374,508</u>
Excess of expenditures over revenues	<u>(65,083,640)</u>	<u>(15,571,557)</u>	<u>(9,048,030)</u>	<u>(24,619,587)</u>	<u>40,464,053</u>
Other financing sources (uses):					
Operating transfers - in:					
General Fund	10,356,414	8,688,244	1,408,057	10,096,301	(260,113)
Building Improvements Fund	399,500	399,500	-	399,500	-
Public Improvements Fund	81,729	81,729	-	81,729	-
Storm Water Capital Project Fund	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Total operating transfers - in	<u>10,887,643</u>	<u>9,169,473</u>	<u>1,458,057</u>	<u>10,627,530</u>	<u>(260,113)</u>
Operating transfers - out:					
General Fund	(1,334,000)	(1,334,000)	-	(1,334,000)	-
Building Improvements Fund	<u>(500,000)</u>	<u>-</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>-</u>
Total operating transfers - out	<u>(1,834,000)</u>	<u>(1,334,000)</u>	<u>(500,000)</u>	<u>(1,834,000)</u>	<u>-</u>
Issuance of bonds	26,711,491	18,328,872	-	18,328,872	(8,382,619)
Premium on bonds	121,181	121,181	-	121,181	-
Issuance of installment obligations	29,019,902	125,000	14,558,000	14,683,000	(14,336,902)
Premium on installment obligations	<u>177,423</u>	<u>-</u>	<u>177,422</u>	<u>177,422</u>	<u>(1)</u>
Total other financing sources	<u>65,083,640</u>	<u>26,410,526</u>	<u>15,693,479</u>	<u>42,104,005</u>	<u>(22,979,635)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 10,838,969</u>	6,645,449	<u>\$ 17,484,418</u>	<u>\$ 17,484,418</u>
Fund balance at beginning of year			<u>10,838,969</u>		
Fund balance at end of year			<u>\$ 17,484,418</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, 2010

	Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Restricted intergovernmental	\$ 6,399,796	\$ 2,051,662	\$ 2,903,882	\$ 4,955,544	\$ (1,444,252)
Investment earnings	650,234	729,808	4,770	734,578	84,344
Donations	21,089	-	17,573	17,573	(3,516)
Total revenues	7,071,119	2,781,470	2,926,225	5,707,695	(1,363,424)
Expenditures:					
Cultural and recreational:					
Riverwalk South	2,754,500	2,733,964	-	2,733,964	20,536
Park facility improvements 2004-05	772,327	716,296	40,037	756,333	15,994
Maides Park improvements	1,417,639	1,417,603	32	1,417,635	4
Recreation master plan	23,224	16,723	6,500	23,223	1
1898 Memorial Park	20,000	11,740	7,868	19,608	392
Alley improvements	2,750	2,750	-	2,750	-
Alderman preserve	300,000	11,169	20,354	31,523	268,477
Dobo Park property	751,000	739,403	2,700	742,103	8,897
Annexation parks	2,500,000	7,050	5,807	12,857	2,487,143
Olsen Park Phase I	8,500,000	4,636,940	3,552,751	8,189,691	310,309
Greenfield Park amphitheater	1,236,929	1,223,468	13,286	1,236,754	175
Northside splash pool	324,365	323,267	1,098	324,365	-
Cross city trail system	3,046,572	256,230	1,197,096	1,453,326	1,593,246
10th & Fanning park development	100,000	-	-	-	100,000
Tennis complex	1,700,635	199,195	1,124,023	1,323,218	377,417
Love Grove Park	981,361	70,785	744,521	815,306	166,055
Park land purchase	1,539,056	36,167	25,796	61,963	1,477,093
Dram tree boat ramp	622,046	17,215	293,509	310,724	311,322
Riverfront Park improvements	80,476	52,136	-	52,136	28,340
Land acquisition and economic development	250,000	9,538	2,500	12,038	237,962
Riverwalk signage	150,000	20,273	228	20,501	129,499
Legion Stadium	6,740,000	6,351,159	130,933	6,482,092	257,908
Total expenditures	33,812,880	18,853,071	7,169,039	26,022,110	7,790,770
Excess of expenditures over revenues	(26,741,761)	(16,071,601)	(4,242,814)	(20,314,415)	6,427,346
Other financing sources (uses):					
Operating transfers - in:					
General Fund	5,071,560	4,789,102	425,000	5,214,102	142,542
Public Improvements Fund	-	5,000	-	5,000	5,000
Total operating transfers - in	5,071,560	4,794,102	425,000	5,219,102	147,542

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, 2010

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Other financing sources (uses): (continued)					
Operating transfers - out:					
General Fund	\$ (300,000)	\$ (300,000)	\$ -	\$ (300,000)	\$ -
Building Improvements Fund	(360,734)	-	(360,734)	(360,734)	-
Total operating transfers - out	<u>(660,734)</u>	<u>(300,000)</u>	<u>(360,734)</u>	<u>(660,734)</u>	<u>-</u>
Issuance of bonds	1,210,000	1,210,000	-	1,210,000	-
Issuance of installment obligations	1,208,374	1,208,374	-	1,208,374	-
Issuance of other long-term obligations (1)	19,912,561	15,340,728	4,887,641	20,228,369	315,808
Premium on other long-term obligations	-	-	411,685	411,685	411,685
Total other financing sources	<u>26,741,761</u>	<u>22,253,204</u>	<u>5,363,592</u>	<u>27,616,796</u>	<u>875,035</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 6,181,603</u>	<u>1,120,778</u>	<u>\$ 7,302,381</u>	<u>\$ 7,302,381</u>
Fund balance at beginning of year as previously stated			1,958,809		
Prior period adjustment (Note 8)			<u>4,222,794</u>		
Fund balance at beginning of year as restated			<u>6,181,603</u>		
Fund balance at end of year			<u>\$ 7,302,381</u>		

(1) The amount of issuance of other long-term obligations in the prior years column has been restated to reflect the prior period adjustment discussed in Note 8.

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, 2010

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Totals to Date	
Revenues:					
Restricted intergovernmental	\$ 1,232,992	\$ 145,398	\$ 77,114	\$ 222,512	\$ (1,010,480)
Investment earnings	1,043,283	1,813,688	96,866	1,910,554	867,271
Sale of real estate	863,000	863,000	-	863,000	-
Rents	49,851	38,801	25,787	64,588	14,737
Donations	215,442	-	215,442	215,442	-
Miscellaneous	5,908	5,908	200	6,108	200
Total revenues	3,410,476	2,866,795	415,409	3,282,204	(128,272)
Expenditures:					
General government:					
Building improvements 2004-05	774,462	493,226	46,846	540,072	234,390
ITS infrastructure improvements	261,450	173,081	79,118	252,199	9,251
City Hall improvements	443,700	227,599	4,325	231,924	211,776
Time & attendance system	534,045	516,585	275	516,860	17,185
Northern warehouse purchase	1,785,851	1,756,997	(306)	1,756,691	29,160
Underground railroad kiosk	25,000	8,481	6,628	15,109	9,891
Fiber optics - Operation Center	140,000	122,124	-	122,124	17,876
10th & Fanning reuse	341,000	341,000	-	341,000	-
Environmental assessments	535,000	105,368	253,308	358,676	176,324
Naviline Select	152,000	133,068	270	133,338	18,662
Council chambers security	50,000	-	-	-	50,000
City Hall/Thalian energy stimulus	1,039,900	8,189	48,925	57,114	982,786
Administrative office building	278,408	252,890	23,227	276,117	2,291
City council chambers	679,267	564,750	11,242	575,992	103,275
Document imaging	150,000	115,470	11,870	127,340	22,660
Building security	243,108	170,920	8,038	178,958	64,150
ADA compliance	1,503,483	322,130	111,658	433,788	1,069,695
Operations center	19,773,906	19,765,906	7,134	19,773,040	866
Total general government	28,710,580	25,077,784	612,558	25,690,342	3,020,238
Public safety:					
Training facility	3,500,000	3,235,760	226,749	3,462,509	37,491
Seagate annexation fire station 1998	3,365,596	3,334,559	-	3,334,559	31,037
800 MHZ radio upgrades	2,000,000	1,959,266	34,511	1,993,777	6,223
Fire station security	50,833	50,833	-	50,833	-
Empie fire station replacement	3,696,000	44,249	24,840	69,089	3,626,911
WPD southeast substation	1,526,700	1,520,249	-	1,520,249	6,451
Masonboro annexation fire station	3,008,339	2,976,459	12,383	2,988,842	19,497
Firing range & training facility	800,000	-	-	-	800,000
Total public safety	17,947,468	13,121,375	298,483	13,419,858	4,527,610
Transportation:					
Multi-modal facility study	1,449,442	979,380	-	979,380	470,062

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, 2010

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Expenditures (continued):					
Economic and physical development:					
Convention Center	\$ 59,313,200	\$ 26,263,377	\$ 19,157,200	\$ 45,420,577	\$ 13,892,623
Land acquisition and economic development	<u>3,803,500</u>	<u>3,803,500</u>	<u>-</u>	<u>3,803,500</u>	<u>-</u>
Total economic and physical development	<u>63,116,700</u>	<u>30,066,877</u>	<u>19,157,200</u>	<u>49,224,077</u>	<u>13,892,623</u>
Cultural and recreational:					
Hilton riverwalk bulkhead	4,135,133	4,100,267	8,774	4,109,041	26,092
Thalian Hall renovations	3,491,959	722,720	2,394,396	3,117,116	374,843
Downtown restroom facility	85,183	75,033	-	75,033	10,150
Riverwalk Governor's Landing	412,000	381,243	16,647	397,890	14,110
Riverwalk bulkhead reserve	464,900	-	-	-	464,900
Parks and recreation software	50,000	-	24,415	24,415	25,585
Community Arts Center	<u>2,253,541</u>	<u>2,235,211</u>	<u>-</u>	<u>2,235,211</u>	<u>18,330</u>
Total cultural and recreational	<u>10,892,716</u>	<u>7,514,474</u>	<u>2,444,232</u>	<u>9,958,706</u>	<u>934,010</u>
Transit system:					
Bus garage	501,426	180,518	94,068	274,586	226,840
Wave transit facility	<u>124,200</u>	<u>76,506</u>	<u>-</u>	<u>76,506</u>	<u>47,694</u>
Total transit system	<u>625,626</u>	<u>257,024</u>	<u>94,068</u>	<u>351,092</u>	<u>274,534</u>
Total expenditures	<u>122,742,532</u>	<u>77,016,914</u>	<u>22,606,541</u>	<u>99,623,455</u>	<u>23,119,077</u>
Excess of expenditures over revenues	<u>(119,332,056)</u>	<u>(74,150,119)</u>	<u>(22,191,132)</u>	<u>(96,341,251)</u>	<u>22,990,805</u>
Other financing sources (uses):					
Operating transfers - in:					
General Fund	16,288,943	16,427,945	-	16,427,945	139,002
Special Purpose Fund	2,500,000	-	-	-	(2,500,000)
Streets and Sidewalks Fund	500,000	-	500,000	500,000	-
Parks & Recreation Fund	360,734	-	360,734	360,734	-
Public Improvements Fund	<u>117,212</u>	<u>-</u>	<u>117,212</u>	<u>117,212</u>	<u>-</u>
Total operating transfers - in	<u>19,766,889</u>	<u>16,427,945</u>	<u>977,946</u>	<u>17,405,891</u>	<u>(2,360,998)</u>
Operating transfers - out:					
General Fund	(607,663)	(400,000)	(207,663)	(607,663)	-
Special Purpose Fund	(9,817)	-	(9,817)	(9,817)	-
Streets and Sidewalks Fund	<u>(399,500)</u>	<u>(399,500)</u>	<u>-</u>	<u>(399,500)</u>	<u>-</u>
Total operating transfers - out	<u>(1,016,980)</u>	<u>(799,500)</u>	<u>(217,480)</u>	<u>(1,016,980)</u>	<u>-</u>

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, 2010

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Totals to Date	
Other financing sources (uses): (continued)					
Issuance of bonds	\$ -	\$ 477	\$ -	\$ 477	\$ 477
Issuance of installment obligations	87,249,145	76,361,725	9,312,000	85,673,725	(1,575,420)
Issuance of other long-term obligations (1)	13,370,000	13,191,834	178,166	13,370,000	-
Premium on installment obligations	-	771,623	-	771,623	771,623
Discount on installment obligations	(36,998)	(36,997)	-	(36,997)	1
Total other financing sources	<u>119,332,056</u>	<u>105,917,107</u>	<u>10,250,632</u>	<u>116,167,739</u>	<u>(3,164,317)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 31,766,988</u>	<u>(11,940,500)</u>	<u>\$ 19,826,488</u>	<u>\$ 19,826,488</u>
Fund balance at beginning of year as previously stated			31,663,072		
Prior period adjustment (Note 8)			<u>103,916</u>		
Fund balance at beginning of year as restated			<u>31,766,988</u>		
Fund balance at end of year			<u>\$ 19,826,488</u>		

(1) The amount of issuance of other long-term obligations in the prior years column has been restated to reflect the prior period adjustment discussed in Note 8.

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, 2010

	Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Restricted intergovernmental	\$ 5,000	\$ 2,783	\$ -	\$ 2,783	\$ (2,217)
Investment earnings	202,008	201,459	549	202,008	-
Miscellaneous	73,863	91,612	-	91,612	17,749
Total revenues	<u>280,871</u>	<u>295,854</u>	<u>549</u>	<u>296,403</u>	<u>15,532</u>
Expenditures:					
Transportation:					
Masonboro/Pine Grove intersection	10,800	2,720	105	2,825	7,975
Eastwood Road path	7,786	-	-	-	7,786
Sidewalk construction 2003-04	548	548	-	548	-
Total transportation	<u>19,134</u>	<u>3,268</u>	<u>105</u>	<u>3,373</u>	<u>15,761</u>
Cultural and recreational:					
Legion Stadium improvements	30,000	29,218	-	29,218	782
General government:					
Building improvements 2004-05	77,873	17,671	509	18,180	59,693
Hilton riverwalk bulkhead	186,733	178,057	-	178,057	8,676
ADA compliance	348,423	314,171	244	314,415	34,008
Total general government	<u>613,029</u>	<u>509,899</u>	<u>753</u>	<u>510,652</u>	<u>102,377</u>
Total expenditures	<u>662,163</u>	<u>542,385</u>	<u>858</u>	<u>543,243</u>	<u>118,920</u>
Excess of expenditures over revenues	<u>(381,292)</u>	<u>(246,531)</u>	<u>(309)</u>	<u>(246,840)</u>	<u>134,452</u>
Other financing sources (uses):					
Operating transfers - in:					
General Fund	580,492	572,019	-	572,019	(8,473)
Operating transfers - out:					
General Fund	(259)	(258)	-	(258)	1
Streets and Sidewalks Fund	(81,729)	(81,729)	-	(81,729)	-
Building Improvements Fund	(117,212)	-	(117,212)	(117,212)	-
Total operating transfers - out	<u>(199,200)</u>	<u>(81,987)</u>	<u>(117,212)</u>	<u>(199,199)</u>	<u>1</u>
Total other financing sources (uses)	<u>381,292</u>	<u>490,032</u>	<u>(117,212)</u>	<u>372,820</u>	<u>(8,472)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 243,501</u>	<u>(117,521)</u>	<u>\$ 125,980</u>	<u>\$ 125,980</u>
Fund balance at beginning of year			<u>243,501</u>		
Fund balance at end of year			<u>\$ 125,980</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, 2010
With Comparative Actual Amounts for Year Ended June 30, 2009**

	2010		Variance Positive (Negative)	2009 Actual
	Budget	Actual		
Revenues:				
Investment earnings	\$ 136,590	\$ 65,305	\$ (71,285)	\$ 156,317
Restricted intergovernmental revenues	<u>6,269,386</u>	<u>6,045,037</u>	<u>(224,349)</u>	<u>5,943,562</u>
Total revenues	<u>6,405,976</u>	<u>6,110,342</u>	<u>(295,634)</u>	<u>6,099,879</u>
Expenditures:				
Debt service:				
Principal retirement		9,811,333		8,608,348
Interest and other charges		<u>6,218,148</u>		<u>6,197,021</u>
Total expenditures	<u>20,064,620</u>	<u>16,029,481</u>	<u>4,035,139</u>	<u>14,805,369</u>
Excess of expenditures over revenues	<u>(13,658,644)</u>	<u>(9,919,139)</u>	<u>3,739,505</u>	<u>(8,705,490)</u>
Other financing sources:				
Operating transfers-in:				
General Fund	9,077,784	9,077,784	-	8,686,875
Issuance of installment obligations	4,573,033	-	(4,573,033)	-
Appropriated fund balance	<u>7,827</u>	<u>-</u>	<u>(7,827)</u>	<u>-</u>
Total other financing sources	<u>13,658,644</u>	<u>9,077,784</u>	<u>(4,580,860)</u>	<u>8,686,875</u>
Net change in fund balance	<u>\$ -</u>	<u>(841,355)</u>	<u>\$ (841,355)</u>	<u>(18,615)</u>
Fund balance at beginning of year		<u>8,033,843</u>		<u>8,052,458</u>
Fund balance at end of year		<u>\$ 7,192,488</u>		<u>\$ 8,033,843</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, 2010
With Comparative Actual Amounts for Year Ended June 30, 2009**

	2010			
	Budget	Actual	Variance Positive (Negative)	2009 Actual
Revenues:				
Operating revenues:				
Charges for services:				
Refuse collection	\$ 8,061,665	\$ 8,088,410	\$ 26,745	\$ 7,787,156
Recycling	10,000	32,730	22,730	27,175
Other operating revenues	<u>-</u>	<u>42,590</u>	<u>42,590</u>	<u>-</u>
Total operating revenues	<u>8,071,665</u>	<u>8,163,730</u>	<u>92,065</u>	<u>7,814,331</u>
Nonoperating revenues:				
Investment earnings	24,150	15,725	(8,425)	40,803
Solid waste disposal tax	<u>57,332</u>	<u>69,493</u>	<u>12,161</u>	<u>46,887</u>
Total nonoperating revenues	<u>81,482</u>	<u>85,218</u>	<u>3,736</u>	<u>87,690</u>
Total revenues	<u>8,153,147</u>	<u>8,248,948</u>	<u>95,801</u>	<u>7,902,021</u>
Expenditures:				
Operating expenditures:				
Administration		358,600		344,441
Customer refuse		3,443,678		3,602,514
Recycling		841,570		814,439
Yard waste		1,485,282		1,717,140
Special services		379,148		400,214
Downtown collection		399,657		346,392
Other operating expenditures		<u>384,492</u>		<u>578,330</u>
Total operating expenditures	<u>8,055,981</u>	<u>7,292,427</u>	<u>763,554</u>	<u>7,803,470</u>
Nonoperating expenditures:				
Interest and other charges		4,844		13,550
Principal payments on other long-term obligations		<u>228,870</u>		<u>220,165</u>
Total nonoperating expenditures	<u>233,714</u>	<u>233,714</u>	<u>-</u>	<u>233,715</u>
Total expenditures	<u>8,289,695</u>	<u>7,526,141</u>	<u>763,554</u>	<u>8,037,185</u>
Excess of revenues over (under) expenditures	(136,548)	722,807	859,355	(135,164)
Other financing sources:				
Appropriated fund balance	<u>136,548</u>	<u>-</u>	<u>(136,548)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>722,807</u>	<u>\$ 722,807</u>	<u>(135,164)</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, 2010
With Comparative Actual Amounts for Year Ended June 30, 2009**

	2010		Variance	2009
	Budget	Actual	Positive (Negative)	Actual
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Vacation and sick leave accrual		(18,119)		13,889
Other postemployment benefits accrual		(193,634)		(125,085)
Depreciation		(2,439)		(2,440)
Interest expense accrual		741		713
Principal payments on other long-term obligations		228,870		220,165
Change in net assets		\$ 738,226		\$ (27,922)

CITY OF WILMINGTON, NORTH CAROLINA

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

**Year Ended June 30, 2010
With Comparative Actual Amounts for Year Ended June 30, 2009**

	2010		Variance Positive (Negative)	2009 Actual
	Budget	Actual		
Revenues:				
Operating revenues:				
Charges for services:				
Utility fees	\$ 5,104,012	\$ 5,333,995	\$ 229,983	\$ 4,876,401
City streets	1,377,221	1,377,221	-	1,317,285
Other operating revenues	<u>124,000</u>	<u>48,913</u>	<u>(75,087)</u>	<u>26,073</u>
Total operating revenues	<u>6,605,233</u>	<u>6,760,129</u>	<u>154,896</u>	<u>6,219,759</u>
Nonoperating revenues:				
Facility fees	30,000	9,903	(20,097)	267,587
Investment earnings	<u>63,460</u>	<u>72,243</u>	<u>8,783</u>	<u>154,613</u>
Total nonoperating revenue	<u>93,460</u>	<u>82,146</u>	<u>(11,314)</u>	<u>422,200</u>
Total revenues	<u>6,698,693</u>	<u>6,842,275</u>	<u>143,582</u>	<u>6,641,959</u>
Expenditures:				
Operating expenditures:				
Engineering		753,758		756,955
Operations		3,235,798		3,267,795
Other operating expenditures		<u>666,325</u>		<u>749,113</u>
Total operating expenditures	<u>5,208,003</u>	<u>4,655,881</u>	<u>552,122</u>	<u>4,773,863</u>
Nonoperating expenditures:				
Interest and fiscal charges		684,989		704,085
Principal payments on bonds		<u>500,000</u>		<u>480,000</u>
Total nonoperating expenditures	<u>1,347,036</u>	<u>1,184,989</u>	<u>162,047</u>	<u>1,184,085</u>
Total expenditures	<u>6,555,039</u>	<u>5,840,870</u>	<u>714,169</u>	<u>5,957,948</u>
Excess of revenues over expenditures	<u>143,654</u>	<u>1,001,405</u>	<u>857,751</u>	<u>684,011</u>
Other financing sources (uses):				
Operating transfers out:				
Storm Water Capital Projects Fund	(1,100,000)	(1,100,000)	-	(187,170)
Appropriated fund balance	<u>956,346</u>	<u>-</u>	<u>(956,346)</u>	<u>-</u>
Total other financing uses	<u>(143,654)</u>	<u>(1,100,000)</u>	<u>(956,346)</u>	<u>(187,170)</u>
Net change in fund balance	<u>\$ -</u>	<u>(98,595)</u>	<u>\$ (98,595)</u>	496,841

CITY OF WILMINGTON, NORTH CAROLINA

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

**Year Ended June 30, 2010
With Comparative Actual Amounts for Year Ended June 30, 2009**

	2010		Variance Positive (Negative)	2009 Actual
	Budget	Actual		
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Vacation and sick leave accrual		\$ (9,369)		\$ (35,095)
Other post employment benefits accrual		(123,012)		(77,797)
Change in inventory		(2,530)		7,256
Capital asset expenditures		100,154		-
Depreciation		(661,506)		(512,321)
Amortization		(12,763)		(12,763)
Other noncapital expenses - Storm Water Capital Projects Fund		-		(3,854)
Operating transfer - Storm Water Capital Projects Fund		1,100,000		187,170
Investment earnings - Storm Water Capital Projects Fund		52,584		174,854
Principal payments on revenue bonds		425,000		405,000
Principal payments on installment obligations		75,000		75,000
Interest expense adjustments		110,193		345,675
Capital contributions - others		333,762		334,212
Capital transfer - Streets and Sidewalks Capital Projects Fund		(50,000)		-
Other		15,000		-
Change in net assets		<u>\$ 1,253,918</u>		<u>\$ 1,384,178</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, 2010

	Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Investment earnings	\$ 180,000	\$ 1,074,038	\$ 52,584	\$ 1,126,622	\$ 946,622
Restricted intergovernmental	3,447,216	2,815,226	70,203	2,885,429	(561,787)
Total revenues	3,627,216	3,889,264	122,787	4,012,051	384,835
Expenditures:					
Stormwater Inventory Mapping	853,755	108,522	270,886	379,408	474,347
Lincoln outfall	390,000	-	1,934	1,934	388,066
Dupree Drive	1,269,260	468,889	235,893	704,782	564,478
Cedar Avenue/Sweetwater outfall	1,289,979	104,210	172,845	277,055	1,012,924
Storm drainage rehabilitation	2,063,462	131,975	357,057	489,032	1,574,430
Sweeper storage facility	1,174,285	1,161,709	12,543	1,174,252	33
Bradley Creek/Michelle Drive	2,393,000	140,798	144,270	285,068	2,107,932
Doctors branch bank stabilization	1,360,000	170,049	609,480	779,529	580,471
Greenfield spillway rehabilitation	374,270	372,803	-	372,803	1,467
Cavalier Drive drainage	1,082,050	100,454	19,792	120,246	961,804
CSX culvert crossings	130,241	130,241	-	130,241	-
Wisteria/Clearbrook area	5,550,000	221,593	209,240	430,833	5,119,167
Burnt Mill tidegate	390,000	-	50,347	50,347	339,653
Rileys branch	2,051,400	1,977,333	4,240	1,981,573	69,827
Cardinal Drive/George Trask	585,000	-	42,187	42,187	542,813
Hunters Trail culvert repair	315,000	-	2,548	2,548	312,452
Greenville Avenue/White Avenue	350,000	-	-	-	350,000
Market Northwoods	1,227,300	1,227,223	-	1,227,223	77
Market Inland Greens	1,414,515	1,395,287	18,902	1,414,189	326
Mineral Springs 2002-03	464,725	3,505	-	3,505	461,220
Drainage easement relief	22,550	22,550	-	22,550	-
Brenda Drive drainage	401,390	10,500	-	10,500	390,890
New Hanover County Storm Water Improvement project	3,473,103	3,406,464	21,758	3,428,222	44,881
Burnt Mill Creek outfall	83,960	83,960	-	83,960	-
Total expenditures	28,709,245	11,238,065	2,173,922	13,411,987	15,297,258
Excess of expenditures over revenues	(25,082,029)	(7,348,801)	(2,051,135)	(9,399,936)	15,682,093

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, 2010

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Other financing sources (uses):					
Operating transfers - in:					
General Fund	\$ 83,960	\$ 83,960	\$ -	\$ 83,960	\$ -
Storm Water Management Fund	6,844,043	5,744,160	1,100,000	6,844,160	117
Total operating transfers - in	6,928,003	5,828,120	1,100,000	6,928,120	117
Operating transfers - out:					
Streets and Sidewalks Fund	(50,000)	-	(50,000)	(50,000)	-
Issuance of bonds	17,671,264	6,438,457	-	6,438,457	(11,232,807)
Premium on bonds	394,157	394,157	-	394,157	-
Issuance of installment obligations	89,980	89,979	-	89,979	(1)
Issuance of other long-term obligations	48,625	48,626	-	48,626	1
Total other financing sources	25,082,029	12,799,339	1,050,000	13,849,339	(11,232,690)
Net change in fund balance	\$ -	\$ 5,450,538	\$ (1,001,135)	\$ 4,449,403	\$ 4,449,403

CITY OF WILMINGTON, NORTH CAROLINA

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

**Year Ended June 30, 2010
With Comparative Actual Amounts for Year Ended June 30, 2009**

	2010		Variance	2009
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Operating revenues:				
Charges for services:				
Parking fees	\$ 1,784,010	\$ 1,622,032	\$ (161,978)	\$ 1,764,983
Parking violations	<u>740,000</u>	<u>550,288</u>	<u>(189,712)</u>	<u>673,781</u>
Total operating revenues	2,524,010	2,172,320	(351,690)	2,438,764
Nonoperating revenues:				
Interest earned	<u>32,500</u>	<u>30,026</u>	<u>(2,474)</u>	<u>84,795</u>
Total revenues	<u>2,556,510</u>	<u>2,202,346</u>	<u>(354,164)</u>	<u>2,523,559</u>
Expenditures:				
Operating expenditures:				
Street parking		767,822		724,988
Second Street deck		245,562		250,570
Market Street deck		288,472		299,435
Second Street lot		203,224		199,713
Hannah Block lot		<u>14,429</u>		<u>-</u>
Total operating expenditures	<u>1,756,871</u>	<u>1,519,509</u>	<u>237,362</u>	<u>1,474,706</u>
Nonoperating expenditures:				
Interest and fiscal charges		347,332		368,430
Principal payments on installment obligations		406,431		406,431
Principal payments on long-term obligations		<u>-</u>		<u>191,550</u>
Total nonoperating expenditures	<u>806,368</u>	<u>753,763</u>	<u>52,605</u>	<u>966,411</u>
Total expenditures	<u>2,563,239</u>	<u>2,273,272</u>	<u>289,967</u>	<u>2,441,117</u>
Excess of revenues over (under) expenditures	<u>(6,729)</u>	<u>(70,926)</u>	<u>(64,197)</u>	<u>82,442</u>
Other financing sources (uses):				
Operating transfer - out:				
Parking Facilities Capital Projects Fund	-	-	-	(785,000)
Appropriated fund balance	<u>6,729</u>	<u>-</u>	<u>(6,729)</u>	<u>-</u>
Total other financing sources (uses)	<u>6,729</u>	<u>-</u>	<u>(6,729)</u>	<u>(785,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>(70,926)</u>	<u>\$ (70,926)</u>	<u>(702,558)</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

**Year Ended June 30, 2010
With Comparative Actual Amounts for Year Ended June 30, 2009**

	2010		Variance Positive (Negative)	2009 Actual
	Budget	Actual		
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Vacation and sick leave accrual		\$ (1,172)		\$ (3,757)
Capital asset expenditures		58,815		-
Deferred Revenues		12,415		-
Other postemployment benefits accrual		(6,703)		(3,051)
Depreciation		(573,141)		(614,962)
Amortization		(6,974)		(6,974)
Customer receivables		89,926		167,744
Investment earnings - Parking Facilities Capital Projects Fund		791		930
Operating transfer - Parking Facilities Capital Projects Fund		-		785,000
Principal payments on installment obligations		406,431		406,431
Principal payments on other long-term obligations		-		191,550
Interest expense accrual		<u>1,181</u>		<u>3,522</u>
Change in net assets		<u>\$ (89,357)</u>		<u>\$ 223,875</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, 2010

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Investment earnings	\$ 47,400	\$ 59,535	\$ 791	\$ 60,326	\$ 12,926
Expenditures:					
Second Street parking deck cameras	145,572	119,663	1,921	121,584	23,988
Hanna block parking lot	785,000	-	751,365	751,365	33,635
Water Street parking deck	9,075,000	248,324	-	248,324	8,826,676
Market Street parking deck	9,281,328	9,225,449	52,103	9,277,552	3,776
Total expenditures	19,286,900	9,593,436	805,389	10,398,825	8,888,075
Excess of expenditures over revenues	(19,239,500)	(9,533,901)	(804,598)	(10,338,499)	8,901,001
Other financing sources:					
Operating transfers - in:					
Parking Facilities Fund	920,000	920,000	-	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	10,152,190	-	10,152,190	(9,087,310)
Net change in fund balance	\$ -	\$ 618,289	\$ (804,598)	\$ (186,309)	\$ (186,309)

CITY OF WILMINGTON, NORTH CAROLINA

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

**Year Ended June 30, 2010
With Comparative Actual Amounts for Year Ended June 30, 2009**

	2010		Variance	2009
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Operating revenues:				
Fees and coupons	\$ 667,000	\$ 672,735	\$ 5,735	\$ 641,806
Cart rentals	275,000	294,525	19,525	294,898
Concessions	150,000	151,677	1,677	151,390
Other operating revenues	<u>100</u>	<u>636</u>	<u>536</u>	<u>1,023</u>
Total operating revenues	<u>1,092,100</u>	<u>1,119,573</u>	<u>27,473</u>	<u>1,089,117</u>
Nonoperating revenues:				
Interest earned	11,950	13,759	1,809	31,111
Sale of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,889</u>
Total nonoperating revenues	<u>11,950</u>	<u>13,759</u>	<u>1,809</u>	<u>36,000</u>
Total revenues	<u>1,104,050</u>	<u>1,133,332</u>	<u>29,282</u>	<u>1,125,117</u>
Expenditures:				
Operating expenditures:				
Golf course		947,305		987,768
Other operating expenditures		<u>96,200</u>		<u>96,200</u>
Total operating expenditures	<u>1,105,920</u>	<u>1,043,505</u>	<u>62,415</u>	<u>1,083,968</u>
Excess of revenues over (under) expenditures	<u>(1,870)</u>	<u>89,827</u>	<u>91,697</u>	<u>41,149</u>
Other financing sources (uses):				
Operating transfer - out:				
Golf Capital Projects Fund	-	-	-	(80,000)
Appropriated fund balance	<u>1,870</u>	<u>-</u>	<u>(1,870)</u>	<u>-</u>
Total other financing sources (uses)	<u>1,870</u>	<u>-</u>	<u>(1,870)</u>	<u>(80,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>89,827</u>	<u>\$ 89,827</u>	<u>(38,851)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Deferred revenues		(75)		4,763
Vacation and sick leave accrual		(1,719)		(5,267)
Other postemployment benefits accrual		(20,613)		(13,729)
Change in inventory		1,016		1,855
Capital asset expenditures		-		60,367
Depreciation		(71,368)		(67,352)
Investment earnings - Golf Capital Projects Fund		2,622		4,437
Operating transfer - Golf Capital Projects Fund		<u>-</u>		<u>80,000</u>
Change in net assets		<u>\$ (310)</u>		<u>\$ 26,223</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, 2010

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Totals to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Investment earnings	\$ -	\$ 18,410	\$ 2,622	\$ 21,032	\$ 21,032
Expenditures:					
Club house improvements	329,357	182,385	12,060	194,445	134,912
Capital improvement reserve	<u>80,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,000</u>
Total expenditures	<u>409,357</u>	<u>182,385</u>	<u>12,060</u>	<u>194,445</u>	<u>214,912</u>
Excess of expenditures over revenues	(409,357)	(163,975)	(9,438)	(173,413)	235,944
Other financing sources:					
Operating transfers - in:					
Golf Fund	<u>409,357</u>	<u>409,357</u>	<u>-</u>	<u>409,357</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 245,382</u>	<u>\$ (9,438)</u>	<u>\$ 235,944</u>	<u>\$ 235,944</u>

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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, 2010

	Equipment, Maintenance and Replacement Fund	Personal Computer Replacement Fund	Total Internal Service Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 5,156,644	\$ 837,546	\$ 5,994,190
Accounts receivable, net	32,824	-	32,824
Inventory of materials and supplies	101,328	-	101,328
Prepays	<u>21,984</u>	<u>-</u>	<u>21,984</u>
Total current assets	<u>5,312,780</u>	<u>837,546</u>	<u>6,150,326</u>
Capital assets:			
Furniture, fixtures, machinery and equipment	19,427,294	-	19,427,294
Less accumulated depreciation	<u>(15,215,580)</u>	<u>-</u>	<u>(15,215,580)</u>
Total capital assets, net of accumulated depreciation	<u>4,211,714</u>	<u>-</u>	<u>4,211,714</u>
Other assets:			
Deferred charges, net	<u>2,378</u>	<u>-</u>	<u>2,378</u>
Total noncurrent assets	<u>4,214,092</u>	<u>-</u>	<u>4,214,092</u>
Total assets	<u>9,526,872</u>	<u>837,546</u>	<u>10,364,418</u>
LIABILITIES			
Current liabilities:			
Accounts payable	148,502	10,300	158,802
Accrued liabilities	48,610	-	48,610
Current portion of other long-term obligations	823,960	-	823,960
Accrued vacation and sick leave	<u>50,926</u>	<u>-</u>	<u>50,926</u>
Total current liabilities	<u>1,071,998</u>	<u>10,300</u>	<u>1,082,298</u>
Noncurrent liabilities:			
Other long-term obligations	783,679	-	783,679
Accrued vacation and sick leave	28,454	-	28,454
Accrued other postemployment benefits	<u>54,639</u>	<u>-</u>	<u>54,639</u>
Total noncurrent liabilities	<u>866,772</u>	<u>-</u>	<u>866,772</u>
Total liabilities	<u>1,938,770</u>	<u>10,300</u>	<u>1,949,070</u>
NET ASSETS			
Invested in capital assets, net of related debt	2,606,453	-	2,606,453
Unrestricted	<u>4,981,649</u>	<u>827,246</u>	<u>5,808,895</u>
Total net assets	<u>\$ 7,588,102</u>	<u>\$ 827,246</u>	<u>\$ 8,415,348</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2010

	Equipment, Maintenance and Replacement Fund	Personal Computer Replacement Fund	Total Internal Service Funds
	<u> </u>	<u> </u>	<u> </u>
Operating revenues:			
Charges for services	\$ 1,947,026	\$ -	\$ 1,947,026
Charges for equipment replacement	1,918,105	447,196	2,365,301
Other operating revenues	<u>6,819</u>	<u>-</u>	<u>6,819</u>
Total operating revenues	<u>3,871,950</u>	<u>447,196</u>	<u>4,319,146</u>
Operating expenses:			
Salaries, employee benefits and other personnel costs	807,687	-	807,687
Materials and fuels consumed	15,239	-	15,239
Services	914,238	-	914,238
Utilities	5,775	-	5,775
Depreciation	2,146,249	-	2,146,249
Amortization	3,357	-	3,357
Other operating expenses	<u>264,128</u>	<u>261,197</u>	<u>525,325</u>
Total operating expenses	<u>4,156,673</u>	<u>261,197</u>	<u>4,417,870</u>
Operating income (loss)	<u>(284,723)</u>	<u>185,999</u>	<u>(98,724)</u>
Nonoperating revenues (expenses):			
Investment earnings	60,948	6,767	67,715
Interest and other charges	(98,241)	-	(98,241)
Gain on sale of capital assets	<u>78,431</u>	<u>-</u>	<u>78,431</u>
Total nonoperating revenues	<u>41,138</u>	<u>6,767</u>	<u>47,905</u>
Income (loss) before transfers	(243,585)	192,766	(50,819)
Transfers to other funds	<u>-</u>	<u>(9,482)</u>	<u>(9,482)</u>
Change in net assets	(243,585)	183,284	(60,301)
Net assets at beginning of year	<u>7,831,687</u>	<u>643,962</u>	<u>8,475,649</u>
Net assets at end of year	<u>\$ 7,588,102</u>	<u>\$ 827,246</u>	<u>\$ 8,415,348</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2010

	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	\$ 443,537	\$ -	\$ 443,537
Receipts from interfund services provided	3,460,911	447,196	3,908,107
Payments to suppliers	(1,160,416)	(308,682)	(1,469,098)
Payments to or on behalf of employees	(789,690)	-	(789,690)
Payments for interfund services used	<u>(13,490)</u>	<u>-</u>	<u>(13,490)</u>
Net cash provided by operating activities	<u>1,940,852</u>	<u>138,514</u>	<u>2,079,366</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(951,869)	(9,482)	(961,351)
Principal payments on other long-term obligations	(2,154,931)	-	(2,154,931)
Interest and other charges	(105,066)	-	(105,066)
Proceeds from sale of capital assets	<u>106,533</u>	<u>-</u>	<u>106,533</u>
Net cash used in capital and related financing activities	<u>(3,105,333)</u>	<u>(9,482)</u>	<u>(3,114,815)</u>
Cash flows from investing activities:			
Investment earnings	<u>60,948</u>	<u>6,767</u>	<u>67,715</u>
Net increase (decrease) in cash and cash equivalents	(1,103,533)	135,799	(967,734)
Cash and cash equivalents at beginning of year	<u>6,260,177</u>	<u>701,747</u>	<u>6,961,924</u>
Cash and cash equivalents at end of year	<u>\$ 5,156,644</u>	<u>\$ 837,546</u>	<u>\$ 5,994,190</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2010

	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)	\$ (284,723)	\$ 185,999	\$ (98,724)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	2,149,606	-	2,149,606
Changes in assets and liabilities:			
Accounts receivable	32,498	-	32,498
Inventory of materials and supplies	3,977	-	3,977
Prepays	(21,984)	-	(21,984)
Accounts payable and accrued liabilities	19,742	(47,485)	(27,743)
Accrued vacation and sick leave	5,400	-	5,400
Accrued other postemployment benefits	<u>36,336</u>	<u>-</u>	<u>36,336</u>
Net cash provided by operating activities	<u>\$ 1,940,852</u>	<u>\$ 138,514</u>	<u>\$ 2,079,366</u>
 Supplemental disclosure of noncash investing, capital and related financing activities:			
Capital assets acquired on account	\$ (55,934)	\$ -	\$ (55,934)
Transfer of capital assets to governmental funds	-	(9,482)	(9,482)

CITY OF WILMINGTON, NORTH CAROLINA

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

**Year Ended June 30, 2010
With Comparative Actual Amounts for Year Ended June 30, 2009**

	2010		Variance Positive (Negative)	2009 Actual
	Budget	Actual		
Revenues:				
Operating revenues:				
Charges for services	\$ 1,962,600	\$ 1,982,782	\$ 20,182	\$ 1,918,250
Charges for equipment replacement	1,918,105	1,918,105	-	1,391,282
Other operating revenues	-	331	331	54,159
Total operating revenues	<u>3,880,705</u>	<u>3,901,218</u>	<u>20,513</u>	<u>3,363,691</u>
Nonoperating revenues:				
Investment earnings	59,400	60,948	1,548	170,008
Sale of capital assets	-	107,903	107,903	83,769
Total nonoperating revenues	<u>59,400</u>	<u>168,851</u>	<u>109,451</u>	<u>253,777</u>
Total revenues	<u>3,940,105</u>	<u>4,070,069</u>	<u>129,964</u>	<u>3,617,468</u>
Expenditures:				
Operating expenditures:				
Garage operations		1,890,463		2,033,784
Capital and noncapital equipment		1,073,576		1,627,427
Total operating expenditures	<u>5,184,074</u>	<u>2,964,039</u>	<u>2,220,035</u>	<u>3,661,211</u>
Nonoperating expenditures:				
Interest and other charges		105,066		183,814
Principal payments on other long-term obligations		2,154,931		2,074,703
Total nonoperating expenditures	<u>2,259,998</u>	<u>2,259,997</u>	<u>1</u>	<u>2,258,517</u>
Total expenditures	<u>7,444,072</u>	<u>5,224,036</u>	<u>2,220,036</u>	<u>5,919,728</u>
Excess of expenditures over revenues	(3,503,967)	(1,153,967)	2,350,000	(2,302,260)
Other financing sources:				
Appropriated fund balance	<u>3,503,967</u>	-	<u>(3,503,967)</u>	-
Net change in fund balance	<u>\$ -</u>	<u>(1,153,967)</u>	<u>\$(1,153,967)</u>	<u>(2,302,260)</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, 2010
With Comparative Actual Amounts for Year Ended June 30, 2009**

	2010		Variance Positive (Negative)	2009 Actual
	Budget	Actual		
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Vacation and sick leave accrual		\$ (5,400)		\$ 15,636
Other postemployment benefits accrual		(36,336)		(18,303)
Change in inventory		(3,977)		(13,729)
Capital asset expenditures		1,007,803		1,523,884
Depreciation		(2,146,249)		(2,139,582)
Amortization		(3,357)		(3,356)
Principal payments on other long-term obligations		2,154,931		2,074,703
Interest expense accrual		6,825		6,569
Disposal of capital assets		(28,102)		(35,140)
Capital contributions from governmental funds		-		163,342
Transfers of capital assets to governmental funds		-		(418,261)
Outside services		(35,756)		65,322
Special item: Cape Fear Public Utility Authority		-		(983,665)
Change in net assets		<u>\$ (243,585)</u>		<u>\$(2,064,840)</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

**Year Ended June 30, 2010
With Comparative Actual Amounts for Year Ended June 30, 2009**

	2010		Variance Positive (Negative)	2009 Actual
	Budget	Actual		
Revenues:				
Operating revenues:				
Charges for equipment replacement	\$ 447,596	\$ 447,196	\$ (400)	\$ 422,435
Nonoperating revenues:				
Investment earnings	-	6,767	6,767	11,189
Total revenues	447,596	453,963	6,367	433,624
Expenditures:				
Nonoperating expenditures:				
Noncapital equipment	447,596	270,679	176,917	439,953
Excess of revenues over (under) expenditures	-	183,284	183,284	(6,329)
Net change in fund balance	<u>\$ -</u>	183,284	<u>\$ 183,284</u>	(6,329)
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Capital asset expenditures		9,482		57,785
Transfers of capital assets to governmental funds		(9,482)		(57,785)
Change in net assets		<u>\$ 183,284</u>		<u>\$ (6,329)</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 ⁽¹⁾
Schedule By Type and Source**

June, 30 2010

Governmental funds capital assets:	
Land	\$ 53,084,711
Easements	4,855,758
Improvements other than buildings	22,384,726
Buildings, plant and structures	79,997,848
Furniture, fixtures, machinery and equipment	18,058,552
Computer software	817,418
Streets and drainage	162,974,969
Construction in progress	<u>85,710,275</u>
Total governmental funds capital assets	<u>\$ 427,884,257</u>
Investment in governmental funds capital assets by source:	
Prior years for which detail is not available	\$ 19,334,129
General Fund	10,256,571
Special Purpose Fund	3,424,798
Capital Project Funds	265,626,830
Accepted dedications	<u>129,241,929</u>
Total governmental funds capital assets	<u>\$ 427,884,257</u>

⁽¹⁾ 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 ⁽¹⁾
Schedule By Function and Activity**

June, 30 2010

Function and Activity	Land	Easements	Improvements other than Buildings
General government:			
City Manager	\$ -	\$ -	\$ -
Finance	-	-	-
Information Technology Services	-	-	-
Development Services	-	-	-
General government	<u>3,055,157</u>	-	<u>3,912,018</u>
Total general government	<u>3,055,157</u>	-	<u>3,912,018</u>
Public safety:			
Police	728,670	-	-
Fire	<u>2,415,355</u>	-	<u>19,950</u>
Total public safety	<u>3,144,025</u>	-	<u>19,950</u>
Transportation:			
Traffic engineering	37,638	-	-
Streets and drainage	<u>33,506,739</u>	<u>4,855,758</u>	<u>1,662,100</u>
Total transportation	<u>33,544,377</u>	<u>4,855,758</u>	<u>1,662,100</u>
Cultural and recreational:			
Parks and recreation	<u>9,532,414</u>	-	<u>16,790,658</u>
Economic and physical development	<u>3,808,738</u>	-	-
Total governmental funds capital assets	<u>\$ 53,084,711</u>	<u>\$ 4,855,758</u>	<u>\$ 22,384,726</u>

⁽¹⁾ 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>Buildings, Plant and Structures</u>	<u>Furniture, Fixtures, Machinery and Equipment</u>	<u>Computer Software</u>	<u>Streets and Drainage</u>	<u>Construction in Progress</u>	<u>Total</u>
\$ -	\$ 77,622	\$ -	\$ -	\$ -	\$ 77,622
-	29,892	-	-	-	29,892
-	1,710,897	730,082	-	220,378	2,661,357
-	49,295	-	-	-	49,295
<u>29,757,341</u>	<u>679,494</u>	<u>-</u>	<u>-</u>	<u>1,461,479</u>	<u>38,865,489</u>
<u>29,757,341</u>	<u>2,547,200</u>	<u>730,082</u>	<u>-</u>	<u>1,681,857</u>	<u>41,683,655</u>
23,218,397	5,197,062	43,200	-	816,001	30,003,330
<u>15,611,231</u>	<u>9,043,011</u>	<u>-</u>	<u>-</u>	<u>71,087</u>	<u>27,160,634</u>
<u>38,829,628</u>	<u>14,240,073</u>	<u>43,200</u>	<u>-</u>	<u>887,088</u>	<u>57,163,964</u>
72,364	484,428	19,721	-	-	614,151
<u>46,445</u>	<u>328,834</u>	<u>-</u>	<u>162,974,969</u>	<u>21,725,502</u>	<u>225,100,347</u>
<u>118,809</u>	<u>813,262</u>	<u>19,721</u>	<u>162,974,969</u>	<u>21,725,502</u>	<u>225,714,498</u>
<u>11,150,635</u>	<u>458,017</u>	<u>24,415</u>	<u>-</u>	<u>17,473,376</u>	<u>55,429,515</u>
<u>141,435</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,942,452</u>	<u>47,892,625</u>
<u>\$ 79,997,848</u>	<u>\$ 18,058,552</u>	<u>\$ 817,418</u>	<u>\$ 162,974,969</u>	<u>\$ 85,710,275</u>	<u>\$ 427,884,257</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June, 30 2010

Function and Activity	July 1, 2009	Additions	Deductions
General government:			
City Manager	\$ 87,268	\$ -	\$ (9,646)
Finance	38,887	-	(8,995)
Information Technology Services	2,482,099	169,776	-
Development Services	49,295	-	-
General government buildings	<u>41,929,657</u>	<u>258,606</u>	<u>-</u>
Total general government	<u>44,587,206</u>	<u>428,382</u>	<u>(18,641)</u>
Public safety:			
Police	30,319,891	435,270	(751,831)
Fire	<u>26,936,198</u>	<u>291,184</u>	<u>(40,930)</u>
Total public safety	<u>57,256,089</u>	<u>726,454</u>	<u>(792,761)</u>
Transportation:			
Traffic engineering	614,151	-	-
Streets and drainage	<u>207,091,453</u>	<u>17,084,211</u>	<u>(21,089)</u>
Total transportation	<u>207,705,604</u>	<u>17,084,211</u>	<u>(21,089)</u>
Cultural and recreational:			
Parks and recreation	<u>43,805,603</u>	<u>9,223,035</u>	<u>-</u>
Economic and physical development			
	<u>28,740,015</u>	<u>19,152,610</u>	<u>-</u>
Total governmental funds capital assets	<u><u>\$ 382,094,517</u></u>	<u><u>\$ 46,614,692</u></u>	<u><u>\$ (832,491)</u></u>

⁽¹⁾ 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, 2010</u>
\$ -	\$ 77,622
-	29,892
9,482	2,661,357
-	49,295
<u>(3,322,774)</u>	<u>38,865,489</u>
<u>(3,313,292)</u>	<u>41,683,655</u>
-	30,003,330
<u>(25,818)</u>	<u>27,160,634</u>
<u>(25,818)</u>	<u>57,163,964</u>
-	614,151
<u>945,772</u>	<u>225,100,347</u>
<u>945,772</u>	<u>225,714,498</u>
<u>2,400,877</u>	<u>55,429,515</u>
-	47,892,625
<u>\$ 7,539</u>	<u>\$ 427,884,257</u>

CITY OF WILMINGTON, NORTH CAROLINA

Schedule of Change in Ad Valorem Taxes Receivable

June 30, 2010

Fiscal Year	Uncollected Balance July 1, 2009	Additions	Collections and Credits	Uncollected Balance June 30, 2010
2009-2010	\$ -	\$ 46,849,408	\$ 46,128,218	\$ 721,190
2008-2009	711,962	-	532,692	179,270
2007-2008	230,217	-	60,945	169,272
prior years	<u>950,633</u>	<u>-</u>	<u>104,414</u>	<u>846,219</u>
	1,892,812	46,849,408	46,826,269	1,915,951
Less allowance for uncollectible taxes	<u>(487,014)</u>	<u>(11,028)</u>	<u>-</u>	<u>(498,042)</u>
Totals	<u>\$ 1,405,798</u>	<u>\$ 46,838,380</u>	<u>\$ 46,826,269</u>	<u>\$ 1,417,909</u>

Reconciliation of collections and credits:

New Hanover County tax office

remittances:

Taxes - ad valorem - current year - General Fund

\$ 46,616,092

Taxes - ad valorem - penalties and interest - General Fund

199,665

Total remittances

46,815,757

Other adjustments *

210,177

Less penalties and interest

(199,665)

Total collections and credits

\$ 46,826,269

* The source of this data, the New Hanover County Tax Office, has undergone a software conversion. At June 30, 2010, 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, 2010

	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	\$13,961,659,022	\$ 0.3325	\$46,422,516	\$45,060,326	\$1,362,190
Motor vehicles taxed at prior year's rate	250,810,400	0.3325	833,945	-	833,945
second prior year's rate	157,003	0.3000	471	-	471
Penalties	-		44,050	44,050	-
Total	14,212,626,425		47,300,982	45,104,376	2,196,606
Discoveries: *					
Current year taxes	-		45,378	45,378	-
Prior year taxes and penalties	-		-	-	-
Total	-		47,346,360	45,149,754	2,196,606
Abatements *	-		-	-	-
Other adjustments *	(150,125,112)		(496,952)	(496,952)	-
Total property valuation	<u>\$14,062,501,313</u>				
Net levy			46,849,408	44,652,802	2,196,606
Uncollected taxes at June 30, 2010			721,190	436,585	284,605
Current year's taxes collected			<u>\$ 46,128,218</u>	<u>\$ 44,216,217</u>	<u>\$ 1,912,001</u>
Current levy collection percentage			<u>98.46%</u>	<u>99.02%</u>	<u>87.04%</u>

* The source of this data, the New Hanover County Tax Office, has undergone a software conversion. At June 30, 2010, 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, 2010

Receipts prior years	<u>\$ 11,283,581</u>
Receipts:	
July, 2009	256,489
August, 2009	214,415
September, 2009	169,257
October, 2009	183,205
November, 2009	85,957
December, 2009	138,115
January, 2010	96,214
February, 2010	119,779
March, 2010	155,687
April, 2010	194,723
May, 2010	234,142
June, 2010	<u>239,635</u>
Receipts current year	<u>2,087,618</u>
Receipts to date	<u><u>\$ 13,371,199</u></u>

CITY OF WILMINGTON, NORTH CAROLINA

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

From Inception and Year Ended June 30, 2010

Disbursements prior years	<u>\$ 278,742</u>
Disbursements:	
Operating costs	282,293
Debt Service	58,831
Marketing	167,583
Fiscal agent fees	<u>3,300</u>
Disbursements current year	<u>512,007</u>
Disbursements to date	<u><u>\$ 790,749</u></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	160 - 173
These schedules contain trend information to help the readers understand how the city's financial performance and well-being have changed over time.	
Revenue Capacity	174 - 177
These schedules contain information to help the reader assess the city's most significant local revenue source, the property tax.	
Debt Capacity	178 - 184
These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.	
Demographic and Economic Information	185
These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.	
Operating Information	186 - 191
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.	

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 Eight Fiscal Years
(accrual basis of accounting)**

	Fiscal Year		
	2003	2004	2005
Governmental activities:			
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)	<u>48,958,877</u>	<u>52,970,122</u>	<u>60,423,011</u>
Total governmental activities net assets	<u>\$ 72,232,051</u>	<u>\$ 84,033,523</u>	<u>\$ 99,173,997</u>
Business-type activities:			
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)	<u>50,474,211</u>	<u>49,219,967</u>	<u>51,836,295</u>
Total business-type activities net assets	<u>\$ 153,220,002</u>	<u>\$ 159,827,060</u>	<u>\$ 167,557,576</u>
Primary government:			
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	<u>99,433,088</u>	<u>102,190,089</u>	<u>112,259,306</u>
Total primary government net assets	<u>\$ 225,452,053</u>	<u>\$ 243,860,583</u>	<u>\$ 266,731,573</u>

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	2010
\$ 171,115,671	\$ 181,747,430	\$ 181,571,647	\$ 187,569,283	\$ 188,091,906
14,850,785	16,934,004	21,704,213	22,617,510	25,903,793
<u>57,353,717</u>	<u>53,473,106</u>	<u>57,751,482</u>	<u>47,802,268</u>	<u>49,951,959</u>
<u>\$ 243,320,173</u>	<u>\$ 252,154,540</u>	<u>\$ 261,027,342</u>	<u>\$ 257,989,061</u>	<u>\$ 263,947,658</u>
\$ 111,652,338	\$ 135,128,498	\$ 136,751,706	\$ 18,275,937	\$ 20,982,210
5,741,848	6,240,878	7,760,499	2,368,253	2,378,156
<u>59,694,303</u>	<u>48,212,615</u>	<u>56,929,680</u>	<u>16,220,463</u>	<u>15,406,764</u>
<u>\$ 177,088,489</u>	<u>\$ 189,581,991</u>	<u>\$ 201,441,885</u>	<u>\$ 36,864,653</u>	<u>\$ 38,767,130</u>
\$ 282,768,009	\$ 316,875,928	\$ 318,323,353	\$ 205,845,220	\$ 209,074,116
20,592,633	23,174,882	29,464,712	24,985,763	28,281,949
<u>117,048,020</u>	<u>101,685,721</u>	<u>114,681,162</u>	<u>64,022,731</u>	<u>65,358,723</u>
<u>\$ 420,408,662</u>	<u>\$ 441,736,531</u>	<u>\$ 462,469,227</u>	<u>\$ 294,853,714</u>	<u>\$ 302,714,788</u>

CITY OF WILMINGTON, NORTH CAROLINA

Changes in Net Assets

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

	Fiscal Year		
	2003	2004	2005
Expenses			
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>
Program Revenues			
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
Environmental protection	-	-	-
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	2010
\$ 15,587,565	\$ 14,379,647	\$ 16,843,180	\$ 17,979,039	\$ 17,913,454
32,353,256	35,864,890	41,557,316	43,127,730	46,623,265
7,353,292	13,754,139	8,479,949	9,834,553	11,223,125
3,688,117	4,481,644	4,322,396	4,367,773	2,128,078
-	-	7,459	-	-
5,884,529	5,976,218	4,660,956	8,226,690	10,418,701
827,836	1,103,344	1,237,043	1,149,733	1,522,702
396,542	-	-	-	-
3,563,334	3,425,526	3,692,957	10,206,138	9,462,791
<u>69,654,471</u>	<u>78,985,408</u>	<u>80,801,256</u>	<u>94,891,656</u>	<u>99,292,116</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	7,510,722
5,523,127	4,570,924	4,924,043	5,766,847	5,939,703
2,398,299	2,009,319	2,328,314	2,468,358	2,394,835
908,034	908,037	1,012,558	1,108,490	1,136,189
<u>44,381,113</u>	<u>48,516,808</u>	<u>48,362,086</u>	<u>17,273,638</u>	<u>16,981,449</u>
<u>\$ 114,035,584</u>	<u>\$ 127,502,216</u>	<u>\$ 129,163,342</u>	<u>\$ 112,165,294</u>	<u>\$ 116,273,565</u>
\$ 4,025,530	\$ 3,937,055	\$ 3,094,822	\$ 2,172,178	\$ 2,588,922
675,317	976,645	1,027,819	1,036,796	911,408
1,710,751	1,333,003	969,286	907,676	726,216
158,145	31,831	36,660	64,364	336,894
-	-	-	-	6,622
500,873	571,732	536,509	561,479	629,547
6,282,373	4,910,085	6,736,997	8,242,549	8,587,862
1,985,222	2,809,524	5,010,259	4,423,055	17,861,814
<u>15,338,211</u>	<u>14,569,875</u>	<u>17,412,352</u>	<u>17,408,097</u>	<u>31,649,285</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	8,163,730
5,698,434	6,073,766	6,161,452	6,219,759	6,775,129
1,866,433	1,820,003	2,408,489	2,606,508	2,274,661
946,886	1,063,172	1,192,758	1,093,880	1,119,498

CITY OF WILMINGTON, NORTH CAROLINA

Changes in Net Assets (Continued)

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

	Fiscal Year		
	2003	2004	2005
Program Revenues (continued)			
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>
General Revenues and Other Changes in Net Assets			
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:			
Unrestricted grants and contributions	-	-	-
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	2010
\$ 162,349	\$ 90,412	\$ -	\$ -	\$ -
2,779,844	5,126,467	3,523,179	601,799	343,665
<u>49,907,416</u>	<u>55,449,698</u>	<u>56,032,031</u>	<u>18,336,277</u>	<u>18,676,683</u>
<u>\$ 65,245,627</u>	<u>\$ 70,019,573</u>	<u>\$ 73,444,383</u>	<u>\$ 35,744,374</u>	<u>\$ 50,325,968</u>
\$ (54,316,260)	\$ (64,415,533)	\$ (63,388,904)	\$ (77,483,559)	\$ (67,642,831)
5,526,303	6,932,890	7,669,945	1,062,639	1,695,234
<u>\$ (48,789,957)</u>	<u>\$ (57,482,643)</u>	<u>\$ (55,718,959)</u>	<u>\$ (76,420,920)</u>	<u>\$ (65,947,597)</u>
\$ 41,072,872	\$ 42,601,818	\$ 41,489,000	\$ 46,423,441	\$ 46,827,896
1,758,422	1,849,385	1,926,903	2,196,974	2,087,618
16,252,524	16,897,125	16,643,044	14,187,461	13,655,742
4,829,914	5,314,491	6,278,700	6,053,968	6,480,873
-	594,024	1,381,040	1,498,944	1,519,216
170,860	169,451	158,599	126,483	163,536
1,646,134	1,502,289	1,489,503	1,513,778	1,209,643
3,173,990	4,428,359	2,672,323	2,627,407	700,500
444,088	515,283	704,191	800,487	906,404
-	-	-	(983,665)	-
<u>(791,073)</u>	<u>(622,325)</u>	<u>(481,597)</u>	<u>-</u>	<u>50,000</u>
<u>68,557,731</u>	<u>73,249,900</u>	<u>72,261,706</u>	<u>74,445,278</u>	<u>73,601,428</u>
-	-	-	46,887	69,493
3,138,187	4,934,347	3,708,352	491,543	187,750
75,350	3,940	-	5,285	-
-	-	-	(166,183,586)	-
<u>791,073</u>	<u>622,325</u>	<u>481,597</u>	<u>-</u>	<u>(50,000)</u>
<u>4,004,610</u>	<u>5,560,612</u>	<u>4,189,949</u>	<u>(165,639,871)</u>	<u>207,243</u>
<u>\$ 72,562,341</u>	<u>\$ 78,810,512</u>	<u>\$ 76,451,655</u>	<u>\$ (91,194,593)</u>	<u>\$ 73,808,671</u>

CITY OF WILMINGTON, NORTH CAROLINA

Changes in Net Assets (Continued)

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

	Fiscal Year		
	2003	2004	2005
Change in Net Assets			
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>	<u>2010</u>
\$ 14,241,471	\$ 8,834,367	\$ 8,872,802	\$ (3,038,281)	\$ 5,958,597
<u>9,530,913</u>	<u>12,493,502</u>	<u>11,859,894</u>	<u>(164,577,232)</u>	<u>1,902,477</u>
<u>\$ 23,772,384</u>	<u>\$ 21,327,869</u>	<u>\$ 20,732,696</u>	<u>\$(167,615,513)</u>	<u>\$ 7,861,074</u>

CITY OF WILMINGTON, NORTH CAROLINA

Fund Balances of Governmental Funds

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

	Fiscal Year			
	2001	2002	2003	2004
General fund				
Reserved	\$ 7,570,930	\$ 5,299,935	\$ 5,860,272	\$ 8,934,734
Unreserved	<u>12,336,728</u>	<u>19,918,081</u>	<u>24,246,657</u>	<u>23,203,322</u>
Total general fund	<u>\$ 19,907,658</u>	<u>\$ 25,218,016</u>	<u>\$ 30,106,929</u>	<u>\$ 32,138,056</u>
All other governmental funds				
Reserved (1)	\$ 25,206,203	\$ 27,983,750	\$ 31,856,787	\$ 34,484,381
Unreserved (deficit), reported in				
Capital projects funds	(2,164,847)	(1,361,361)	(629,452)	(6,909,264)
Special revenue funds	<u>(35,215)</u>	<u>926,644</u>	<u>(4,354,102)</u>	<u>(587,444)</u>
Total all other governmental funds	<u>\$ 23,006,141</u>	<u>\$ 27,549,033</u>	<u>\$ 26,873,233</u>	<u>\$ 26,987,673</u>

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

- (1) All other governmental funds reserved fund balances are restated in fiscal years 2008 and 2009 to recognize the full amount of proceeds in fiscal year 2008 related to an interlocal agreement with New Hanover County for parks development bonds.

TABLE 3

Fiscal Year					
<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 7,723,813	\$ 8,194,268	\$ 10,155,466	\$ 10,390,938	\$ 7,391,627	\$ 9,196,737
<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>16,554,604</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>	<u>\$ 25,751,341</u>
\$ 69,737,297	\$ 52,784,436	\$ 43,508,550	\$ 122,824,809	\$ 96,461,401	\$ 89,486,186
-	-	(2,010,637)	(10,297,903)	(5,764,939)	(4,434,729)
<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>(1,577,463)</u>
<u>\$ 71,644,732</u>	<u>\$ 55,272,289</u>	<u>\$ 40,463,858</u>	<u>\$ 110,806,290</u>	<u>\$ 89,491,635</u>	<u>\$ 83,473,994</u>

CITY OF WILMINGTON, NORTH CAROLINA

Changes in Fund Balances of Governmental Funds

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

	Fiscal Year			
	2001	2002	2003	2004
Revenues				
Taxes:				
Ad valorem taxes (1), (2)	\$ 31,066,885	\$ 42,523,366	\$ 39,201,126	\$ 39,462,243
Room occupancy tax	221,047	218,933	151,062	-
Intangibles tax reimbursement	-	756,623	-	-
Local option sales tax (3)	10,708,827	9,990,162	10,906,730	13,554,544
Franchise tax (3)	3,786,227	2,248,006	4,303,926	4,389,563
Video programming sales tax	-	-	-	-
Rental vehicle tax	52,137	136,220	129,349	145,573
Unrestricted intergovernmental	2,030,400	1,716,092	1,004,394	1,084,242
Restricted intergovernmental	7,585,698	6,745,047	13,523,730	8,906,642
Licenses and permits	2,224,174	2,562,725	2,557,466	2,755,356
Sales and services	3,433,034	3,796,988	4,065,419	4,071,509
Fines and forfeits	65,679	29,503	46,667	42,656
Investment earnings	2,116,081	960,061	698,245	571,137
Donations	-	-	-	-
Miscellaneous	620,740	2,064,910	795,772	1,596,286
Total revenues	<u>63,910,929</u>	<u>73,748,636</u>	<u>77,383,886</u>	<u>76,579,751</u>
Expenditures				
General government	13,710,720	14,438,217	14,882,693	19,915,584
Public safety	26,808,518	28,442,252	29,756,843	30,341,682
Transportation	7,040,480	6,467,935	12,501,063	8,956,586
Economic and physical development	2,920,901	3,184,631	4,920,265	4,244,397
Environmental protection	-	-	-	-
Cultural and recreational	5,883,551	7,547,710	6,343,404	7,404,489
Transit system	1,557,066	1,903,497	1,899,511	2,114,212
Hurricane disaster recovery	1,000	-	77,177	-
Debt service (4)				
Principal retirement	3,961,215	4,544,691	4,262,148	4,659,942
Interest and other charges	1,861,410	2,054,331	1,999,041	1,696,258
Total expenditures	<u>63,744,861</u>	<u>68,583,264</u>	<u>76,642,145</u>	<u>79,333,150</u>
Excess of revenues over (under) expenditures	<u>166,068</u>	<u>5,165,372</u>	<u>741,741</u>	<u>(2,753,399)</u>

TABLE 4

Fiscal Year					
2005	2006	2007	2008	2009	2010
\$ 39,589,130	\$ 41,066,135	\$ 42,276,841	\$ 41,472,281	\$ 46,438,613	\$ 46,815,757
3,035,500	2,274,818	1,849,385	1,926,903	2,196,974	2,087,618
-	-	-	-	-	-
14,799,445	16,252,524	16,897,125	16,643,044	14,187,461	13,655,742
4,580,235	4,829,914	5,314,491	6,278,700	6,053,968	6,480,873
-	-	594,024	1,381,040	1,498,944	1,519,216
161,076	170,860	169,451	158,599	126,483	163,536
1,126,013	1,409,726	1,282,168	1,274,592	1,304,492	973,523
8,854,406	6,731,853	5,944,434	9,547,884	12,895,964	17,581,934
3,235,686	3,433,560	3,428,378	2,521,011	2,359,711	2,360,546
4,246,620	4,887,896	5,328,383	5,436,909	2,035,533	2,013,273
67,768	98,193	102,744	97,851	71,255	60,202
1,166,673	3,003,871	3,847,968	2,399,420	2,446,210	632,785
-	-	-	-	-	245,372
1,711,837	1,833,369	1,531,606	1,189,903	1,343,945	1,585,967
<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>	<u>96,176,344</u>
23,263,162	28,392,473	18,985,985	31,003,496	18,091,033	16,724,587
30,211,315	48,631,834	43,590,416	44,124,315	42,766,280	39,865,899
8,913,756	8,535,654	13,612,030	10,393,830	17,345,355	17,143,064
4,157,456	4,029,778	4,480,888	4,318,811	21,464,273	21,098,597
-	-	-	14,158	-	-
5,954,753	5,351,974	10,212,926	12,123,679	11,332,882	16,787,662
2,835,153	827,836	1,103,344	1,237,043	1,149,733	1,522,702
899,162	396,542	-	-	-	-
4,585,416	4,658,821	4,375,252	4,405,767	8,608,348	9,811,333
2,131,877	3,355,149	3,211,459	3,163,108	9,416,233	9,244,469
<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>132,198,313</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>	<u>(36,021,969)</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			
	2001	2002	2003	2004
Other financing sources (uses)				
Transfers from other funds	\$ 4,360,015	\$ 5,720,951	\$ 3,068,509	\$ 6,905,283
Transfers to other funds	(5,520,375)	(6,573,381)	(3,806,434)	(7,305,956)
Issuance of bonds	3,400,000	-	-	10,351,989
Issuance of installment obligations	-	-	4,237,811	-
Issuance of refunding installment obligations	-	-	-	-
Issuance of other long-term obligations (5)	2,240,860	5,500,000	-	-
Premium on bonds	-	-	-	-
Premium on installment obligations	-	-	-	-
Premium on other long-term obligations	-	-	-	-
Discount on installment obligations	-	-	-	-
Payment to redeem outstanding bonds	-	-	-	(6,702,956)
Payment to refund outstanding installment obligations	-	-	-	-
Payment to redeem outstanding other long-term obligations	-	-	-	-
Total other financing sources (uses)	<u>4,480,500</u>	<u>4,647,570</u>	<u>3,499,886</u>	<u>3,248,360</u>
Net change in fund balances	<u>\$ 4,646,568</u>	<u>\$ 9,812,942</u>	<u>\$ 4,241,627</u>	<u>\$ 494,961</u>
Debt service as a percentage of noncapital expenditures	10.2%	10.6%	8.9%	9.1%

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

- (1) Includes related penalties and interest.
- (2) 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.
- (3) 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.
- (4) Beginning in fiscal year 2005, debt service is accounted for in the Debt Service Fund.
- (5) Issuance of other long-term obligations are restated in fiscal years 2008 and 2009 to reflect the full amount of proceeds in fiscal year 2008 related to an interlocal agreement with New Hanover County for issuance of parks development bonds.

TABLE 4

Fiscal Year					
2005	2006	2007	2008	2009	2010
\$ 18,633,309	\$ 19,534,201	\$ 14,226,412	\$ 17,209,961	\$ 16,405,136	\$ 14,648,058
(19,026,558)	(20,324,515)	(14,848,737)	(17,605,890)	(16,405,136)	(14,598,058)
-	-	-	-	14,605,000	-
47,365,000	-	-	62,495,000	-	23,870,000
-	-	-	-	-	8,910,000
1,184,184	273,803	1,093,500	26,270,000	-	5,065,807
-	-	-	-	121,181	-
2,258,494	-	-	-	-	177,422
-	-	-	-	-	411,685
-	-	-	(36,997)	-	-
-	-	-	-	-	-
(8,535,107)	-	-	-	-	(8,832,450)
-	-	(1,093,500)	-	-	-
<u>41,879,322</u>	<u>(516,511)</u>	<u>(622,325)</u>	<u>88,332,074</u>	<u>14,726,181</u>	<u>29,652,464</u>
<u>\$ 41,501,661</u>	<u>\$ (18,703,853)</u>	<u>\$ (11,627,627)</u>	<u>\$ 67,876,004</u>	<u>\$ (22,488,403)</u>	<u>\$ (6,369,505)</u>
9.4%	10.9%	9.6%	9.3%	19.4%	19.3%

TABLE 5

CITY OF WILMINGTON, NORTH CAROLINA
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30	Real Property	Personal Property	Public Service Companies	Total Taxable Assessed Value	Total Direct Tax Rate	Assessed Taxable Value as a Percentage of Actual Value
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 ⁽¹⁾	0.3000	100
2009	12,271,215,860	1,528,093,049	153,314,021	13,952,622,930	0.3325	100
2010	12,471,675,092	1,440,865,238	149,960,983	14,062,501,313	0.3325	100

Source: New Hanover County Tax Office

Notes: ⁽¹⁾ 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 & Overlapping Rates</u>
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
2010	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	2010			2001		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Corning Inc.	\$ 192,535,316	1	1.37 %	\$ 248,006,004	1	3.76 %
Progress Energy (CP&L)	61,247,884	2	0.44	51,059,417	3	0.77
Centro Independence LLC (mall)	50,436,737	3	0.36	27,878,624	5	0.42
BellSouth Tel Co.	47,460,093	4	0.34	61,340,355	2	0.93
Mayfaire Retail LLC	34,739,297	5	0.25	-	-	-
NNP IV Cape Fear River LLC	33,672,953	6	0.24	-	-	-
River Ventures LLC (PPD)	33,496,976	7	0.24	-	-	-
GS II University Centre LLC	33,061,926	8	0.24	-	-	-
Mayfaire Spe/B LLC	31,466,430	9	0.22	-	-	-
Avalon Apartments LLC	29,725,985	10	0.21	-	-	-
UDRT of North Carolina LLC	-	-	-	43,877,955	4	0.66
Developers Diversified Realty	-	-	-	22,356,658	6	0.34
Federal Paper Board	-	-	-	16,381,535	7	0.25
North Carolina Natural Gas	-	-	-	16,203,497	8	0.25
Heritage SPE LLC	-	-	-	12,729,238	9	0.19
The American Crane Co.	-	-	-	10,454,041	10	0.16
	<u>\$ 547,843,597</u>		<u>3.91 %</u>	<u>\$ 510,287,324</u>		<u>7.73 %</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
2001	31,085,675	30,367,985	97.69	654,033	31,022,018	99.80
2002	42,566,296	41,663,142	97.88	809,554	42,472,696	99.78
2003	39,230,731	38,241,979	97.48	866,139	39,108,118	99.69
2004	39,330,888	38,520,774	97.94	639,687	39,160,461	99.57
2005	39,393,630	38,704,342	98.25	575,869	39,280,211	99.71
2006	41,015,008	40,344,559	98.37	556,506	40,901,065	99.72
2007	42,368,273	41,565,365	98.10	634,348	42,199,713	99.60
2008	41,416,471	40,641,812	98.13	605,387	41,247,199	99.59
2009	46,343,406	45,631,444	98.46	532,692	46,164,136	99.61
2010	46,849,408	46,128,218	98.46	-	46,128,218	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			
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	8.42	2,849
2009	39,355,000 (2)	127,104,966 (2)	33,426,711	- (2)	13,490,000	8,855,034 (2)	228,870	222,460,581	N/A	2,191
2010	33,865,000	148,531,397	34,624,824	-	13,065,000	8,373,603	-	238,459,824	N/A	2,333

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)
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
2010	33,865,000	0.24	331

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, 2010

Jurisdiction	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes:			
New Hanover County	\$ 446,384,684	41.76 %	\$ 186,410,244
City of Wilmington direct debt			<u>217,021,221</u> (2)
Total direct and overlapping debt			<u>\$ 403,431,465</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			
	2001	2002	2003	2004
Debt limit	\$ 528,154,585	\$ 651,663,455	\$ 665,097,066	\$ 666,926,028
Total net debt applicable to debt limit	<u>33,156,421</u>	<u>75,336,640</u>	<u>82,407,456</u>	<u>79,151,927</u>
Legal debt margin	<u>\$ 494,998,164</u>	<u>\$ 576,326,815</u>	<u>\$ 582,689,610</u>	<u>\$ 587,774,101</u>
Total net debt applicable to the debt limit as a percentage of the debt limit	6.28%	11.56%	12.39%	11.87%

Legal Debt Margin Calculation for Fiscal Year 2010

Total assessed valuation at June 30, 2010	<u>\$ 14,062,501,313</u>
Debt limit: 8% of total assessed value	\$ 1,125,000,105
Amount of debt applicable to debt limit:	
General obligation bonds (1)	\$ 33,865,000
Authorized but unissued general obligation bonds	5,000,000
Other debt (excluding revenue bonds) (1)	<u>191,529,824</u>
Gross debt	230,394,824
Less deductions allowed by law:	
Water and sewer general obligation bonds (1)	14,210,000
Authorized but unissued general obligation bonds	<u>5,000,000</u>
Total net debt applicable to debt limit	<u>211,184,824</u>
Legal debt margin	<u>\$ 913,815,281</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.

⁽¹⁾ 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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 683,401,202	\$ 712,415,000	\$ 735,724,123	\$1,091,479,245	\$1,116,209,834	\$1,125,000,105
<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>211,184,824</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>	<u>\$ 913,815,281</u>
16.78%	16.13%	14.57%	16.94%	17.13%	18.77%

CITY OF WILMINGTON, NORTH CAROLINA

Pledged-Revenue Coverage

Last Two Fiscal Years

Fiscal Year Ended June 30	Storm Water Fee Revenue Bonds ⁽³⁾					
	Gross Revenues ⁽¹⁾	Less Operating Expenses ⁽²⁾	Net Available Revenue	Debt Service ⁽⁴⁾		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
2010	6,899,956	4,690,638	2,209,318	440,000	611,594	2.10

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

⁽¹⁾ Gross revenues include all fees, other charges and investment income.

⁽²⁾ Operating expenses do not include interest, depreciation and amortization expenses.

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

⁽⁴⁾ 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>
2001	90,981	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	3,411,058	33,858	37.6	24,057	5.5
2009	101,526	N/A	N/A	38.0	23,614	9.0
2010	102,207	N/A	N/A	38.5	23,643	8.8

Sources and notes:

- (1) Office of State Budget and Management's certified municipal estimates.
- (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 2010 population estimated at 102,207 out of 194,054 total County population).
- (5) North Carolina Employment Security Commission.

TABLE 15

CITY OF WILMINGTON, NORTH CAROLINA

Principal Employers

Current Year and Nine Years Ago

Employer	2010			2001		
	Employees	Rank	Percentage of Total County Employment (1)	Employees	Rank	Percentage of Total County Employment (1)
New Hanover Health Network*	4,890	1	4.68 %	4,000	1	4.63 %
New Hanover County Schools**	4,130	2	3.95	3,400	2	3.94
General Electric Nuclear Fuel/Aircraft***	3,000	3	2.87	2,200	3	2.55
University of North Carolina (Wilmington)*	1,810	4	1.73	1,120	6	1.30
Pharmaceutical Products Development*	1,800	5	1.72	-	-	-
New Hanover County**	1,670	6	1.60	1,400	5	1.62
Cape Fear Community College*	1,260	7	1.21	-	-	-
Verizon Wireless*	1,200	8	1.15	-	-	-
City of Wilmington*	1,075	9	1.03	1,050	7	1.22
Corning, Inc.*	1,000	10	0.96	2,000	4	2.32
United States Government*	-	-	-	940	8	1.09
Applied Analytical Industries, Inc.*	-	-	-	600	9	0.69
Wal-mart**	-	-	-	585	10	0.68
Total	21,835		20.91 %	17,295		20.02 %

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									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government	156	161	154	158	155	161	168	173	159	146
Public Safety										
Police										
Policeman and officers	249	247	246	251	251	253	254	262	262	249
Civilians	36	38	41	44	43	43	48	58	58	57
Fire										
Firemen and officers	203	209	209	210	210	210	212	216	216	212
Civilians	6	6	6	7	7	7	8	8	8	8
Code enforcement	7	8	8	8	9	11	11	11	11	9
Transportation	57	59	60	61	61	61	62	62	63	54
Economic and Physical Development	11	11	13	13	12	13	13	13	13	9
Cultural and Recreational	66	66	70	73	73	74	79	82	83	75
Solid Waste	54	55	55	55	59	87	91	93	93	92
Water and Sewer	151	156	156	157	157	159	178	183	- (1)	-
Groundwater Utility	18	18	18	18	18	18	7	7	- (1)	-
Storm Water Management	56	57	57	57	58	58	59	59	59	59
Parking Facilities	-	-	-	1	1	1	1	1	2	2
Golf Course	10	10	9	9	9	9	9	9	9	9
Total	1,080	1,101	1,102	1,122	1,123	1,165	1,200	1,237	1,036	981

Source: City Budget Office.

Notes:

- (1) In connection with the creation of the Cape Fear Public Utility Authority (CFPUA) in 2009, the employees of the water, sewer, and ground water operations, business-type activities, were transferred to the CFPUA.

TABLE 17

CITY OF WILMINGTON, NORTH CAROLINA

Operating Indicators by Function

Last Ten Fiscal Years

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Police										
Calls dispatched	139,383	144,934	148,547	173,768	154,959	179,088	173,235	179,803	180,194	170,552
Part I crimes	8,243	9,208	8,970	8,361	7,966	8,363	7,410	7,426	6,576	6,902
Fire										
Actual fires	637	640	556	561	568	583	597	482	462	494
Fire department responses	5,914	8,138	7,969	8,417	9,567	10,364	9,807	9,536	9,221	9,404
Fire inspections completed	4,731	2,926	3,429	4,957	5,115	4,925	6,791	4,455	4,676	4,996
Streets Maintenance										
Miles of streets resurfaced	0	1	10	7	5	3	6	8	4	4
Solid Waste										
Tons of residential refuse	29,023	31,794	32,156	27,777	29,808	29,986	28,552	27,124	25,855	24,505
Tons of recyclables	2,547	3,200	3,429	4,302	4,831	4,526	4,454	4,818	4,785	5,402
Storm Water										
Number of customers	N/A	N/A	N/A	N/A	N/A	N/A	29,764	28,119	28,229	29,212
ERUs	N/A	N/A	78,622	76,148	75,926	80,126	80,298	85,019	87,760	89,357
Golf Course										
Total number of regular rounds	55,782	54,750	52,550	51,458	N/A	55,460	52,326	54,117	49,593	50,619

Source: Various City departments and the Cape Fear Public Utility Authority.

Notes: Indicators are not available for the general government function.

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CITY OF WILMINGTON, NORTH CAROLINA

Capital Asset Statistics by Function

Last Ten Fiscal Years

	Fiscal Year		
	2001	2002	2003
Police			
Stations / facilities	4	4	4
Patrol units	175	181	186
Fire			
Fire stations	9	9	9
Transportation			
Streets (miles)	303	365	375
Streetlights	7,789	8,290	8,699
Cultural and Recreational			
Parks	41	41	41
Parks acreage	459	459	459
Recreation centers	9	9	9
Solid Waste			
Collection trucks	30	33	36
Storm Water			
Storm sewers (miles)	400	400	400
Parking			
Parking Decks	1	1	1
Fleet			
Vehicles (excluding patrol units)	352	359	357

Source: Various City departments.

Notes: No capital assets indicators are available for the general government function.

TABLE 18

Fiscal Year						
2004	2005	2006	2007	2008	2009	2010
3	2	2	2	2	2	2
186	192	239	316	295	289	282
9	9	9	10	10	10	10
381	382	383	383	385	387	393
8,738	9,252	9,226	9,248	9,353	9,272	9,289
42	43	44	45	52	53	53
517	563	602	695	717	732	732
9	9	9	9	9	9	9
37	42	56	65	53	55	50
400	400	400	400	400	400	400
1	2	2	2	2	2	2
367	368	387	410	370	237	282

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**Independent Auditor's Report on Internal Control
Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Basic Financial Statements
Performed in Accordance With Government Auditing Standards**

To the Honorable Mayor and
Members of the City Council
City of Wilmington, North Carolina

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Wilmington, North Carolina, as of and for the year ended June 30, 2010, which collectively comprise City of Wilmington's basic financial statements, and have issued our report thereon dated November 22, 2010. Our report includes a reference to other auditors. Our report included an emphasis of a matter related to an adjustment to the beginning fund balances of certain governmental funds for the correction of an error in the prior period. 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. Other auditors audited the financial statements of Cape Fear Public Transportation Authority, as described in our report on City of Wilmington, North Carolina's basic financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Wilmington's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Wilmington's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of City of Wilmington's internal control over financial reporting.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as findings 10-01 and 10-03, that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Wilmington'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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as finding 10-02.

We also noted certain matters that we reported to management of the City of Wilmington in a separate letter dated November 22, 2010.

The City of Wilmington's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the City of Wilmington's response, and accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Mayor, members of the City Council, management, others within the City, 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.

McGladrey & Pullen, LLP

Wilmington, North Carolina
November 22, 2010



**Independent Auditor's Report on Compliance With Requirements
That Could Have a Direct and Material Effect on
Each Major Federal Program and on Internal Control
Over Compliance in Accordance with OMB Circular A-133 and the
State Single Audit Implementation Act**

To the Honorable Mayor and
Members of the City Council
City of Wilmington, North Carolina

Compliance

We have audited City of Wilmington, North Carolina's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of City of Wilmington, North Carolina's major federal programs for the year ended June 30, 2010. City of Wilmington'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 each of its major federal programs is the responsibility of City of Wilmington's management. Our responsibility is to express an opinion on City of Wilmington's compliance based on our audit.

The City's basic financial statements include the operations of Cape Fear Public Transportation Authority, the discretely presented component unit of City of Wilmington, which received \$4504,196 in federal awards which is not included in the schedule of expenditures of federal and State awards during the year ended June 30, 2010. Our audit, described below, did not include the operations of the Cape Fear Public Transportation Authority because the component unit engaged other auditors to perform an audit in accordance with OMB Circular A-133 and the State Single Audit Implementation Act.

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; OMB Circular A-133; 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 City of Wilmington'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 City of Wilmington's compliance with those requirements.

In our opinion, City of Wilmington, North Carolina, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of City of Wilmington 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 City of Wilmington's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 City of Wilmington's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Mayor, members of the City Council, management, others within the City, 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.

McGladrey & Pullen, LLP

Wilmington, North Carolina
November 22, 2010



**Independent Auditor's Report on Compliance With Requirements
That Could Have a Direct and Material Effect on Each Major State
Program and on Internal Control Over Compliance in Accordance
With Applicable Sections of OMB Circular A-133 and the
State Single Audit Implementation Act**

To the Honorable Mayor and
Members of the City Council
City of Wilmington, North Carolina

Compliance

We have audited the City of Wilmington, North Carolina's compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on its major State program for the year ended June 30, 2010. The City of Wilmington'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 City of Wilmington's management. Our responsibility is to express an opinion on City of Wilmington's compliance based on our audit.

City of Wilmington's basic financial statements include the operations of Cape Fear Public Transportation Authority, the discretely presented component unit of City of Wilmington, which received \$988,030 in state awards which is not included in the schedule of expenditures of federal and State awards during the year ended June 30, 2010. Our audit, described below, did not include the operations of the Cape Fear Public Transportation Authority because this component unit engaged other auditors to perform an audit in accordance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act.

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; and 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 City of Wilmington'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 of City of Wilmington's compliance with those requirements.

In our opinion, City of Wilmington, North Carolina complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major State program for the year ended June 30, 2010.

Internal Control Over Compliance

Management of City of Wilmington 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 City of Wilmington's internal control over compliance with the requirements that could have a direct and material effect on a major State program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act, 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 City of Wilmington's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a State program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Mayor, members of the City Council, management, others within the City, 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.

McGladrey & Pullen, LLP

Wilmington, North Carolina
November 22, 2010

City of Wilmington, North Carolina

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

Section I -- Summary of Auditor's Results

Financial Statements

Type of auditor's opinion issued: Unqualified; includes a reference to other auditors

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted?

yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

Yes no

Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
16.804	Edward Bryne Memorial JAG - ARRA
20.205	Highway Planning and Construction – ARRA
20.205	Highway Planning and Construction
16.710	COPS Hiring Recovery Grant - ARRA

City of Wilmington, North Carolina

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2010

Section I -- Summary of Auditor's Results (Continued)

Federal programs that did not meet the criteria for a major program using the criteria discussed in OMB Circular A-133 Section .520 but were tested as a major program because the associated State awards met the threshold for a major State program, or were mandated for testing as major programs by the N.C. Department of the State Auditor, are included in the list of major federal programs.

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 programs:

- Material weakness(es) identified? ___ yes X no
- Significant deficiency(ies) identified
that are not considered to be material
weakness(es)? ___ yes X none reported

Type of auditor's report issued on compliance for major 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 State program:

Powell Bill

City of Wilmington, North Carolina

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2010

Section II -- Financial Statement Findings

Finding 10-01

Significant Deficiency – Purchase Order Approval

Criteria: City of Wilmington Policies and Procedures

Condition and Context: During our audit, we noted four out of twelve instances where the purchase order had been issued without any documentation as to approval by the appropriate departmental official. This could result in resources being committed without proper approval and obligations incurred which were not needed. In all four of these instances we did note the receiving report for the item had been approved by the Department Supervisor.

Effect: Purchase orders were issued prior to approval of the appropriate departmental authorization. This could result in the allocation of scarce resources for goods or services which were not necessary or wanted by the City.

Recommendation: The City should strengthen its controls surrounding the pre-approval process related to the issuance of purchase orders. One possible solution would be the implementation of the City's financial software controls which have the ability to streamline and automate the approval process while increasing the probability of compliance by routing the request to pre-determined authorized individuals. This will result in the appropriate approvals being performed prior to the submission of the request for a purchase order to the City's purchasing department. Accordingly, purchase orders could only be generated after all the necessary approvals for purchase have been completed (including the pre-audit certification by the finance officer required by NC General Statutes), resulting in additional safeguarding of the City's scarce resources.

Views of responsible officials:

The City's staff has been working on the implementation of the automated approval process with additional approval levels within our financial software. The IT and purchasing staff will have this operational by March 2011.

Finding 10-02

Compliance Violation – Official Depository

Criteria: North Carolina General Statutes Sections 159-30 and 159-31.

Condition and Context: During our audit, we noted that the City had deposited funds in a demand-type account in a financial institution that had not been designated by the City Council as an official depository. NC General Statutes state that It shall be unlawful for any public moneys to be deposited in any place, bank, or trust company other than an official depository, except as permitted by G.S. 159-30(b). G.S 159-30(b) effectively exempts time deposits, such as certificates of deposit, from the official depository requirement but does not exempt money market or other demand type accounts.

Effect: City is in violation of the NC General Statute.

City of Wilmington, North Carolina

Schedule of Findings and Questioned Costs (Continued) For the Year Ended June 30, 2010

Recommendation: The City should either move the funds to an official depository or the City Council should approve the financial institution as an official depository. Additionally, the City should implement sufficient controls over the origination of new banking relationships as to make sure all banking institutions utilized for these types of deposits are approved as an official depository prior to any deposits being made at the institution.

Views of responsible officials:

Due to the difficult interest rate environment that has existed since Fall 2008, the City was offered higher rates from Branch Bank and Trust (BB&T) and placed funds in their money market account. We were not aware that placing the funds in their money market account would require an official designation as an official depository (since investing in CD's, Government Securities, and Government Agencies did not require this designation).

In order for the City to be able to take advantage of competitive interest rates offered by financial institutions and also be in compliance with NCGS 159-31, staff is recommending that a list of banks that the State Treasurer has certified as Option 2 Banks (State Treasurer monitors for adequate collateralization) be designated as official depositories. A Proposed Resolution that lists the banks that responded to our Banking Services RFP (RFP) solicited in January 2010, will be considered by City Council on November 16, 2010.

Finding 10-03

Significant Deficiency – Recording Face Value of Debt Obligations in the Fund Financial Statements

Criteria: GASB Statement # 34 as amended by GASB Statement #37. "Items that should be reported as other financing sources and uses include the face value of long-term debt, issuance premium or discount, certain payments to escrow agents for bond refundings, transfers, and sales of capital assets"

Condition and Context: During our audit, the City brought to our attention a second year GFOA comment related to a difference between the debt proceeds reported in the governmental fund financial statements and the additions column of the governmental activities long-term debt note. After discussion with the City, it was determined that the debt related to an interlocal agreement with New Hanover County had been recorded differently in the governmental activities statements as compared to the treatment in the fund financial statements. The City has corrected this matter as a prior period adjustment to the beginning balances in the affected fund financial statements.

Effect: Restatement of the non-major governmental fund balance as of July 1, 2009 in the amount of \$4,222,794 and restatement of the Building Improvements fund balance as of July 1, 2009 in the amount of \$103,916.

Recommendation: The face value of all debt obligations incurred should be recorded in the fund which will receive the benefit from the debt issuance. Additionally consideration of the operational and legal considerations of new agreements should include a review by the finance department to ensure that proper recording and impact on the City's financial statements are assessed prior to the execution of the agreement.

City of Wilmington, North Carolina

**Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2010**

Views of responsible officials:

The 2006 Interlocal Agreement was clear that the City must make debt service payments; however, the City did not have control over the proceeds and had to justify expenditures to New Hanover County to receive reimbursement. One example: Land purchased in 2008 was not reimbursed until 2010. The City relied on the previous Auditor's review of our understanding of when the City had constructive receipt of the New Hanover County Park Bonds. We have made the required changes to the year ended June 30, 2010 audit report.

Section III -- Federal Award Findings and Questioned Costs

The results of the auditor's procedures disclosed no findings.

Section IV -- State Award Findings and Questioned Costs

The results of the auditor's procedures disclosed no findings.

City of Wilmington, North Carolina

**Corrective Action Plan
For the year Ended June 30, 2010**

Finding 10-01 Significant Deficiency – Purchase Order Approval

Contact Name: Debra H Mack

Corrective Action: The City's staff has been working on the implementation of the automated approval process with additional approval levels within our financial software. The IT and purchasing staff will have this operational by March 2011.

Effective Date: July 1, 2010

Finding 10-02 Compliance Violation – Official Depository

Contact Name: Debra H Mack

Corrective Action: In order for the City to be able to take advantage of competitive interest rates offered by financial institutions and also be in compliance with NCGS 159-31, staff is recommending that a list of banks that the State Treasurer has certified as Option 2 Banks (State Treasurer monitors for adequate collateralization) be designated as official depositories. A Proposed Resolution that lists the banks that responded to our Banking Services RFP (RFP) solicited in January 2010 will be considered by City Council on November 16, 2010.

Effective Date: November 16, 2010

Finding 10-03 Significant Deficiency – Face Value of Debt Obligations in the Fund Financial Statements

Contact Name: Debra H Mack

Corrective Action: We have made the required changes to the year ended June 30, 2010 audit report.

Effective Date: July 1, 2010

City of Wilmington, North Carolina

**Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2010**

There were no prior audit findings.

CITY OF WILMINGTON, NORTH CAROLINA

Schedule of Expenditures of Federal and State Awards

Year Ended June 30, 2010

Grantor/Passthrough Grantor/Program Title	Federal CFDA or State DOT Number	Grant Award Number	WBS Number	Expenditures		
				Federal	State	Local
Federal Awards:						
<u>U.S. Department of Housing and Urban Development</u>						
Direct Program:						
Community Development Block Grants	14.218	B-03-MC-370010	-	\$ 735	\$ -	\$ -
Community Development Block Grants	14.218	B-04-MC-370010	-	38,655	-	-
Community Development Block Grants	14.218	B-05-MC-370010	-	29,436	-	-
Community Development Block Grants	14.218	B-06-MC-370010	-	3,068	-	-
Community Development Block Grants	14.218	B-07-MC-370010	-	28,741	-	-
Community Development Block Grants	14.218	B-08-MC-370010	-	236,314	-	-
Community Development Block Grants	14.218	B-09-MC-370010	-	565,000	-	3,000
Total Community Development Block Grants				901,949	-	3,000
Home Investment Partnerships Program	14.239	M-05-MC-37-0207	-	24,397	-	-
Home Investment Partnerships Program	14.239	M-07-MC-37-0207	-	156,355	-	82,082
Home Investment Partnerships Program	14.239	M-08-MC-37-0207	-	224,899	-	20,973
Home Investment Partnerships Program	14.239	M-09-MC-37-0207	-	375,891	-	23,883
Total Home Investment Partnerships Program				781,542	-	126,938
Passthrough N.C. Department of Environment & Natural Resources:	14.900	NCLHB0336-06	-	12,415	-	-
Total U.S. Department of Housing and Urban Development				1,695,906	-	129,938

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, 2010

Grantor/Passthrough Grantor/Program Title	Federal CFDA or State DOT Number	Grant Award Number	WBS Number	Expenditures		
				Federal	State	Local
Federal Awards (continued):						
<u>U.S. Department of Transportation</u>						
Passthrough N.C. Department of Transportation:						
Transportation Planning	20.505	10-08-116	36230.27.9.6	\$ 58,384	\$ 7,298	\$ 7,298
Governor's Highway Safety Program	20.600	PT-09-03-04-44	-	8,472	-	3,631
Governor's Highway Safety Program	20.600	PT-10-03-04-10	-	36,391	-	36,391
Total Governor's Highway Safety Program				44,863	-	40,022
Transportation Planning	20.205	-	39225.1.16	256,357	-	64,900
Cross City Trail - ARRA	20.205	EB-5121A	45073.1.ST1	41,662	-	-
Cross City Trail - ARRA	20.205	EB-5121B	45073.1.ST1.2	761,321	-	-
Municipal Agreement	20.205	SR-5001J	40924.1.3	12,600	-	-
Enhancement Agreement	20.205	E-2971 C	33913.3.7	15,000	-	-
Enhancement Agreement	20.205	E-4749	36423.1.1	167,270	-	41,817
Municipal Agreement	20.205	U-4920	-	24,282	-	6,071
Total Highway Planning and Construction				1,278,492	-	112,788
Total U.S. Department of Transportation				1,381,739	7,298	160,108

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, 2010

Grantor/Passthrough Grantor/Program Title	Federal CFDA or State DOT Number	Grant Award Number	WBS Number	Expenditures		
				Federal	State	Local
Federal Awards (continued):						
<u>U.S. Department of Homeland Security</u>						
Direct Program:						
Port Security	97.056	2007-GB-T7-0218	-	\$ 6,787	\$ -	\$ 2,262
Passthrough N.C. Department of Crime Control and Public Safety:						
RRT 2- Wilmington	97.073	2007-GE-T7-0048	-	131,343	-	-
RRT 2- Wilmington	97.067	2008-GE-T8-0033	-	224,845	-	-
Total U.S. Department of Homeland Security				<u>362,975</u>	<u>-</u>	<u>2,262</u>
<u>U.S. Department of Justice</u>						
Direct Programs:						
Bulletproof Vest Partnership	16.607	2009BUBX09048987	-	1,697	-	1,697
Edward Byrne Memorial Justice Violent Gang Apprehension Program	16.580	2007-DD-BX-0632	-	62,751	-	15,688
Edward Byrne Memorial Justice FY08 Assistance Grant Program	16.738	2008-DJ-BX-0431	-	2,245	-	-
FY09 Assistance Grant Program	16.738	2009-DJ-BX-0526	-	139,226	-	-
Total Assistance Grant Program				141,471	-	-
FY09 Recovery Act JAG Program - ARRA	16.804	2009-SB-B9-1299	-	516,551	-	-
COPS Hiring Recovery Program - ARRA	16.710	2009-RK-WX-0568	-	278,378	-	-

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, 2010

Grantor/Passthrough Grantor/Program Title	Federal CFDA or State DOT Number	Grant Award Number	WBS Number	Expenditures		
				Federal	State	Local
Federal Awards (continued):						
<u>U.S. Department of Justice (continued)</u>						
Passthrough N.C. Department of Crime Control and Public Safety:						
Vocational Pathways into Society's						
Mainstream	16.540	065-1-08-018-AJ-574	-	\$ 179,684	\$ -	\$ 59,895
Vocational Pathways into Society's						
Mainstream	16.523	065-1-07-009-AK-766	-	44,242	-	14,747
Wilmington PSN Reentry 2007 Initiative	16.609	065-1-08-001-AZ-075	-	258	-	-
COPS 2009 Equipment Grant - ARRA	16.803	065-1-09-R01-RJ-760	-	<u>27,743</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Justice				<u>1,252,775</u>	<u>-</u>	<u>92,027</u>
<u>U.S. Department of Energy</u>						
Direct Program:						
Energy Efficiency Community Block Grant -						
ARRA	81.128	DE-SC0002849	-	48,925	-	-
Recovery Act - Local Energy Assurance						
Planning (LEAP) Initiative - ARRA	81.122	DE-OE0000323	-	<u>3,795</u>	<u>-</u>	<u>913</u>
Total U.S. Department of Energy				<u>52,720</u>	<u>-</u>	<u>913</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, 2010

Grantor/Passthrough Grantor/Program Title	Federal CFDA or State DOT Number	Grant Award Number	WBS Number	Expenditures		
				Federal	State	Local
Federal Awards (continued):						
<u>U.S. Department of Interior</u>						
Passthrough N.C. Department of Environment and Natural Resources:						
Boating Infrastructure	15.662	1505	-	\$ 15,949	\$ -	\$ 5,316
Total U.S. Department of Interior				<u>15,949</u>	<u>-</u>	<u>5,316</u>
<u>National Endowment for the Arts</u>						
Passthrough N.C. Arts Council						
Arts in Communities Creative Economies	45.025	FY10-0848	-	<u>7,316</u>	<u>5,000</u>	<u>-</u>
Total National Endowment for the Arts				<u>7,316</u>	<u>5,000</u>	<u>-</u>
Total Federal Awards				<u>4,769,380</u>	<u>12,298</u>	<u>390,564</u>
State Awards:						
<u>N.C. Department of Environment and Natural Resources</u>						
Hewlett's Creek Storm Water Agreement	-	2004B-707	-	-	21,758	-
Love Grove Regional Access	-	S07028	-	-	246,305	38,338
Total N.C. Department of Environment and Natural Resources				<u>-</u>	<u>268,063</u>	<u>38,338</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, 2010

Grantor/Passthrough Grantor/Program Title	Federal CFDA or State DOT Number	Grant Award Number	WBS Number	Expenditures		
				Federal	State	Local
State Awards (continued):						
<u>N.C. Department of Transportation</u>						
Powell Bill Funds	DOT - 4	-	32570	\$ -	\$ 2,563,158	\$ 7,268
Enhancement Agreement	-	-	38301	-	59,473	-
Municipal Agreement	-	-	34263.1.1	-	24,217	14,402
Total N.C. Department of Transportation				-	2,646,848	21,670
<u>N.C. Department of Crime Control and Public Safety</u>						
GRIT - Gang Resistance & Intervention Teamwork	-	065-1-08-001-SG-231	-	-	278,100	92,700
Total N.C. Department of Crime Control and Public Safety				-	278,100	92,700
<u>N.C. Health and Wellness Trust Fund Commission</u>						
Fit Community Grant Phase IV	-	-	-	-	23,831	-
Total N.C. Health and Wellness				-	23,831	-
Total State Awards				-	3,216,842	152,708
Total Federal and State Awards				\$ 4,769,380	\$ 3,229,140	\$ 543,272

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, 2010

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, excluding those of its discretely presented component unit. 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.