



# Comprehensive Annual FINANCIAL REPORT



For the Fiscal Year Ended June 30, 2011

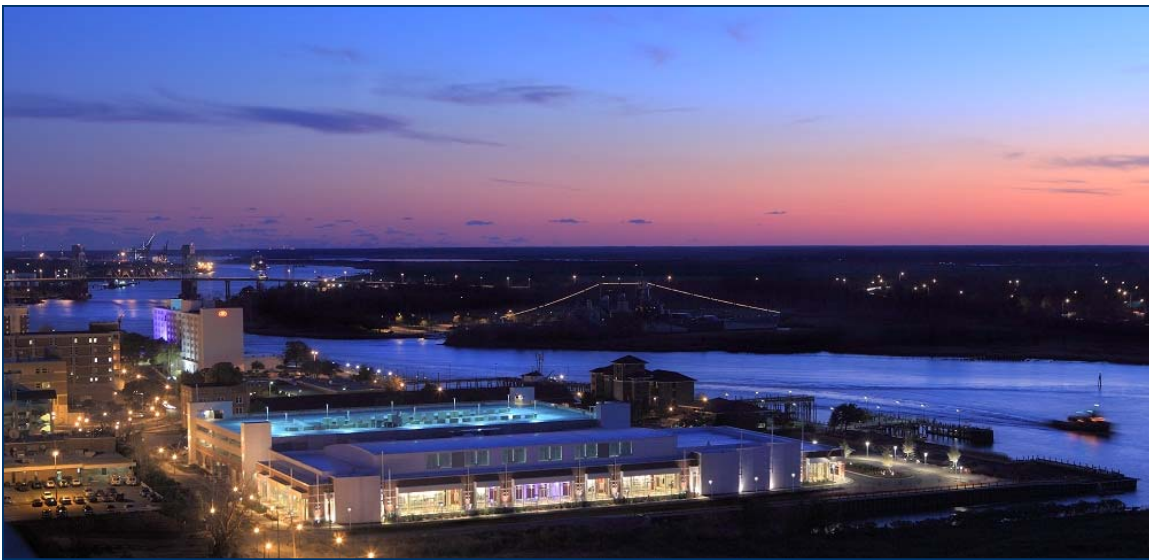
City of Wilmington  
North Carolina

**(BACK OF COVER)**

# Comprehensive Annual FINANCIAL REPORT



Prepared by  
Finance Department



Photograph Courtesy of Harry Taylor Photography, a Wilmington based Photographer

For the Fiscal Year Ended June 30, 2011

City of Wilmington  
North Carolina



**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, 2011

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**City Council**

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

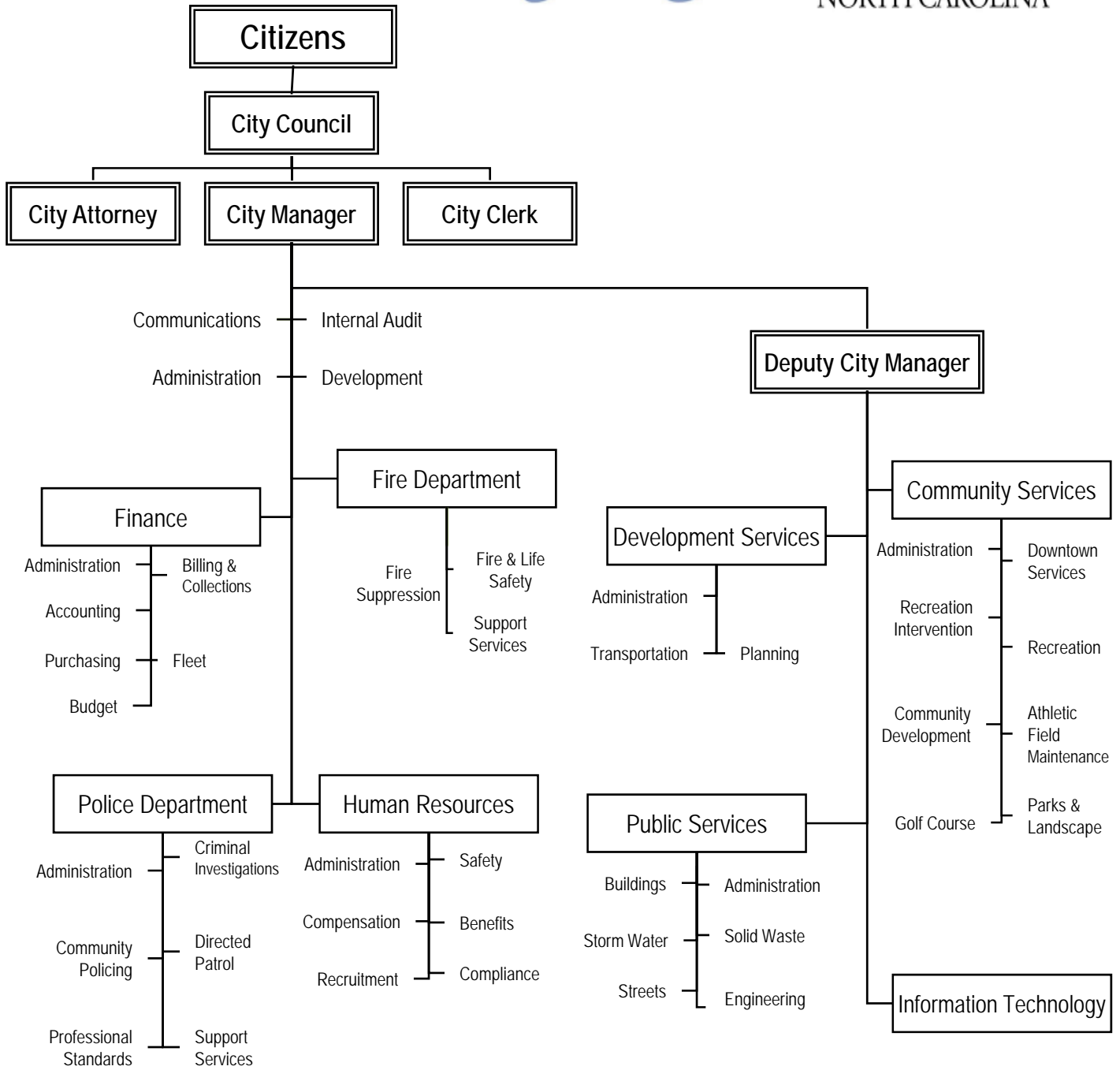
**City Manager**

Sterling B. Cheatham

**Finance Director**

Debra H. Mack





November 29, 2011



## **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, 2011. 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, 2011 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, 2011 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 five-county area with a population of more than 457,000 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 106,882, 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.

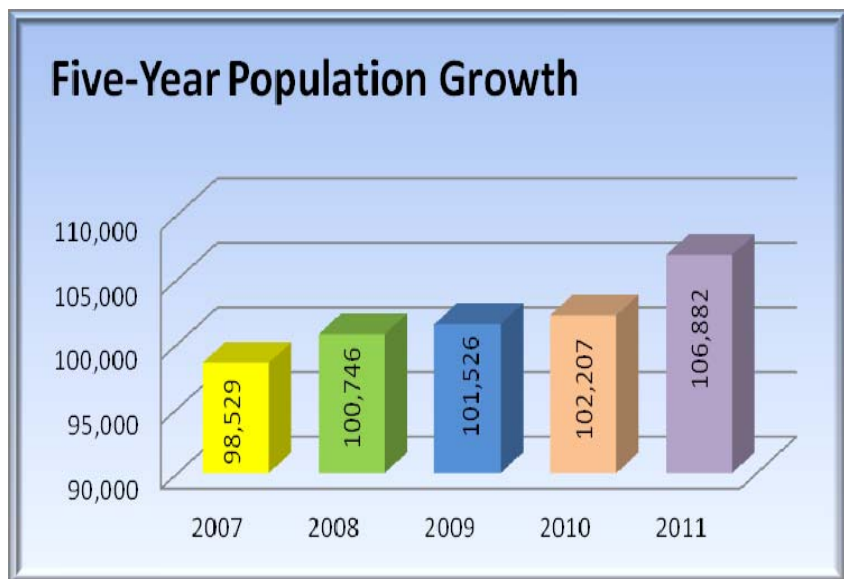
The City is empowered to levy a property tax on both real and personal properties located within its boundaries and New Hanover County is the only other unit that levies taxes within the City's corporate limits. The City is also empowered by State statute to extend its corporate limits by annexation, 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) for all annually budgeted funds and certain multi-year funds. Department heads may make transfers of appropriations within a department. Transfers of appropriations between functions (e.g. public safety to transportation), 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

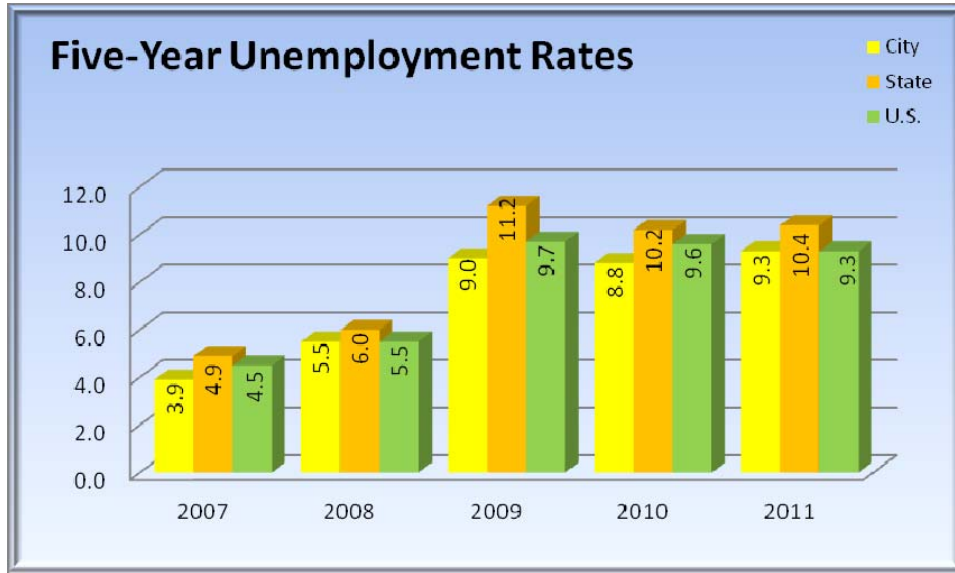
The City serves as the economic, cultural, and services hub for southeastern North Carolina. The historic attractions, mild climate, water related activities, and business opportunities have made the region one of the fastest growing areas of the nation. The Milken Institute/Greenstreet Real Estate Partners Best Performing Cities Index for 2010 ranks the Wilmington MSA 51<sup>st</sup> in the nation in the largest metropolitan areas category for its ability to create and sustain jobs. Fortune Small Business ranked the Wilmington MSA 14<sup>th</sup> among mid-size metro areas for “Best Places to Launch Small Business”. Forbes magazine’s 12<sup>th</sup> annual ranking of Best Places for Business and Careers ranked Wilmington 32<sup>nd</sup> out of the 200 largest metropolitan areas in the US; and Forbes “Best Cities for Technology Jobs” ranked Wilmington 5<sup>th</sup> in the number of information-sector jobs created since 2000. The Builder Market Health Report, produced by *Hanley Wood’s Builders* magazine, ranked Wilmington 16<sup>th</sup> of “The 20 Healthiest Housing Markets for 2011.” Relocate America lists Wilmington 9<sup>th</sup> in the “Top 10 Recreation Cities” and also in the “Top 100 Places to Live.”

The City’s population has increased over 40% since 2000. According to New Hanover County, total development exceeded \$369 million in fiscal year 2010-2011. 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 2.2% in 2012, slightly ahead of the forecast for the state of North Carolina, 1.7% and the nation, 1.6%.





**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, Verizon Wireless, Cape Fear Community College, Progress Energy, and Corning.

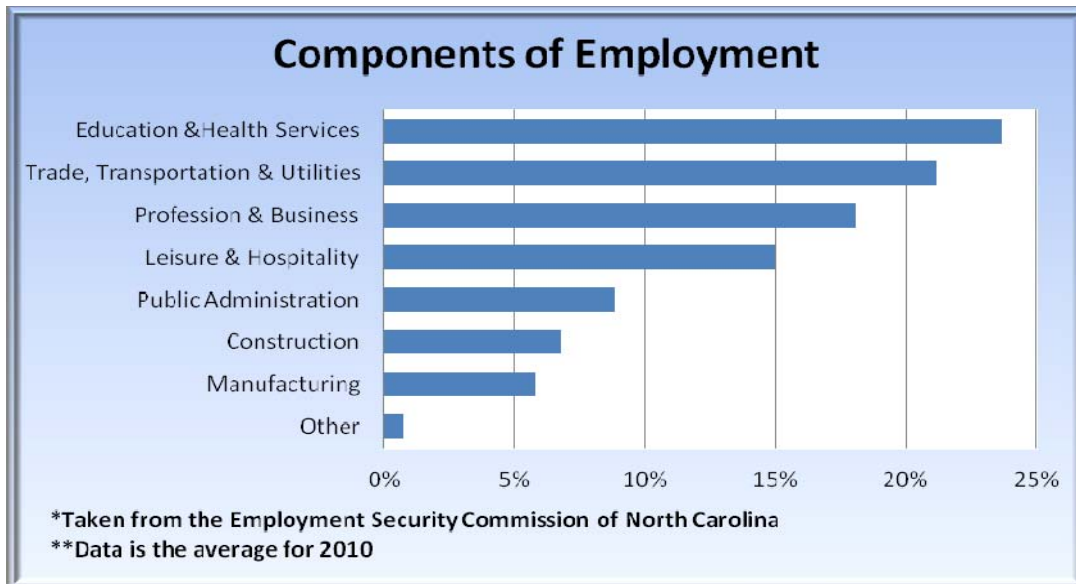
Top Ten Employers			Percentage of Total Employment (1)
Employer	Product/Service	Employees	
New Hanover Health Network*	Health Care	4,831	4.68%
New Hanover County Schools**	Education	3,666	3.55%
General Electric Nuclear Fuel/Aircraft***	Uranium Enrichment & Nuclear Fuel	2,300	2.23%
University of N. C. (Wilmington)*	Education	1,881	1.82%
Pharmaceutical Products Dev.*	Pharmaceuticals	1,600	1.55%
New Hanover County**	Education	1,480	1.43%
Verizon Wireless*	Telecommunications	1,346	1.30%
Cape Fear Community College*	Education	1,246	1.21%
Progress Engery **	Utility	1,156	1.12%
Corning, Inc.*	Optical Fiber	1,000	0.97%
<b>Total</b>		<b>20,506</b>	<b>19.88%</b>

Source: Wilmington Industrial Development

Notes:

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

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



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

Corning Inc. operates an optical fiber plant in the City. 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 lay 80,000 miles of fiber to serve 18 million customers. Corning's goal for the new fiber is to facilitate connections to the estimated 680 million apartment homes worldwide, 25 million of them in the United States. ClearCurve fiber is significantly 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 high bandwidth and also delivers significantly improved bend performance at bend radii below 10 mm.

On May 11, 2010, Corning announced it will manufacture a new optical fiber at its Wilmington plant that is aimed at underwater use. The product, called Vascade EX2000 optical fiber, can also be used in links that use repeaters along coastlines or around a chain of islands. Vascade EX2000 optical fiber is fully qualified and is being sampled and tested by submarine-system vendors around the world.

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 May 2011, Global Nuclear Fuel-Americas, a joint venture between General Electric, Toshiba Corp. and Hitachi, received a \$300 million contract from a Baltimore-based nuclear energy utility company. It will supply nuclear fuel and licensing services for Constellation Energy Nuclear Group’s (CENG) Nine Mile Point Nuclear Station in central New York. CENG owns and operates five nuclear reactors at three sites in New York and Maryland.

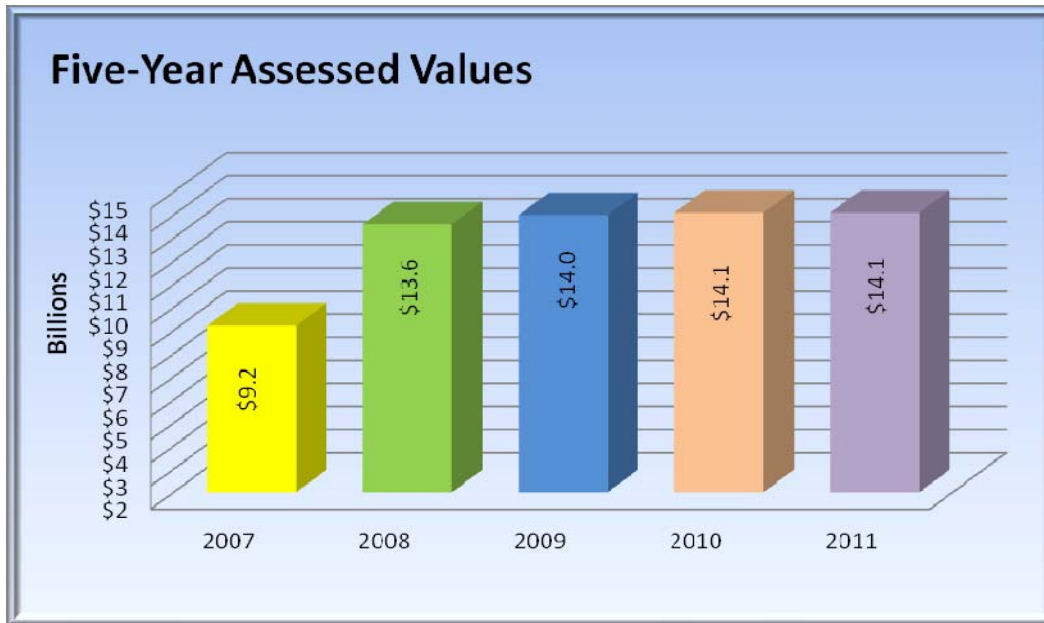
In February 2005, the City and the County approved and authorized the execution and delivery of a business investment grant agreement with Pharmaceutical Product Development, Inc. (“PPD”) in connection with the construction of a new world headquarters facility in the City’s downtown area. PPD is a leading 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 November 2011, PPD was named the best contract research organization by *Scrip Intelligence*. *Scrip* also recognized PPD’s innovative technology solution that improves the efficiency of managing *Risk Evaluation and Mitigation Strategy (REMS)* programs, designed to help ensure the safe distribution and administration of certain marketed drugs. PPD also earned the number one spot among contract research organizations in the 2011 *CenterWatch* global site survey and was named for the second consecutive year to the *Information Week 500 List of Top Technology Innovators*. In addition, PPD and ProtonMedia won a Microsoft 2011 *Life Sciences Innovation Award* for PPD<sup>®</sup> 3D, a virtual, collaborative environment improving the cost-effectiveness, speed and quality of training for clinical research associates.



In 2010, PPD spun-off Furiex Pharmaceuticals, a drug development collaboration company, using innovative clinical development design to accelerate and increase value of partnered drug programs by advancing them in a cost-effective, efficient manner. Development programs are designed and driven by a core team with extensive drug development experience. The company partners with pharmaceutical and biotechnology companies and has a strong, diversified product portfolio and pipeline with multiple therapeutic candidates including late-stage assets and one product on the market.

In June 2011, PPD was awarded a five-year contract worth up to \$45.5 million to provide global regulatory and bio-statistical services for Army-funded clinical development programs. PPD will ensure the Army complies with regulations in its clinical programs and will provide statistical consulting, study design and statistical analysis support. The Wilmington-based contract research organization also will support the Army’s biodefense, biopreparedness and vaccine development initiatives aimed at protecting military personnel.

On October 3, 2011, Carlyle Group and Hellman & Friedman agreed to buy PPD for \$3.9 billion in cash, in one of the largest leveraged buyouts of the year. Carlyle and Hellman & Friedman got around financing problems by structuring a deal that spreads out the risk between them as well as the four banks providing debt financing: Credit Suisse, JPMorgan Chase & Co, Goldman Sachs Group Inc. and UBS AG.



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. As of October 2011, approximately 85% of the overall Mayfaire project was complete. In May 2004, the Town Center portion of the project was opened with more than 386,000 square feet of restaurant and retail space.

In September of 2007, Phase II, portions of Phase III and an 80,000 square-foot grocery-anchored retail center were opened, bringing the total to more than 650,000 square feet of retail and restaurant space. Phase II tenants include Pottery Barn, Victoria's Secret, Eddie Bauer and other retailers. The developer at Mayfaire is currently working with several tenants to occupy the second phase of the Mayfaire Community Center which will consist of approximately 100,000 square feet of new retail. Construction is expected to commence on this portion of the project in mid 2012. A 120-room Hilton Garden Inn opened in 2007 and a 118-room Homewood Suites opened in 2010. A 90,000 square-foot professional office 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 to begin construction in late 2011. 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.” The total development is estimated to have a value of \$420 million. The anticipated date of completion for the development is 2018. The original master plan included more than 200 acres and will have a wide range of residential, retail and office development. Residential construction included approximately 274 single family residential lots, 33 town homes, and 110 residential condominiums. Commercial space included 403,000 square feet of retail space, 355,000 square feet of office space, and a 135-room hotel. The development also provided 72 acres of common/open space. Approximately 94 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 have been constructed. Although other sections of Phase I are currently under construction, master plan amendments with accompanying site plans have been submitted to include a 2009 site plan review of a 6.71 acre site containing a 3,331 square-foot clubhouse site containing a pool, tennis courts and entertainment facility. Also included is a 2011 site plan review of a 14-acre site containing seven, 3-story multifamily buildings with a total of 282 residential units, pool, and open space. The revised plan eliminates the proposed 33 townhomes and approximately 75,800 square feet of retail 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 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.



**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 to 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 region's 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, plus 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.



**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 2010, travel and tourism generated \$400.9 million. This number represents a 6.9% increase from 2009 revenues. New Hanover County ranks number nine among North Carolina's 100 counties in tourism expenditures.

State and local tax revenues from travel to New Hanover County in 2010 amounted to \$37.31 million. Travel generated \$91.62 million in payroll in 2010 and provided 5,040 jobs.

*Film Industry*

**EUE/Screen Gems Studios** completed Stage 10 in 2009, one of the largest sound stages in the world, with a 37,500 square-foot movie studio and 3,600 square-foot special effects water tank at an estimated value of \$15 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 150,000 square feet of clear-span production 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.

On October 27, 2011, EUE/Screen Gems Studios in Wilmington was selected as the host for the production of “Iron Man 3”. The investment in Stage 10 as well as “the large local crew with experience handling five simultaneous productions” was a major factor.

In addition to 150,000 square feet of column-free space, EUE/Screen Gems also offers production offices with modern communications, construction shops, wardrobe facilities, prop and set decoration warehouses. Film-related tenants on the lot include a law firm specializing in entertainment law, a film bonding company, editors, a sound recording studio and a casting company. EUE/Screen Gems is also one of the largest suppliers of lighting, electric and grip rentals in the Southeast with locations onsite in Wilmington, NC as well as in Atlanta, GA and Charleston, SC.

**No single taxpayer comprises more than 1.5% of the total tax base providing further confirmation of the City’s diversity.**

<b>Top Ten Taxpayers</b>		
Taxpayer	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
Corning Inc.	\$ 208,791,834	1.48 %
Progress Energy (CP&L)	57,516,442	0.41
Centro Independence LLC (mall)	50,436,737	0.36
River Ventures LLC (PPD)	45,889,678	0.33
BellSouth Tel Co.	41,533,602	0.29
Mayfaire Retail LLC	34,739,297	0.25
GS II University Centre LLC	34,689,178	0.25
NNP IV Cape Fear River LLC	33,672,953	0.24
Wal Mart	31,138,194	0.22
Mayfaire Spe B LLC	30,257,828	0.21
	<u>\$ 568,665,743</u>	<u>4.04 %</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 nine floor inpatient tower was completely renovated and converted to almost all private rooms as of December 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 \$1,427,915 for fiscal year ending June 30, 2011. This amount represents \$1,227,474 for operations and \$200,441 for capital. The City's operating subsidy for operations is approximately 17% 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** 25<sup>th</sup> 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 3,524,473 tons of cargo for the fiscal year ended June 30, 2011, an increase of 2.78% over 2010. 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 4<sup>th</sup> largest in the State. In calendar year 2010, the Airport served 821,940 passengers, an increase of 14,814 or 1.84% over 2009. Four commercial airlines, US Airways, Delta, American Airlines/American Eagle and Allegiant, provide regular jet and commuter service with 25 daily flights, offering direct (non-stop) service to seven major cities: Atlanta, Charlotte, New York, Philadelphia, Washington DC, Chicago 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 as the 6<sup>th</sup> university in the University of North Carolina System (UNC) 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 14<sup>th</sup> consecutive year, was rated among the top 10 public master's universities in the south by *U.S. News and World Report* and 3<sup>rd</sup> on its list of "up-an-coming" master's universities in the South. UNCW has been awarded the "Best in the Southeast" designation for the 8<sup>th</sup> year in a row from the *Princeton Review*. For the third 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 3<sup>rd</sup> 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 17<sup>th</sup> 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, 31 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 2011 enrollment of 13,145 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 7,611 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, a 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.

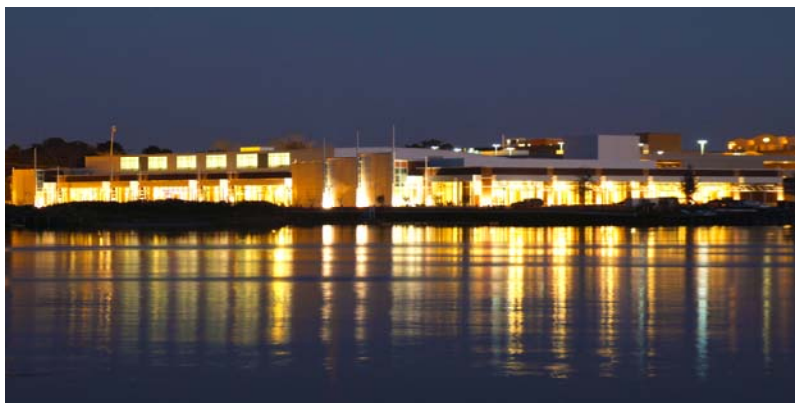
A key financial goal of the City for many years has been the maintenance of an unassigned General Fund balance of at least equal to or greater than 15% to 20% of the total annual operating budget of the General Fund. In addition, the City has desired to appropriate a consistent level of fund balance each year resulting from positive budget variances. These goals are met in the fiscal year 2011 results that are built into the 2011-2012 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*

The Wilmington Convention Center (Center) Complex offers a prime new coastal choice to conventions in North Carolina with a view of the Cape Fear River and north end of Wilmington's historic downtown district. On November 11, 2010, construction was completed by J M Thompson Company and the first event took place on November 13, 2010.

SMG was selected to manage the Center and during the eight (8) months of operation in fiscal year 2011, SMG successfully hosted over 80 events, including six convention groups. The Center's operation includes over 107,000 square feet of function space, an adjacent Event Lawn and an attached 578 space Parking Deck. The Center's main service feature is the food & beverage operation; SAVOR...Catering by SMG, which has set the new standard for quality in catering and service in this region.



Significant features are the Center's dramatic interior design with red cedar walls and ceilings, reminiscent of its historic regional use in boat building. The Center also features enhanced specialty lighting as well as a maritime themed photo and art display which reflects the historical local imagery and industry from our past that shaped Wilmington's future. The Center's fine business reputation is on the rise in the association industry as a premium choice for conventions and meetings.

The initial budget and anticipated cost of the facility was \$56.6 million, including the parking deck and reimbursement for the cost of land. The estimated final cost of the facility is expected to be approximately \$51.8 million.

#### *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*

**Westfall Medical offices** is a three-story, 52,500 square-foot office building located on 3.36 acres at 1817 Sir Tyler Drive. Project release is delayed pending off-site roadway improvement agreements. Construction has not yet begun.

**The Sidbury**, located at 7205, 7215 & 7225 Wrightsville Avenue, was approved for construction in June of 2011. The project consists of three 4-story buildings that include 102 residential units, 15,750 sq ft of retail space and 13,200 square feet of office space. The applicant is proposing to use low impact development techniques and to utilize underneath building parking areas to minimize impervious surfaces. A request for a special use permit was submitted in October of 2011 to increase the height of one of the buildings from 45 feet to 60 feet.

**Courtyard by Marriott**, a 124-room hotel, is under construction at the corner of 2<sup>nd</sup> and Grace Streets, with a construction cost of \$14 million. The hotel will feature meeting spaces as well as a street-level Starbucks and an internal bistro. Once built, 30 permanent positions at the hotel are expected for normal hotel operations.

**Cape Fear Community College** has two buildings under construction with various infrastructure improvements in downtown. On the corner of Front and Red Cross streets, CFCC is constructing a 210,000 square-foot student center and classroom building. Along North 3<sup>rd</sup> and Hanover Streets, construction is underway for a 1,000+ space parking deck. Under plan review is a 153,000 square-foot fine arts center, which is proposed to include a 1,500-seat auditorium. The total investment cost for all three projects is over \$100 million.

**Cambridge Village**, located at 1511 Eastwood Road, consists of a 4-story multi-family building that includes 250 aged-restricted residential units, clubhouse & pool and a 20,000 square-foot wellness center. The applicant is proposing to use low impact development techniques.

**Tiburon Parc** is a 32-acre commercial subdivision consisting of 5 parcels located on the east side of Independence Boulevard. The developer is currently constructing the utility, street and storm water infrastructure and installing the other improvements that will be required to serve the development.

**Live Oak Bank**, proposed for approximately 7 acres of property within the Tiburon Parc commercial subdivision, is expected to be completed by summer 2012. The Live Oak Bank buildings will be 34,100 square feet and LEED certification is being pursued.

**New Hanover Health and Rehabilitation Center** is a 175,200 square-foot skilled nursing and rehabilitation facility located at the northeast corner of Independence Boulevard and Carolina Beach Road. Construction has not yet begun.

## **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, 2010. 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-eight 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, Joe Mininni and Eric Olsen for their efforts and contributions to the preparation of this report and Kathy Mann for the cover design.

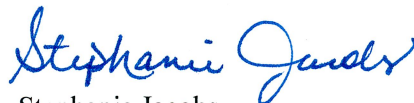
Respectfully submitted,



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, 2010

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



*Linda C. Davison*

President

*Jeffrey R. Emery*

Executive Director



**W** CITY OF  
**WILMINGTON**  
NORTH CAROLINA



**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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Wilmington, North Carolina, as of and for the year ended June 30, 2011, which collectively comprise the City of Wilmington'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 financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 provides a reasonable basis for our opinions.

In our opinion, 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, 2011, and the respective changes in financial position and cash flows, where applicable, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2011 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, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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 3 through 12 and 97 through 100 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Wilmington's basic financial statements. The introductory section, combining and individual fund statements and schedules, the supplemental financial data and the statistical section, as well as the Schedule of Expenditures of Federal and State Awards (in the single audit section) as required by the 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 of City of Wilmington, North Carolina. The 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, 2011, 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 29, 2011

## 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, 2011. 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

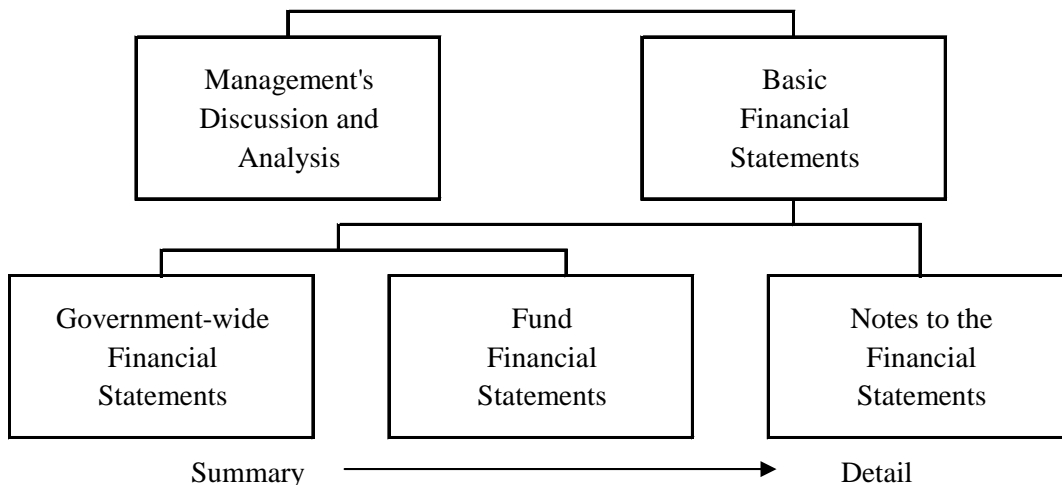
- The assets of the City of Wilmington exceeded its liabilities at the close of the fiscal year by \$313,806,307 (*net assets*).
- The government's total net assets increased by \$11,091,519, with approximately 90.7% of that amount accounted for in the net assets of the governmental activities and 9.3% 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 \$2,001,816 from the prior year to a total of \$107,223,519. Approximately 13.8% of this amount, or \$14,785,137, is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$17,353,940 or 25.9% of total general fund expenditures and 21.8% of total general fund expenditures including transfers for the fiscal year.

### 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. Financial statements for 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 the Community Housing Development Organization's net proceeds from the sale of housing, law enforcement seizures and pension and postemployment trust funds, 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 39 - 95 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 97 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 \$313,806,307 as of June 30, 2011. The City's net assets increased by \$11,091,519 for the fiscal year ended June 30, 2011.

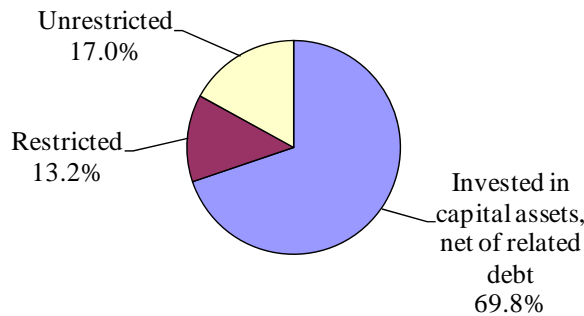
A significant portion of the City of Wilmington's net assets \$219,174,652 (69.8%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The City of Wilmington uses these capital assets to provide services to citizens; consequently those assets are not available for future spending. Although the City of Wilmington's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

An additional portion of the City of Wilmington's net assets of \$41,309,542 (13.2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$53,322,113 (17.0%) 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	
	2011	2010	2011	2010	2011	2010
<b>ASSETS:</b>						
Current and other assets	\$ 157,139,297	\$ 166,408,533	\$ 20,303,092	\$ 20,783,234	\$ 177,442,389	\$ 187,191,767
Capital assets	<u>359,119,211</u>	<u>343,600,008</u>	<u>43,116,991</u>	<u>42,515,901</u>	<u>402,236,202</u>	<u>386,115,909</u>
Total assets	<u>516,258,508</u>	<u>510,008,541</u>	<u>63,420,083</u>	<u>63,299,135</u>	<u>579,678,591</u>	<u>573,307,676</u>
<b>LIABILITIES:</b>						
Long-term liabilities	229,209,735	228,779,971	22,406,502	23,005,545	251,616,237	251,785,516
Current and other liabilities	<u>13,036,192</u>	<u>17,280,912</u>	<u>1,219,855</u>	<u>1,526,460</u>	<u>14,256,047</u>	<u>18,807,372</u>
Total liabilities	<u>242,245,927</u>	<u>246,060,883</u>	<u>23,626,357</u>	<u>24,532,005</u>	<u>265,872,284</u>	<u>270,592,888</u>
<b>NET ASSETS:</b>						
Invested in capital assets, net of related debt	196,686,945	188,091,906	22,487,707	20,982,210	219,174,652	209,074,116
Restricted	38,931,386	25,903,793	2,378,156	2,378,156	41,309,542	28,281,949
Unrestricted	<u>38,394,250</u>	<u>49,951,959</u>	<u>14,927,863</u>	<u>15,406,764</u>	<u>53,322,113</u>	<u>65,358,723</u>
Net assets	<u>\$ 274,012,581</u>	<u>\$ 263,947,658</u>	<u>\$ 39,793,726</u>	<u>\$ 38,767,130</u>	<u>\$ 313,806,307</u>	<u>\$ 302,714,788</u>

**Total Net Assets**



**Governmental activities.** Governmental activities increased the City's net assets by \$10,064,923 accounting for 90.7% 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 \$2,611,167 or 2.5% over the prior year despite a \$4,589,318 decrease in capital grants and contributions which was mostly due to the one time capital contribution from New Hanover County for parks development in 2010.
- Property tax collections increased by \$5,618,050 or 12.0% over the prior year primarily due to the 3.75 cents tax increase in 2011.
- Program revenues provided 26.1% of the support for governmental activities.
- Expenses related to governmental activities decreased by \$908,552 or .9% over the prior year. The two largest decreases were in Public Safety of \$4,421,863 and \$2,690,911 in Culture and Recreation, which was mainly attributable to vacant positions unfilled. The largest increases were in Economic and Physical Development \$3,715,892 and Transportation \$1,521,354.

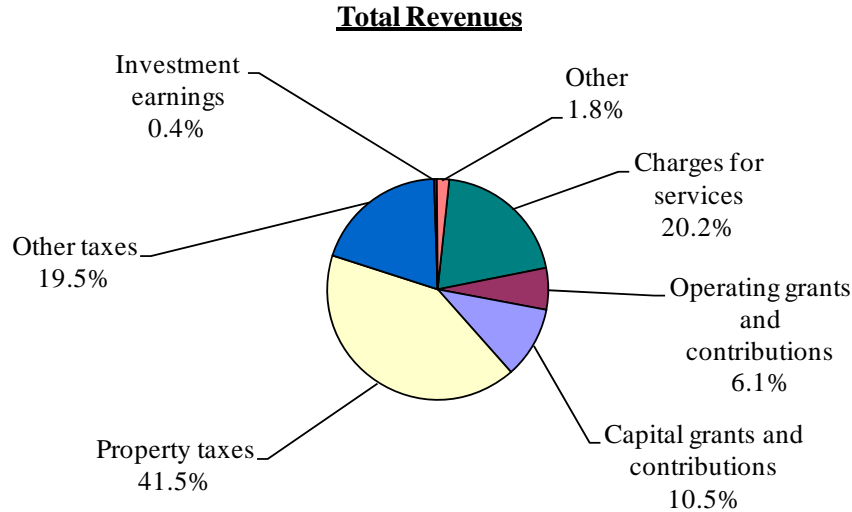


**Business-type activities.** Business-type activities increased the City of Wilmington's net assets by \$1,026,596 accounting for 9.3% of the total increase in the government-wide net assets. Key elements of the increase are as follows:

- Charges for services increased by \$100,404 or .6% over the prior year. The Storm water charges realized a 5% increase and Golf a 4.5% increase over the prior year, however Parking had a 10.5% decrease due to reduced usage of the parking decks.
- Expenses related to Solid waste management and Stormwater increased by \$167,080 or 1.2% over the prior year.

**Changes in Net Assets  
Figure 3**

	Governmental		Business-type		Total	
	Activities		Activities			
	2011	2010	2011	2010	2011	2010
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 7,117,425	\$ 5,199,609	\$ 18,433,422	\$ 18,333,018	\$ 25,550,847	\$ 23,532,627
Operating grants and contributions	7,744,008	8,587,862	-	-	7,744,008	8,587,862
Capital grants and contributions	13,272,496	17,861,814	110,232	343,665	13,382,728	18,205,479
General revenues:						
Property taxes	52,445,946	46,827,896	-	-	52,445,946	46,827,896
Other taxes	24,649,375	23,906,985	-	-	24,649,375	23,906,985
Investment earnings	385,103	700,500	94,772	187,750	479,875	888,250
Other	<u>2,197,527</u>	<u>2,116,047</u>	<u>69,282</u>	<u>69,493</u>	<u>2,266,809</u>	<u>2,185,540</u>
Total revenues	<u>107,811,880</u>	<u>105,200,713</u>	<u>18,707,708</u>	<u>18,933,926</u>	<u>126,519,588</u>	<u>124,134,639</u>
<b>Expenses:</b>						
General government	18,442,793	17,913,454	-	-	18,442,793	17,913,454
Public safety	42,201,402	46,623,265	-	-	42,201,402	46,623,265
Transportation	12,744,479	11,223,125	-	-	12,744,479	11,223,125
Economic and physical development	5,843,970	2,128,078	-	-	5,843,970	2,128,078
Environmental Protection	500	-	-	-	500	-
Culture and recreation	7,727,790	10,418,701	-	-	7,727,790	10,418,701
Transit system	1,427,915	1,522,702	-	-	1,427,915	1,522,702
Interest and other charges	9,994,715	9,462,791	-	-	9,994,715	9,462,791
Solid waste management	-	-	7,595,390	7,510,722	7,595,390	7,510,722
Storm water management	-	-	6,022,115	5,939,703	6,022,115	5,939,703
Parking facilities	-	-	2,319,874	2,394,835	2,319,874	2,394,835
Golf	-	-	1,107,126	1,136,189	1,107,126	1,136,189
Total expenses	<u>98,383,564</u>	<u>99,292,116</u>	<u>17,044,505</u>	<u>16,981,449</u>	<u>115,428,069</u>	<u>116,273,565</u>
Increase in net assets before transfers	9,428,316	5,908,597	1,663,203	1,952,477	11,091,519	7,861,074
Transfers from (to) other funds	<u>636,607</u>	<u>50,000</u>	<u>(636,607)</u>	<u>(50,000)</u>	<u>-</u>	<u>-</u>
Increase in net assets	<u>10,064,923</u>	<u>5,958,597</u>	<u>1,026,596</u>	<u>1,902,477</u>	<u>11,091,519</u>	<u>7,861,074</u>
Net assets at beginning of year	<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>
Net assets at end of year	<u>\$ 274,012,581</u>	<u>\$ 263,947,658</u>	<u>\$ 39,793,726</u>	<u>\$ 38,767,130</u>	<u>\$ 313,806,307</u>	<u>\$ 302,714,788</u>



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

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

**Governmental Funds.** The focus of the financial statements of 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, unassigned 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, unassigned fund balance of the General Fund was \$17,353,940, a 14.3% increase from the prior year; while total fund balance was \$31,040,098 a 20.5% increase from the prior year. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 25.9% of total General Fund expenditures, while total fund balance represents 46.4% of that same amount.

At June 30, 2011, the governmental funds of the City of Wilmington reported a combined fund balance of \$107,223,519, a 1.8% decrease (\$2,001,816) from the prior year. The General Fund, special purpose fund, building improvements fund, debt service fund, and special revenue funds are included in this combined amount.

The General Fund realized a \$5.3 million increase mainly due to expenditure reductions discussed in the General Fund Budgetary Highlights section and the Streets and Sidewalks Fund realized a \$2.5 million increase mainly due to the issuance of bonds. These increases in total fund balance in the governmental funds was offset by the \$5.6 million decrease in the Building Improvements Fund due to the construction of the Convention Center, and the \$3.1 million decrease in the Special Purpose Fund due mainly to the operations of the Convention Center. Additionally, the Debt Service Fund and the Total Non-Major Funds each had decreases of \$708,947 and \$405,127 respectively.

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

Revenues (excluding transfers) were above budget estimates by \$317,027 for the fiscal year. This increase was mainly due to an increase in sales tax receipts of \$362,669.

Expenditures (excluding transfers) in the General Fund were \$5,584,697 less than the \$72,396,683 budget. In response to the economy the City froze hiring and implemented health care changes that shifted more costs to the employees, both major factors in the City being able to contain expenditure levels below the authorized budget.

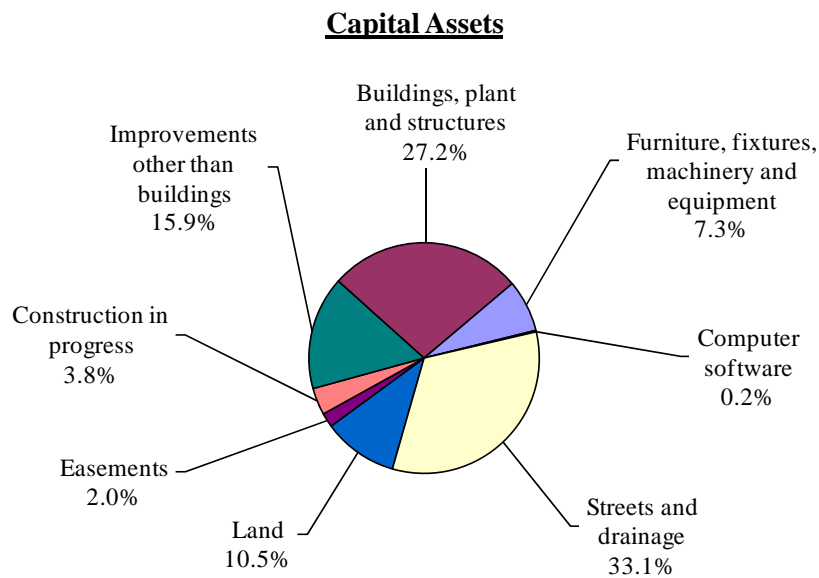
**Proprietary Funds.** The City of Wilmington’s proprietary funds provide the same type of information found in the government-wide statements but in more detail. The major enterprise funds are the Solid Waste Management Fund, Storm Water Management Fund and Parking Facilities Fund. Unrestricted net 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 \$3,497,176, \$7,826,516, and \$2,140,331, respectively. The unrestricted net assets of the Golf nonmajor proprietary fund totaled \$1,463,840.

### **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, 2011 was \$402,236,202 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, right-of-ways and easements, park facilities, machinery and equipment, vehicles and software.

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 (see Figure 4) was the completion of the construction of the Convention Center which was responsible for \$43,939,952 of the decrease in construction in progress and related increase in buildings, plant and structures.
- An increase of \$1,326,424 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	
	2011	2010	2011	2010	2011	2010
Land	\$ 53,586,818	\$ 53,084,711	\$ 3,072,748	\$ 3,036,932	\$ 56,659,566	\$ 56,121,643
Easements	10,439,612	4,855,758	358,581	92,057	10,798,193	4,947,815
Construction in progress	<u>17,057,398</u>	<u>85,710,275</u>	<u>3,386,981</u>	<u>3,360,466</u>	<u>20,444,379</u>	<u>89,070,741</u>
Total non-depreciable assets	<u>81,083,828</u>	<u>143,650,744</u>	<u>6,818,310</u>	<u>6,489,455</u>	<u>87,902,138</u>	<u>150,140,199</u>
Improvements other than buildings	42,002,073	22,384,726	43,392,239	42,065,815	85,394,312	64,450,541
Buildings, plant and structures	132,422,975	79,997,848	13,976,435	13,781,990	146,399,410	93,779,838
Furniture, fixtures, machinery and equipment	38,350,319	37,485,846	1,016,584	959,280	39,366,903	38,445,126
Computer software	1,180,875	817,418	-	-	1,180,875	817,418
Streets and drainage	<u>178,584,681</u>	<u>162,974,969</u>	<u>-</u>	<u>-</u>	<u>178,584,681</u>	<u>162,974,969</u>
Total assets being depreciated	392,540,923	303,660,807	58,385,258	56,807,085	450,926,181	360,467,892
Accumulated depreciation	<u>(114,505,540)</u>	<u>(103,711,543)</u>	<u>(22,086,577)</u>	<u>(20,780,639)</u>	<u>(136,592,117)</u>	<u>(124,492,182)</u>
Total capital assets being depreciated, net	<u>278,035,383</u>	<u>199,949,264</u>	<u>36,298,681</u>	<u>36,026,446</u>	<u>314,334,064</u>	<u>235,975,710</u>
Total capital assets, net	<u>\$ 359,119,211</u>	<u>\$ 343,600,008</u>	<u>\$ 43,116,991</u>	<u>\$ 42,515,901</u>	<u>\$ 402,236,202</u>	<u>\$ 386,115,909</u>

Additional information on the City's capital assets can be found in note 3 on pages 58-60 of this report.

**Long-term Debt.** As of June 30, 2011, the City of Wilmington had total bonded debt outstanding of \$50,515,000. Of this amount, \$37,890,000 is general obligation debt backed by the full faith and credit of the City. The remainder of the City's bonded 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, 2011 of the former water and sewer fund are \$11,185,000.

**General Obligation and Revenue Bonds**  
**Figure 5**

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
General obligation bonds	\$ 37,890,000	\$ 33,865,000	\$ -	\$ -	\$ 37,890,000	\$ 33,865,000
Revenue bonds	-	-	12,625,000	13,065,000	12,625,000	13,065,000
<b>Total</b>	<b>\$ 37,890,000</b>	<b>\$ 33,865,000</b>	<b>\$ 12,625,000</b>	<b>\$ 13,065,000</b>	<b>\$ 50,515,000</b>	<b>\$ 46,930,000</b>

The City of Wilmington's total bonded debt increased by \$3,585,000 during the past fiscal year. At June 30, 2011, 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 \$1,127,442,262.

The City's total debt decreased by \$3,560,006 (1.5%) during the past fiscal year, primarily due to the \$15,340,006 of principal retirements in general obligation, revenue bonds, installment obligations and other long-term obligations. These retirements were offset by the issuance of \$11,780,000 of general obligation bonds; of which \$8,660,000 were for street/highway, sidewalk and bridge improvements and \$3,120,000 was to refund outstanding 1997A and 2000 Public Improvement general obligation bonds.

**Total Debt Outstanding**  
**Figure 6**

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
General obligation bonds	\$ 37,890,000	\$ 33,865,000	\$ -	\$ -	\$ 37,890,000	\$ 33,865,000
Revenue bonds	-	-	12,625,000	13,065,000	12,625,000	13,065,000
Installment Obligations	144,412,828	148,531,397	7,892,172	8,373,603	152,305,000	156,905,000
Other Long term obligations	32,079,818	34,624,824	-	-	32,079,818	34,624,824
<b>Total</b>	<b>\$ 214,382,646</b>	<b>\$ 217,021,221</b>	<b>\$ 20,517,172</b>	<b>\$ 21,438,603</b>	<b>\$ 234,899,818</b>	<b>\$ 238,459,824</b>

Additional information on the City of Wilmington's long-term debt can be found in note 3 on pages 73-86 of this report.

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

The following key economic indicators reflect the conservative growth projections:

- The City of Wilmington's unemployment rate of 9.3% at June 30, 2011 was below the State average of 10.4% and the same as the national average of 9.3%.
- Reductions in construction were evident as the building permits valued at \$160,785,851 in fiscal year 2011 were \$38,126,931 less than the permitted values in fiscal year 2010.
- Sales tax receipts (county-wide) ended the year up by 13.4% over the prior fiscal year but due to conservative projections and changes in projected property levies that affect the distribution method selected by New Hanover County, a 7% increase was projected for 2012.

All of these factors were included in preparing the City of Wilmington's budget for the 2012 fiscal year.

## **Budget Highlights for the Fiscal Year Ending June 30, 2012**

**Governmental Activities.** The budget includes a tax rate of 37 cents per \$100 of assessed valuation and represents no increase over the prior year. Sales tax revenue was projected to be 7% higher or approximately \$1.0 million more over the previous year; and the budget includes an appropriation of fund balance of \$731,945. The budgeted expenditures, excluding transfers, in the General Fund are expected to decrease by \$818,007 from the final 2010 – 2011 General Fund budget, or 1.1%, to \$71,578,676.

**Business – type Activities.** Storm water fees increased by 8.49% to \$5.75 per month per residence and Solid Waste fees increased by approximately 1% to \$24.80 per month per residence for a large roll out cart. Expenditures in the Golf Course Fund increased as a result of the acquisition of the Inland Greens Golf Course which required staffing along with additional equipment and other operational expenses of \$244,434.

### **Requests for Information**

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

## **BASIC FINANCIAL STATEMENTS**



**W** CITY OF  
**WILMINGTON**  
NORTH CAROLINA



**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Net Assets**

**June 30, 2011**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 55,061,597	\$ 16,591,228	\$ 71,652,825	\$ 160,922
Taxes receivable, net	1,558,943	-	1,558,943	-
Accounts receivable, net	1,143,678	2,810,663	3,954,341	109,004
Other receivables	658,930	17,118	676,048	-
Due from fiduciary funds	43,237	-	43,237	-
Due from primary government	-	-	-	85,865
Due from other governments	10,314,047	227,736	10,541,783	520,423
Inventories	527,031	96,116	623,147	75,641
Assets held for resale	276,087	-	276,087	-
Deferred charges, net	2,113,006	389,484	2,502,490	-
Deferred outflow of resources	833,249	-	833,249	-
Notes receivable	15,653,862	-	15,653,862	-
Prepays	1,277,120	170,747	1,447,867	-
Restricted assets:				
Cash and cash equivalents	35,608,490	-	35,608,490	-
Other receivables	6,806	-	6,806	-
Due from other governments	5,289,251	-	5,289,251	-
Due from management company	173,963	-	173,963	-
Long-term receivables:				
Due within one year	3,870,000	-	3,870,000	-
Due in more than one year	22,730,000	-	22,730,000	-
Capital assets:				
Land, easements and construction in progress	81,083,828	6,818,310	87,902,138	2,394,291
Other capital assets, net of accumulated depreciation	278,035,383	36,298,681	314,334,064	9,430,665
<b>Total assets</b>	<b>516,258,508</b>	<b>63,420,083</b>	<b>579,678,591</b>	<b>12,776,811</b>
<b>LIABILITIES</b>				
Accounts payable	1,177,953	550,585	1,728,538	421,854
Due to other governments	1,983,206	370	1,983,576	-
Due to component unit	9,607	-	9,607	-
Accrued liabilities	5,797,809	483,154	6,280,963	167,932
Customer and escrow deposits	505,585	119,105	624,690	-
Unearned revenues	-	66,641	66,641	-
Derivative instrument - interest rate swap	833,249	-	833,249	-
Restricted liabilities:				
Accounts payable	2,609,074	-	2,609,074	-
Accrued liabilities	54,709	-	54,709	-
Unearned revenues	65,000	-	65,000	-
Long-term liabilities:				
Due within one year	15,289,054	1,384,540	16,673,594	86,516
Due in more than one year	213,920,681	21,021,962	234,942,643	-
<b>Total liabilities</b>	<b>242,245,927</b>	<b>23,626,357</b>	<b>265,872,284</b>	<b>676,302</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	196,686,945	22,487,707	219,174,652	-
Restricted for:				
Stabilization by State statute	10,298,303	-	10,298,303	-
Community development housing loans	16,237,789	-	16,237,789	-
Public safety	1,084,267	-	1,084,267	-
Economic and physical development	340,617	-	340,617	-
Cultural and recreational	86,334	-	86,334	-
Capital projects	-	2,378,156	2,378,156	-
Convention center facility	10,884,076	-	10,884,076	-
Unrestricted	38,394,250	14,927,863	53,322,113	12,100,509
<b>Net assets</b>	<b>\$ 274,012,581</b>	<b>\$ 39,793,726</b>	<b>\$ 313,806,307</b>	<b>\$12,100,509</b>

See notes to financial statements.

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Activities**

**Year Ended June 30, 2011**

<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	\$ 18,442,793	\$ 2,691,275	\$ 122,272	\$ 128,099
Public safety	42,201,402	1,386,725	1,176,170	25,770
Transportation	12,744,479	1,311,696	3,098,379	10,249,659
Economic and physical development	5,843,970	1,096,703	1,524,462	-
Environmental protection	500	19,429	3,700	-
Cultural and recreational	7,727,790	611,597	4,500	2,868,968
Transit system	1,427,915	-	-	-
Hurricane disaster recovery	-	-	63,063	-
Interest and other charges	9,994,715	-	1,751,462	-
Total governmental activities	<u>98,383,564</u>	<u>7,117,425</u>	<u>7,744,008</u>	<u>13,272,496</u>
Business-type activities:				
Solid waste management	7,595,390	8,113,378	-	-
Storm water management	6,022,115	7,114,617	-	110,232
Parking facilities	2,319,874	2,035,573	-	-
Golf	1,107,126	1,169,854	-	-
Total business-type activities	<u>17,044,505</u>	<u>18,433,422</u>	<u>-</u>	<u>110,232</u>
Total primary government	<u>\$ 115,428,069</u>	<u>\$ 25,550,847</u>	<u>\$ 7,744,008</u>	<u>\$ 13,382,728</u>
Component unit	<u>\$ 8,709,773</u>	<u>\$ 2,474,755</u>	<u>\$ 3,441,257</u>	<u>\$ 4,473,277</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

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit
\$ (15,501,147)	\$ -	\$ (15,501,147)	\$ -
(39,612,737)	-	(39,612,737)	-
1,915,255	-	1,915,255	-
(3,222,805)	-	(3,222,805)	-
22,629	-	22,629	-
(4,242,725)	-	(4,242,725)	-
(1,427,915)	-	(1,427,915)	-
63,063	-	63,063	-
(8,243,253)	-	(8,243,253)	-
<u>(70,249,635)</u>	<u>-</u>	<u>(70,249,635)</u>	<u>-</u>
-	517,988	517,988	-
-	1,202,734	1,202,734	-
-	(284,301)	(284,301)	-
<u>-</u>	<u>62,728</u>	<u>62,728</u>	<u>-</u>
-	1,499,149	1,499,149	-
<u>(70,249,635)</u>	<u>1,499,149</u>	<u>(68,750,486)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,679,516</u>
52,445,946	-	52,445,946	-
2,274,826	-	2,274,826	-
1,539,418	69,282	1,608,700	-
-	-	-	1,227,474
-	-	-	132,939
14,409,320	-	14,409,320	-
6,303,686	-	6,303,686	-
1,470,975	-	1,470,975	-
190,568	-	190,568	-
385,103	94,772	479,875	260
658,109	-	658,109	70,927
<u>79,677,951</u>	<u>164,054</u>	<u>79,842,005</u>	<u>1,431,600</u>
<u>636,607</u>	<u>(636,607)</u>	<u>-</u>	<u>-</u>
<u>80,314,558</u>	<u>(472,553)</u>	<u>79,842,005</u>	<u>1,431,600</u>
10,064,923	1,026,596	11,091,519	3,111,116
<u>263,947,658</u>	<u>38,767,130</u>	<u>302,714,788</u>	<u>8,989,393</u>
<u>\$ 274,012,581</u>	<u>\$ 39,793,726</u>	<u>\$ 313,806,307</u>	<u>\$ 12,100,509</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Balance Sheet -  
Governmental Funds**

**June 30, 2011**

	General Fund	Special Purpose Fund	Streets and Sidewalks Fund
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 28,638,864	\$ 444,061	\$ 4,821,779
Taxes receivable, net	1,558,943	-	-
Accounts receivable, net	1,120,393	-	-
Other receivables	645,011	-	1,372
Due from other funds	747,633	-	-
Due from other governments	6,915,314	328,450	553,954
Assets held for resale	-	-	-
Notes receivable	247,620	98,467	-
Inventories	412,430	-	-
Prepays	1,243,480	-	-
Restricted assets:			
Cash and cash equivalents	-	11,490,620	15,374,805
Other receivables	-	6,806	-
Due from management company	-	173,963	-
Due from other governments	-	538,330	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	\$ 41,529,688	\$ 13,080,697	\$ 20,751,910
	<u>          </u>	<u>          </u>	<u>          </u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 707,215	\$ 35,561	\$ 75,813
Due to other funds	-	-	-
Due to component unit	9,607	-	-
Due to other governments	1,983,206	-	-
Accrued liabilities	4,646,713	-	-
Customer and escrow deposits	327,351	-	-
Deferred revenues	2,815,498	-	-
Restricted liabilities:			
Accounts payable	-	147,289	719,372
Accrued liabilities	-	54,709	-
Unearned revenue	-	65,000	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	10,489,590	302,559	795,185
	<u>          </u>	<u>          </u>	<u>          </u>

Building Improvements Fund	Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
\$ 6,694,350	\$ 6,474,247	\$ 1,607,491	\$ 48,680,792
-	-	-	1,558,943
850	-	-	1,121,243
3,220	3,895	1,582	655,080
-	-	60,000	807,633
215,820	20,846	2,279,663	10,314,047
-	-	276,087	276,087
-	-	15,307,775	15,653,862
-	-	-	412,430
-	-	11,656	1,255,136
8,719,607	23,458	-	35,608,490
-	-	-	6,806
-	-	-	173,963
-	-	4,750,921	5,289,251
<u>\$ 15,633,847</u>	<u>\$ 6,522,446</u>	<u>\$ 24,295,175</u>	<u>\$ 121,813,763</u>
\$ 27,278	\$ 17,649	\$ 220,762	\$ 1,084,278
-	-	764,396	764,396
-	-	-	9,607
-	-	-	1,983,206
-	-	26,446	4,673,159
-	-	178,234	505,585
850	-	24,882	2,841,230
1,361,028	21,256	360,129	2,609,074
-	-	-	54,709
-	-	-	65,000
<u>1,389,156</u>	<u>38,905</u>	<u>1,574,849</u>	<u>14,590,244</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Balance Sheet -  
Governmental Funds (Continued)**

**June 30, 2011**

	<u>General Fund</u>	<u>Special Purpose Fund</u>	<u>Streets and Sidewalks Fund</u>
<b>LIABILITIES AND FUND BALANCES (Continued)</b>			
Fund balances:			
Non Spendable:			
Inventories	\$ 412,430	\$ -	\$ -
Prepays	1,243,480	-	-
Restricted:			
Stabilization by State statute	10,298,303	-	5,843,289
Community development loans	-	98,467	-
Convention center	-	10,884,076	-
Capital projects	-	-	14,655,433
Debt service	-	-	-
Public safety	-	985,530	-
Economic and physical development	-	340,617	-
Cultural and recreational	-	86,334	-
Committed:			
Capital projects	-	-	-
Debt service	-	-	-
Transportation	-	156,123	-
Economic and physical development	-	239,665	-
Cultural and recreational	-	2,766	-
Assigned:			
Self-insurance	1,000,000	-	-
Subsequent year's expenditures	731,945	-	-
Unassigned (deficit):	17,353,940	(15,440)	(541,997)
Unassigned (deficit), reported in:			
Nonmajor special revenue funds	-	-	-
Total fund balances	<u>31,040,098</u>	<u>12,778,138</u>	<u>19,956,725</u>
Total liabilities and fund balances	<u>\$ 41,529,688</u>	<u>\$ 13,080,697</u>	<u>\$ 20,751,910</u>

Building Improvements Fund	Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 412,430
-	-	11,656	1,255,136
1,840,143	25,491	8,196,256	26,203,482
-	-	16,139,322	16,237,789
-	-	-	10,884,076
7,358,579	-	-	22,014,012
-	2,202	-	2,202
-	-	98,737	1,084,267
-	-	-	340,617
-	-	-	86,334
5,045,969	-	285,721	5,331,690
-	6,455,848	-	6,455,848
-	-	-	156,123
-	-	-	239,665
-	-	-	2,766
-	-	-	1,000,000
-	-	-	731,945
-	-	-	16,796,503
-	-	(2,011,366)	(2,011,366)
<u>14,244,691</u>	<u>6,483,541</u>	<u>22,720,326</u>	<u>107,223,519</u>
<u>\$ 15,633,847</u>	<u>\$ 6,522,446</u>	<u>\$ 24,295,175</u>	<u>\$ 121,813,763</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**June 30, 2011**

Total fund balances - governmental funds	\$ 107,223,519
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.	356,088,838
Long-term receivables are not available to pay for current expenditures and, therefore, are not reported in the funds.	26,600,000
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.	8,470,177
Liabilities for earned but deferred revenues in fund statements.	2,841,230
Long-term liabilities including bonds payable and accrued interest thereon, are not due and payable in the current period and, therefore are not reported in the funds.	<u>(227,211,183)</u>
Net assets - governmental activities	<u>\$ 274,012,581</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, 2011**

	General Fund	Special Purpose Fund	Streets and Sidewalks Fund
	<u>          </u>	<u>          </u>	<u>          </u>
Revenues:			
Ad valorem taxes	\$ 52,304,940	\$ -	\$ -
Room occupancy tax	-	2,274,826	-
Other taxes	22,374,549	-	-
Unrestricted intergovernmental	1,340,967	-	-
Restricted intergovernmental	3,251,858	1,583,438	1,926,258
Licenses and permits	2,510,282	-	-
Sales and services	2,430,836	978,643	-
Fines and forfeits	106,791	-	-
Investment earnings	155,340	81,983	30,938
Donations	-	7,725	99,062
Miscellaneous	514,298	811,811	-
	<u>84,989,861</u>	<u>5,738,426</u>	<u>2,056,258</u>
Total revenues			
Expenditures:			
Current:			
General government	15,999,272	100,358	-
Public safety	36,769,529	1,271,847	-
Transportation	6,747,559	1,298,430	7,415,919
Economic and physical development	115,581	2,406,182	-
Environmental protection	-	500	-
Cultural and recreational	6,098,284	14,910	2,436,841
Transit system	1,227,474	-	-
Debt service:			
Principal retirement	-	1,410,000	-
Interest and other charges	-	2,821,200	-
	<u>66,957,699</u>	<u>9,323,427</u>	<u>9,852,760</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	<u>18,032,162</u>	<u>(3,585,001)</u>	<u>(7,796,502)</u>
Other financing sources (uses):			
Transfers from other funds	-	517,992	1,241,970
Transfers to other funds	(12,752,677)	-	-
Issuance of bonds	-	-	8,660,000
Issuance of refunding bonds	-	-	-
Premium on bonds	-	-	366,839
Premium on refunding bonds	-	-	-
Payment to refund outstanding bonds	-	-	-
	<u>(12,752,677)</u>	<u>517,992</u>	<u>10,268,809</u>
Total other financing sources (uses)			
Net change in fund balances	5,279,485	(3,067,009)	2,472,307
Fund balances at beginning of year	25,751,341	15,845,147	17,484,418
Change in reserve for inventories	9,272	-	-
Fund balances at end of year	<u>\$ 31,040,098</u>	<u>\$ 12,778,138</u>	<u>\$ 19,956,725</u>

Building Improvements Fund	Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 52,304,940
-	-	-	2,274,826
-	-	-	22,374,549
-	-	-	1,340,967
128,099	5,626,462	4,023,210	16,539,325
-	-	-	2,510,282
-	-	-	3,409,479
-	-	-	106,791
44,077	30,578	8,686	351,602
-	-	331,964	438,751
<u>33,392</u>	<u>-</u>	<u>104,690</u>	<u>1,464,191</u>
<u>205,568</u>	<u>5,657,040</u>	<u>4,468,550</u>	<u>103,115,703</u>
776,553	-	96,427	16,972,610
263,042	-	82,314	38,386,732
-	-	1,806	15,463,714
5,981,663	-	873,427	9,376,853
-	-	-	500
153,275	-	4,219,703	12,923,013
200,441	-	-	1,427,915
-	9,024,615	-	10,434,615
-	7,035,924	-	9,857,124
<u>7,374,974</u>	<u>16,060,539</u>	<u>5,273,677</u>	<u>114,843,076</u>
<u>(7,169,406)</u>	<u>(10,403,499)</u>	<u>(805,127)</u>	<u>(11,727,373)</u>
1,587,609	9,649,685	783,949	13,781,205
-	-	(383,949)	(13,136,626)
-	-	-	8,660,000
-	3,120,000	-	3,120,000
-	-	-	366,839
-	130,992	-	130,992
-	(3,206,125)	-	(3,206,125)
<u>1,587,609</u>	<u>9,694,552</u>	<u>400,000</u>	<u>9,716,285</u>
(5,581,797)	(708,947)	(405,127)	(2,011,088)
19,826,488	7,192,488	23,125,453	109,225,335
-	-	-	9,272
<u>\$ 14,244,691</u>	<u>\$ 6,483,541</u>	<u>\$ 22,720,326</u>	<u>\$ 107,223,519</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, 2011**

Net change in fund balances - total governmental funds	\$ (2,011,088)
Amounts reported for governmental activities in the statement of activities are different because:	
Change in fund balance due to change in reserve for inventory	9,272
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.	16,700,543
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.	296,100
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.	(2,457,676)
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.	(2,215,789)
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.	54,829
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>(311,268)</u>
Change in net assets - governmental activities	<u>\$ 10,064,923</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, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Ad valorem tax	\$ 52,741,490	\$ 52,741,490	\$ 52,304,940	\$ (436,550)
Local option sales tax	14,046,651	14,046,651	14,409,320	362,669
Franchise tax	6,154,512	6,154,512	6,303,686	149,174
Video programming tax	1,400,000	1,400,000	1,470,975	70,975
Rental vehicle tax	134,900	134,900	190,568	55,668
Unrestricted intergovernmental	1,312,088	1,312,088	1,340,967	28,879
Restricted intergovernmental	3,095,359	3,330,561	3,251,858	(78,703)
Licenses and permits	2,424,759	2,449,759	2,510,282	60,523
Sales and services	2,015,491	2,109,338	2,430,836	321,498
Fines and forfeits	126,200	126,200	106,791	(19,409)
Interest earnings	170,410	170,410	155,340	(15,070)
Miscellaneous	402,000	696,925	514,298	(182,627)
Total revenues	<u>84,023,860</u>	<u>84,672,834</u>	<u>84,989,861</u>	<u>317,027</u>
Expenditures:				
General Government	12,278,367	11,695,950	10,566,979	1,128,971
Public Safety	38,088,040	38,720,768	36,769,529	1,951,239
Transportation	13,713,294	13,752,744	12,149,720	1,603,024
Cultural and Recreational	6,962,299	6,979,241	6,098,284	880,957
Transit System	1,247,980	1,247,980	1,227,474	20,506
Total expenditures	<u>72,289,980</u>	<u>72,396,683</u>	<u>66,811,986</u>	<u>5,584,697</u>
Excess of revenues over expenditures	<u>11,733,880</u>	<u>12,276,151</u>	<u>18,177,875</u>	<u>5,901,724</u>
Other financing sources (uses):				
Transfers to other funds	(12,483,767)	(12,951,759)	(12,898,390)	53,369
Appropriated fund balance	749,887	675,608	-	(675,608)
Total other financing uses	<u>(11,733,880)</u>	<u>(12,276,151)</u>	<u>(12,898,390)</u>	<u>(622,239)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	5,279,485	<u>\$ 5,279,485</u>
Fund balance at beginning of year			25,751,341	
Change in reserve for inventories			9,272	
Fund balance at end of year			<u>\$ 31,040,098</u>	
A portion of a legally budgeted CDBG/HOME Grant and Administration Fund is consolidated into the General Fund for reporting purposes:				
Transfer from General Fund			145,713	
General government expenditures			(30,132)	
Economic and physical development expenditures			(115,581)	
Fund balance at beginning of year			-	
Fund balance at end of year			<u>\$ 31,040,098</u>	

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Net Assets -  
Proprietary Funds**

**June 30, 2011**

	<b>Enterprise Funds</b>		
	Solid Waste Management Fund	Storm Water Management Fund	Parking Facilities Fund
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 2,840,866	\$ 10,166,426	\$ 1,931,783
Accounts receivable:			
Customers, net	1,447,623	1,004,662	358,378
Other receivables	1,776	13,170	1,166
Due from other governments	120,414	107,322	-
Inventory of materials and supplies	-	83,952	-
Prepays	83,242	72,132	190
Total current assets	4,493,921	11,447,664	2,291,517
Noncurrent assets:			
Capital assets:			
Land	-	856,036	2,107,319
Easements	-	358,581	-
Improvements other than buildings	-	42,627,663	-
Buildings, plant and structures	-	1,202,630	12,288,457
Furniture, fixtures, machinery and equipment	18,698	358,673	252,160
Construction in progress	-	3,133,657	253,324
Less accumulated depreciation	(10,289)	(15,323,284)	(5,652,728)
Total capital assets, net of accumulated depreciation	8,409	33,213,956	9,248,532
Other assets:			
Deferred charges, net	-	270,926	118,558
Total noncurrent assets	8,409	33,484,882	9,367,090
Total assets	4,502,330	44,932,546	11,658,607

Nonmajor Golf Fund	Total	Internal Service Funds
\$ 1,652,153	\$ 16,591,228	\$ 6,380,805
-	2,810,663	22,435
1,006	17,118	3,850
-	227,736	-
12,164	96,116	114,601
15,183	170,747	21,984
<u>1,680,506</u>	<u>19,913,608</u>	<u>6,543,675</u>
109,393	3,072,748	-
-	358,581	-
764,576	43,392,239	-
485,348	13,976,435	-
387,053	1,016,584	19,002,660
-	3,386,981	-
<u>(1,100,276)</u>	<u>(22,086,577)</u>	<u>(15,972,286)</u>
646,094	43,116,991	3,030,374
-	389,484	1,080
<u>646,094</u>	<u>43,506,475</u>	<u>3,031,454</u>
<u>2,326,600</u>	<u>63,420,083</u>	<u>9,575,129</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**June 30, 2011**

	<b>Enterprise Funds</b>		
	Solid Waste Management Fund	Storm Water Management Fund	Parking Facilities Fund
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable:			
Trade	\$ 144,057	\$ 48,100	\$ 89,263
Contracts and retainage	2,944	253,413	199
Due to other governments	-	-	-
Accrued liabilities:			
Personnel costs	196,321	166,770	6,855
Interest	-	53,421	26,257
Current portion of long-term liabilities:			
Bonds payable	-	465,000	-
Installment obligations	-	75,000	401,431
Other long-term obligations	-	-	-
Accrued vacation and sick leave	160,443	233,630	9,932
Customer and escrow deposits	-	119,105	-
Unearned revenues	-	-	-
Total current liabilities	503,765	1,414,439	533,937
Noncurrent liabilities:			
Noncurrent portion of long-term liabilities:			
Bonds payable	-	12,602,754	-
Installment obligations	-	1,008,842	6,465,741
Accrued vacation and sick leave	38,885	10,116	1,491
Accrued other postemployment benefits	454,095	358,437	17,189
Total noncurrent liabilities	492,980	13,980,149	6,484,421
Total liabilities	996,745	15,394,588	7,018,358
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	8,409	19,333,286	2,499,918
Restricted for:			
Capital projects	-	2,378,156	-
Unrestricted	3,497,176	7,826,516	2,140,331
Net assets	\$ 3,505,585	\$ 29,537,958	\$ 4,640,249



Nonmajor Golf Fund	Total	Internal Service Funds
\$ 9,486	\$ 290,906	\$ 93,675
3,123	259,679	-
370	370	-
33,530	403,476	46,491
-	79,678	2,383
-	465,000	-
-	476,431	-
-	-	783,680
39,104	443,109	56,143
-	119,105	-
<u>66,641</u>	<u>66,641</u>	<u>-</u>
<u>152,254</u>	<u>2,604,395</u>	<u>982,372</u>
-	12,602,754	-
-	7,474,583	-
7,738	58,230	28,223
<u>56,674</u>	<u>886,395</u>	<u>94,357</u>
<u>64,412</u>	<u>21,021,962</u>	<u>122,580</u>
<u>216,666</u>	<u>23,626,357</u>	<u>1,104,952</u>
646,094	22,487,707	2,247,774
-	2,378,156	-
<u>1,463,840</u>	<u>14,927,863</u>	<u>6,222,403</u>
<u>\$ 2,109,934</u>	<u>\$ 39,793,726</u>	<u>\$ 8,470,177</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2011**

	<b>Enterprise Funds</b>		
	<u>Solid Waste Management Fund</u>	<u>Storm Water Management Fund</u>	<u>Parking Facilities Fund</u>
Operating revenues:			
Charges for services	\$ 8,033,607	\$ 7,040,417	\$ 2,035,573
Other operating revenues	<u>79,771</u>	<u>74,200</u>	<u>-</u>
Total operating revenues	<u>8,113,378</u>	<u>7,114,617</u>	<u>2,035,573</u>
Operating expenses:			
Salaries, employee benefits and other personnel costs	3,497,046	2,915,730	118,725
Materials and fuels consumed	2,105,882	448,364	3,040
Services	860,360	579,842	1,133,446
Utilities	15,320	26,575	54,033
Depreciation	3,090	698,971	534,498
Amortization	-	12,763	6,974
Other operating expenses	<u>1,113,692</u>	<u>808,246</u>	<u>137,351</u>
Total operating expenses	<u>7,595,390</u>	<u>5,490,491</u>	<u>1,988,067</u>
Operating income	<u>517,988</u>	<u>1,624,126</u>	<u>47,506</u>
Nonoperating revenues (expenses):			
Investment earnings	14,555	58,259	12,901
Solid waste disposal tax	69,282	-	-
Interest and other charges	-	(531,624)	(331,807)
Gain on sale of capital assets	<u>-</u>	<u>-</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>83,837</u>	<u>(473,365)</u>	<u>(318,906)</u>
Income (loss) before capital contributions and transfers	601,825	1,150,761	(271,400)
Capital contributions	-	110,232	-
Transfers from other funds	-	7,972	-
Transfers to other funds	<u>-</u>	<u>(644,579)</u>	<u>-</u>
Change in net assets	601,825	624,386	(271,400)
Net assets at beginning of year	<u>2,903,760</u>	<u>28,913,572</u>	<u>4,911,649</u>
Net assets at end of year	<u>\$ 3,505,585</u>	<u>\$ 29,537,958</u>	<u>\$ 4,640,249</u>

Nonmajor Golf Fund	Total	Internal Service Funds
\$ 1,169,464	\$ 18,279,061	\$ 4,524,991
390	154,361	11,289
<u>1,169,854</u>	<u>18,433,422</u>	<u>4,536,280</u>
526,211	7,057,712	795,266
232,634	2,789,920	14,855
23,166	2,596,814	957,862
33,823	129,751	4,441
69,379	1,305,938	1,761,030
-	19,737	1,298
<u>221,913</u>	<u>2,281,202</u>	<u>748,598</u>
<u>1,107,126</u>	<u>16,181,074</u>	<u>4,283,350</u>
<u>62,728</u>	<u>2,252,348</u>	<u>252,930</u>
9,057	94,772	33,501
-	69,282	-
-	(863,431)	(42,496)
<u>-</u>	<u>-</u>	<u>6,230</u>
<u>9,057</u>	<u>(699,377)</u>	<u>(2,765)</u>
71,785	1,552,971	250,165
-	110,232	-
-	7,972	-
<u>-</u>	<u>(644,579)</u>	<u>(195,336)</u>
71,785	1,026,596	54,829
<u>2,038,149</u>	<u>38,767,130</u>	<u>8,415,348</u>
<u>\$ 2,109,934</u>	<u>\$ 39,793,726</u>	<u>\$ 8,470,177</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Cash Flows -  
Proprietary Funds**

**Year Ended June 30, 2011**

	<b>Enterprise Funds</b>		
	<u>Solid Waste Management Fund</u>	<u>Storm Water Management Fund</u>	<u>Parking Facilities Fund</u>
Cash flows from operating activities:			
Receipts from customers and users	\$ 8,282,783	\$ 5,651,082	\$ 1,948,855
Receipts from interfund services provided	45,354	1,550,532	-
Payments to suppliers	(3,310,811)	(1,347,289)	(1,469,534)
Payments to or on behalf of employees	(3,361,865)	(2,733,412)	(108,195)
Payments for interfund services used	<u>(835,943)</u>	<u>(507,738)</u>	<u>(7,597)</u>
Net cash provided by operating activities	<u>819,518</u>	<u>2,613,175</u>	<u>363,529</u>
Cash flows from noncapital and related financing activities:			
Transfers from (to) other funds	-	(644,579)	-
Solid waste disposal tax	<u>69,282</u>	<u>-</u>	<u>-</u>
Net cash provided by (used in) noncapital and related financing activities	<u>69,282</u>	<u>(644,579)</u>	<u>-</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(6,500)	(1,969,070)	(5,000)
Principal payments on bonds	-	(440,000)	-
Principal payments on installment obligations	-	(75,000)	(406,431)
Principal payments on other long-term obligations	-	-	-
Interest and other charges	-	(536,114)	(333,157)
Proceeds from sale of capital assets	-	-	-
Capital contributions	<u>-</u>	<u>180,435</u>	<u>-</u>
Net cash used in capital and related financing activities	<u>(6,500)</u>	<u>(2,839,749)</u>	<u>(744,588)</u>
Cash flows from investing activities:			
Investment earnings	<u>12,779</u>	<u>52,089</u>	<u>11,735</u>
Net increase (decrease) in cash and cash equivalents	895,079	(819,064)	(369,324)
Cash and cash equivalents at beginning of year	<u>1,945,787</u>	<u>10,985,490</u>	<u>2,301,107</u>
Cash and cash equivalents at end of year	<u>\$ 2,840,866</u>	<u>\$ 10,166,426</u>	<u>\$ 1,931,783</u>

Nonmajor Golf Fund	Total	Internal Service Funds
\$ 1,165,076	\$ 17,047,796	\$ 389,435
-	1,595,886	4,157,234
(506,853)	(6,634,487)	(1,740,759)
(497,808)	(6,701,280)	(747,788)
<u>(18,347)</u>	<u>(1,369,625)</u>	<u>(7,463)</u>
<u>142,068</u>	<u>3,938,290</u>	<u>2,050,659</u>
-	(644,579)	-
<u>-</u>	<u>69,282</u>	<u>-</u>
-	(575,297)	-
(31,301)	(2,011,871)	(830,960)
-	(440,000)	-
-	(481,431)	-
-	-	(823,959)
-	(869,271)	(45,006)
-	-	6,230
<u>-</u>	<u>180,435</u>	<u>-</u>
<u>(31,301)</u>	<u>(3,622,138)</u>	<u>(1,693,695)</u>
<u>8,051</u>	<u>84,654</u>	<u>29,651</u>
118,818	(174,491)	386,615
<u>1,533,335</u>	<u>16,765,719</u>	<u>5,994,190</u>
<u>\$ 1,652,153</u>	<u>\$ 16,591,228</u>	<u>\$ 6,380,805</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2011**

	<b>Enterprise Funds</b>		
	Solid Waste Management Fund	Storm Water Management Fund	Parking Facilities Fund
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 517,988	\$ 1,624,126	\$ 47,506
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	3,090	711,734	541,472
Changes in assets and liabilities:			
Accounts receivable	214,759	17,273	(86,718)
Due from other governments	-	69,724	-
Inventory of materials and supplies	-	1,286	-
Prepays	8,711	603	1,539
Accounts payable and accrued liabilities	(49,361)	21,783	(148,859)
Accrued vacation and sick leave	(11,045)	9,018	1,154
Accrued other postemployment benefits	135,376	157,628	7,435
Deferred revenues	-	-	-
Net cash provided by operating activities	\$ 819,518	\$ 2,613,175	\$ 363,529
Noncash investing, capital and financing activities:			
Capital assets acquired on account	\$ -	\$ (112,815)	\$ -
Transfer of capital assets between proprietary funds	-	7,972	-
Capital contributions receivable	-	(70,203)	-
Transfer of capital assets to governmental funds	-	-	-
Net effect of noncash activities	\$ -	\$ (175,046)	\$ -

Nonmajor Golf Fund	Total	Internal Service Funds
\$ 62,728	\$ 2,252,348	\$ 252,930
69,379	1,325,675	1,762,328
435	145,749	10,389
-	69,724	-
40	1,326	(13,273)
(1,823)	9,030	-
(9,013)	(185,450)	(6,419)
3,203	2,330	4,986
22,332	322,771	39,718
(5,213)	(5,213)	-
<u>\$ 142,068</u>	<u>\$ 3,938,290</u>	<u>\$ 2,050,659</u>
\$ -	\$ (112,815)	\$ -
-	7,972	(7,972)
-	(70,203)	-
-	-	(187,364)
<u>\$ -</u>	<u>\$ (175,046)</u>	<u>\$ (195,336)</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**June 30, 2011**

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,631,925	\$ 447,608
Other receivables	<u>726</u>	<u>188</u>
Total assets	<u>1,632,651</u>	<u>447,796</u>
<b>LIABILITIES</b>		
Accounts payable	675	-
Due to General Fund	43,237	-
Escrow funds and deposits	<u>-</u>	<u>447,796</u>
Total liabilities	<u>43,912</u>	<u>447,796</u>
<b>NET ASSETS</b>		
Assets held in trust for pension and other postemployment benefits	<u>\$ 1,588,739</u>	<u>\$ -</u>



**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2011**

	<u>Pension Trust Funds</u>
Additions:	
Contributions:	
Employer	\$ 1,594,030
Plan members	<u>283,642</u>
Total contributions	1,877,672
Investment earnings	<u>6,806</u>
Total additions	<u>1,884,478</u>
Deductions:	
Benefit payments	1,766,393
Administrative expense	<u>130,844</u>
Total deductions	<u>1,897,237</u>
Change in net assets	(12,759)
Net assets at beginning of year	<u>1,601,498</u>
Net assets at end of year	<u>\$ 1,588,739</u>

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# **CITY OF WILMINGTON, NORTH CAROLINA**

## **Notes to Financial Statements June 30, 2011**

### **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 106,882. 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, 2016.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2011

### 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 Codification Section 2100, the Authority is a component unit of the City and is included as such in the City's comprehensive annual financial report, as the Authority is fiscally dependent on the City.

The Authority's complete financial statements for the year ended June 30, 2011 may be obtained at their administrative offices:

Cape Fear Public Transportation Authority  
Forden Station  
505 Cando Street  
Wilmington, N.C. 28405

#### 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, 2011

### 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. Additionally, the City has legally adopted a CDBG/Home Grant and Loan Administration Fund. Under GASB 54 guidance, the CDBG/Home Grant and Loan Administration Fund is consolidated in the General Fund. The budgetary comparison for the CDBG/Home Grant and Loan Administration Fund has been included in the supplemental information.

**Special Purpose Fund.** The Special Purpose Fund accounts for and reports the proceeds of specific revenues derived from certain governmental grants or other revenue sources that are restricted or committed for particular functions or activities of the City. Additionally, the City has legally adopted a Convention Center Fund. Under GASB 54 guidance, the Convention Center Fund, which had a beginning fund balance of \$302,209 previously reported in the nonmajor governmental funds, is consolidated in the Special Purpose Fund. The budgetary comparison for the Convention Center Fund has been included in the supplemental information. The City also maintains a UDAG Loan Fund for which a budget is not adopted in accordance with State law [G.S. 159-13(a)(3)] as this fund is established to account for monies held by the City as a common law trustee. Under GASB 54 guidance, the UDAG Loan Fund, which had a beginning fund balance of \$97,380 previously reported in the nonmajor governmental funds, is consolidated in the Special Purpose Fund.

**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.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2011

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

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

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

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

**Agency Funds.** The City maintains two Agency Funds- the CHDO Proceeds Fund and the Law Enforcement Seizure Fund. Agency funds are custodial in nature and do not involve the measurement of operating results. An agency fund is used to account for assets the City holds on behalf of others. The City's CHDO Proceeds Fund accounts for the Community Housing Development Organization's net proceeds from the sale of housing developed for first-time homebuyers. The Law Enforcement Seizure Fund accounts for confiscated monies held by the City pending court disposition.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2011

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

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

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

**Government-wide, Proprietary and Fiduciary 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 2010 through February 2011 apply to the fiscal year ended June 30, 2011. 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, 2011

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



# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued)

June 30, 2011

### 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 investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The 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. Interest earnings on occupancy tax collected is considered restricted by the City as well as related accrued interest. Certain receivables from New Hanover County for occupancy tax collected by the County on behalf of the City but not remitted are classified as restricted assets.

##### AD VALOREM TAXES RECEIVABLE

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the City levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2010. 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, 2011

### 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 valued 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. For the General Fund, inventory is offset by nonspendable fund balance.

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.

Intangible assets consist of computer software, costs incurred during the application/development stage of internally generated software and right-of-ways and easements acquired subsequent to July 1, 2010. Those right-of-ways and easements acquired subsequent to July 1, 1980 and, prior to July 1, 2010, have been reported as part of the capital asset land value. The City's right-of-ways and easements have been determined to have indefinite life.

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 Standard No. 34, and other related pronouncements. During the year ended June 30, 2011, a total of \$132,915 was capitalized in the Storm Water Management Fund.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2011

### 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. All purchased capital assets are valued at original cost at the time of acquisition, with cost including net construction period interest. Donated capital assets are valued at their estimated or appraised fair market value on the date received. The cost of normal maintenance and repairs which do not add to the value of the asset or materially extend assets' lives are not capitalized. The Authority's capital assets include a transfer facility, garage and maintenance facilities, buses, other vehicles, certain equipment, land and construction in progress.

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

The City and Authority may consider capital assets impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstances is outside the normal life cycle of the capital asset. Impaired assets will be appropriately reduced in value or discarded if idle. The City and Authority own no significant capital assets that would be considered impaired.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued)

June 30, 2011

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

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

##### LONG-TERM OBLIGATIONS

In the government-wide financial statements and proprietary fund 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. Bonds payable are reported net of the applicable unamortized bond premiums or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt using the straight-line method.

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 to be reimbursed by the Cape Fear Public Utility Authority.

##### COMPENSATED ABSENCES

Under the City's current personnel ordinance, full-time employees accrue vacation days based on years of service and may accumulate up to twice their annual accrual level on December 31<sup>st</sup> of each year. Any unused days not exceeding twice the annual accrual level will be paid upon termination of employment. Full time employees receive up to twelve paid holidays per year. If scheduled holidays can not be taken, employees may accumulate all approved holidays and be paid for any unused days upon request. However, all accumulated holiday balances are liquidated prior to fiscal year end. Sick leave credits can be accumulated indefinitely and employees with 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. Employees hired on or after July 1, 2009 are not eligible to be paid for unused sick leave upon termination.

For the City's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The City has assumed a first-in, first-out method of using accumulated compensated time. The portion of the time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

As more fully described in Note 3, the Authority contracts with a management company to provide management services, including the furnishing of certain employees to operate and maintain the equipment. As of June 30, 2011 the Authority recorded a liability of \$86,516 for unused vacation benefits for employees of the management company and the Authority. The Authority's vacation policy provide for the accumulation of up to thirty days earned vacation leave for all employees with such leave been fully vested when earned.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued)

June 30, 2011

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

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

##### COMPENSATED ABSENCES (continued)

The Authority has adopted a last-in first out method of accumulating compensation time. The portion of accumulated leave time which is expected to be liquidated after the next fiscal year end is not considered to be material and, therefore no provision for noncurrent compensated absences has been made in the financial statements.

The Authority's sick leave policy allows for an accumulation of up to a maximum of seventy-five days for employees of the management company and indefinitely for Authority employees; however, 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.

##### FUND BALANCES

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Nonspendable fund balance - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The following are the City's nonexpendable fund balances as of June 30, 2011:

Inventories and prepaids - portion of fund balance that is not an available resource because it represents the year-end balances of ending inventories and prepaids, which are not spendable resources.

Restricted fund balance - This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law. The following are the City's restricted fund balances as of June 30, 2011:

Restricted for Stabilization by State statute - portion of fund balance that 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.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2011

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

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

##### FUND BALANCES (continued)

Restricted for community development loans - portion of fund balance that is not an available resource because it represents the year-end balance of foreclosed assets held for resale and notes receivable, where related amounts to be collected are restricted by revenue source for the purpose of providing community development loans.

Restricted for convention center - portion of fund balance that is restricted by revenue source for the operation of the convention center. This amount represents the unspent portion of the room occupancy tax specifically levied for construction and operation of the convention center as well as the interest earned thereon.

Restricted for capital projects - portion of fund balance that is restricted by loan documents for construction of major capital improvements including streets, sidewalks and public facilities. This amount represents the balance of unspent proceeds of certain debt obligations.

Restricted for debt service - portion of fund balance that is restricted by loan documents for debt issuance costs. This amount represents the balance of unspent proceeds of a debt obligation.

Restricted for public safety – portion of fund balance that is restricted by revenue source for public safety expenditures. These revenue sources in the special revenue funds include federal forfeiture funds, North Carolina drug tax funds, firemen’s relief funds, Department of Justice, Department of Homeland Security and Crime Control and Public Safety grants.

Restricted for economic and physical development - portion of fund balance that is restricted by revenue source for community development and other projects which have an economic impact on the City.

Restricted for culture and recreation – portion of fund balance that is restricted by revenue source for the Empie dog park, a riverfront marine sewage pump-out dock station and other projects that provide cultural and recreational enhancement opportunities.

Committed fund balance - This classification includes amounts that can only be used for specific purposes imposed by majority vote by quorum of the City Council (highest level of decision-making authority) pursuant to a budget ordinance. Any changes or removal of specific purpose or transfer of these funds out of their respective funds requires majority action by the City Council to amend the budget ordinance. The following are the City’s committed fund balances as of June 30, 2011:

Committed for capital projects - portion of fund balance committed by City Council for the construction of building improvements and parks and recreation facilities held in capital project funds.

Committed for debt service - portion of fund balance committed by City Council to pay for future debt service.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2011

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

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

##### FUND BALANCES (continued)

Committed for transportation - portion of fund balance committed by City Council to fund the City's red light camera program.

Committed for economic and physical development - portion of fund balance committed by City Council to fund affordable housing programs, historic preservation education and other projects which have an economic impact on the City.

Committed for cultural and recreational - portion of fund balance committed by City Council for the riverfront farmers' market and other projects that provide cultural and recreational enhancement opportunities.

Assigned fund balance - This classification includes amounts that the City intends to use for specific purposes. The following are the City's assigned fund balances as of June 30, 2011:

Assigned for self-insurance - portion of fund balance held for the future payment of the City's self-insured employee healthcare benefits. This assignment is determined by City Council in conjunction with management at Council retreats.

Assigned for subsequent year's expenditures - portion of fund balance that is appropriated in the next year's budget that is not already classified as restricted or committed. The City Council approves the appropriation as part of the adoption of the annual budget.

Unassigned fund balance - This classification is the portion of fund balance that has not been restricted, committed or assigned to specific purposes or other funds as of June 30, 2011.

The City has revenue spending guidelines for programs with multiple revenue sources. The Finance Director will use resources in the following hierarchy: bond proceeds, federal funds, state funds, local non-City funds and City funds. For the purposes of the fund balance classifications, the expenditures are to be spent from restricted fund balance first, followed in order by committed, assigned and unassigned fund balances. The Finance Director may deviate from this order if it is in the best interest of the City.

The City has also adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the City in such a manner that unassigned fund balance is at least equal to or greater than 15 to 20% of the total annual operating budget. Any portion of the general fund balance in excess of 15 to 20% of the total annual operating budget may be used for non-recurring expenditures and pay-as-you-go capital expenditures. For the General Fund at June 30, 2011, the portion of fund balance that is available for appropriation equates to unassigned fund balance.

#### 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.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2011

### 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 and accrued interest thereon, 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	\$ 37,890,000
Installment obligations	144,412,828
Unamortized issuance costs, premiums and similar items	1,057,368
Accrued interest payable	1,075,776
Other long-term obligations	31,296,138
Accrued vacation and sick leave	5,624,419
Accrued other postemployment benefits	5,553,481
Net pension obligation	<u>301,173</u>
	<u>\$ 227,211,183</u>

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

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

The details of those items are as follows:

Capital outlay	\$ 17,876,428
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.	8,093,383
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.	187,364
Depreciation expense	<u>(9,456,632)</u>
	<u>\$ 16,700,543</u>



# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2011

### 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)

Another element of that reconciliation states that “the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.”

The details of this item are as follows:

Debt issued:

Issuance of bonds	\$ (11,780,000)
Issuance costs (to be amortized over the life of the obligation)	211,050
Issuance premium (to be amortized over the life of the obligation)	(497,831)
Principal payments:	
Bonds payable	1,570,000
Installment obligations	3,268,570
Refunded bonds	3,206,125
Other long-term obligations	1,721,046
Amortization of issuance costs, premiums and similar items	<u>(156,636)</u>
	<u>\$ (2,457,676)</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	\$ (126,014)
Accrued other postemployment benefits	(2,108,310)
Accrued interest payable	<u>18,535</u>
	<u>\$ (2,215,789)</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2011

### NOTE 3 – DETAIL NOTES ON ALL FUNDS

#### A. ASSETS

##### DEPOSITS AND INVESTMENTS

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

Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City, Authority or the escrow agents. Because of the inability to measure the exact amount of collateral pledged for the City 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. The City and Authority comply with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2011, the City's deposits had a carrying amount of \$71,786,965 and a bank balance of \$73,265,865. Of the bank balance, \$1,135,216 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. Cash on hand at June 30, 2011, was \$201,645.

At June 30, 2011, the Authority's deposits had a carrying amount of \$59,814 and a bank balance of \$112,457. Of the bank balance, \$112,457 was covered by federal depository insurance. The Authority's cash on hand at June 30, 2011 consisted of various petty cash funds totaling \$300.

At June 30, 2011, the investments and related maturities of the City were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 6 Months</u>	<u>1 - 3 Years</u>	<u>3 - 5 Years</u>
North Carolina Capital Management Trust, Cash Portfolio	\$ 24,317,598	\$ 24,317,598	\$ -	\$ -
U.S. Government Agencies	<u>13,034,640</u>	<u>-</u>	<u>2,016,310</u>	<u>11,018,330</u>
Total investments	<u>\$ 37,352,238</u>	<u>\$ 24,317,598</u>	<u>\$ 2,016,310</u>	<u>\$ 11,018,330</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2011

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

#### A. ASSETS (continued)

#### DEPOSITS AND INVESTMENTS (continued)

##### Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than five years. Also, the City's investment policy limits the weighted average maturity of the City's investment portfolio to no more than 12 months. The weighted average maturity of the investment portfolio as of June 30, 2011 is 1.5 months. All of the U.S. Government Agencies in the City's portfolio are callable securities. For weighted average maturity, it is assumed that these securities will be called rather than held to maturity. Subsequent to year-end, U.S. Government Agencies in the amount of \$8,009,990 have been called.

##### Credit Risk

The City has no formal policy on managing credit risk. As of June 30, 2011, the City's investments in the NCCMT Cash Portfolio carried a credit rating of AAAM by Standard & Poor's. The City's investments in U.S. Agencies (Federal Home Loan Bank, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation and Federal Farm Credit Bank) are rated AA+ by Standard & Poor's and Aaa by Moody's Investors Service.

##### Concentration of Credit Risk

The City's investment policy limits the amount that the City may invest in any one issuer to 25% of the City's total investments. More than 5 percent of the City's investments are in the Federal Home Loan Bank, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation and the Federal Farm Credit Bank securities. These investments are 10.7%, 13.4%, 5.4% and 5.4%, respectively, of the City's total investments.

At June 30, 2011, the Authority's investments consisted of \$100,808 in North Carolina Capital Management Trust's Cash Portfolio, which carried a credit rating of AAAM by Standard and Poor's. 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, 2011

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

#### A. ASSETS (continued)

#### RECEIVABLES

Current receivables for governmental activities at the government-wide level at June 30, 2011, were as follows:

	Taxes	Accounts	Other Governments	Notes	Restricted	Other	Total
General Fund	\$ 2,074,482	\$ 1,120,393	\$ 6,915,314	\$ 247,620	\$ -	\$ 645,011	\$ 11,002,820
Special Purpose Fund Streets and Sidewalks Fund	-	-	328,450	98,467	719,099	-	1,146,016
Building Improvements Fund	-	-	553,954	-	-	1,372	555,326
Debt Service Fund Nonmajor Governmental Funds	-	850	215,820	-	-	3,220	219,890
Internal Service Funds	-	-	20,846	-	-	3,895	24,741
	-	22,435	-	-	-	3,850	26,285
Total receivables	2,074,482	1,143,678	10,314,047	15,653,862	5,470,020	658,930	35,315,019
Allowance for doubtful accounts	(515,539)	-	-	-	-	-	(515,539)
Total governmental activities	<u>\$ 1,558,943</u>	<u>\$ 1,143,678</u>	<u>\$ 10,314,047</u>	<u>\$ 15,653,862</u>	<u>\$ 5,470,020</u>	<u>\$ 658,930</u>	<u>\$ 34,799,480</u>

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

Local government sales and use taxes	\$ 3,958,760
Franchise tax	1,483,877
Video programming sales tax	415,831
Peg Channel Support	8,621
Refund of sales and use tax paid	814,224
ABC revenues	251,685
Other grants and reimbursements	3,381,049
	<u>\$ 10,314,047</u>

The restricted accounts receivable for governmental activities consists of the following:

Due from management company for convention center	\$ 173,963
Interest on room occupancy tax	6,806
Due from other governments - Room occupancy tax	493,529
Due from other governments - Red light camera program contributions	44,801
Due from other governments - Unexpended parks development bonds issued by New Hanover County	4,750,921
	<u>\$ 5,470,020</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2011

### NOTE 3 – 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, 2011 is as follows:

	General obligation bonds	Installment obligations	Total
Long-term receivable	\$ 11,185,000	\$ 15,415,000	\$ 26,600,000

Receivables for business-type activities at the government-wide level at June 30, 2011, were as follows:

	Accounts	Other Governments	Other	Total
Solid Waste Management Fund	\$ 2,369,952	\$ 120,414	\$ 1,776	\$ 2,492,142
Storm Water Management Fund	1,353,649	107,322	13,170	1,474,141
Parking Facilities Fund	358,378	-	1,166	359,544
Nonmajor Golf Fund	-	-	1,006	1,006
Total receivables	4,081,979	227,736	17,118	4,326,833
Allowance for doubtful accounts	(1,271,316)	-	-	(1,271,316)
Total business-type activities	\$ 2,810,663	\$ 227,736	\$ 17,118	\$ 3,055,517

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

Refund of sales and use tax paid	\$ 6,558
Solid waste disposal tax	16,227
Cape Fear Public Utility Authority	204,951
	\$ 227,736

The amount due from other governments for the Authority as of June 30, 2011 consists of the following:

State operating grant revenues	\$ 50,765
Federal and State capital grants and contributions	324,727
Local government sales and use taxes	144,931
	\$ 520,423

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2011

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

#### A. ASSETS (continued)

#### CAPITAL ASSETS

Capital asset activity for the primary government's governmental activities for the year ended June 30, 2011, was as follows:

	July 1, 2010	Increases	Decreases	Transfers	June 30, 2011
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 53,084,711	\$ 498,395	\$ -	\$ 3,712	\$ 53,586,818
Easements	4,855,758	5,127,113	-	456,741	10,439,612
Construction in progress	85,710,275	4,819,240	-	(73,472,117)	17,057,398
Total capital assets not being depreciated	143,650,744	\$ 10,444,748	\$ -	\$ (73,011,664)	81,083,828
Capital assets being depreciated:					
Improvements other than buildings	22,384,726	\$ 3,936,528	\$ -	\$ 15,680,819	42,002,073
Buildings, plant and structures	79,997,848	3,999,809	-	48,425,318	132,422,975
Furniture, fixtures, machinery and equipment	37,485,846	1,235,412	(431,637)	60,698	38,350,319
Computer software	817,418	8,989	-	354,468	1,180,875
Streets and drainage	162,974,969	7,119,351	-	8,490,361	178,584,681
Total capital assets being depreciated	303,660,807	\$ 16,300,089	\$ (431,637)	\$ 73,011,664	392,540,923
Less accumulated depreciation for:					
Improvements other than buildings	6,794,280	\$ 1,497,321	\$ -	\$ -	8,291,601
Buildings, plant and structures	18,710,616	2,594,257	-	-	21,304,873
Furniture, fixtures, machinery and equipment	28,770,751	3,656,892	(423,665)	-	32,003,978
Computer software	268,925	165,682	-	-	434,607
Streets and drainage	49,166,971	3,303,510	-	-	52,470,481
Total accumulated depreciation	103,711,543	\$ 11,217,662	\$ (423,665)	\$ -	114,505,540
Total capital assets being depreciated, net	199,949,264				278,035,383
Governmental activities capital assets, net	\$ 343,600,008				\$ 359,119,211

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

General government	\$ 1,169,547
Public safety	2,685,856
Transportation	3,515,494
Economic and physical development	621,887
Cultural and recreational	1,463,848
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	1,761,030
	\$ 11,217,662

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2011

### NOTE 3 – 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, 2011, was as follows:

	July 1, 2010	Increases	Decreases	Transfers	June 30, 2011
Solid waste:					
Capital assets being depreciated:					
Furniture, fixtures, machinery and equipment	\$ 12,198	\$ <u>6,500</u>	\$ -	\$ -	\$ 18,698
Less accumulated depreciation for:					
Furniture, fixtures, machinery and equipment	<u>7,199</u>	\$ <u>3,090</u>	\$ -	\$ -	<u>10,289</u>
Solid waste capital assets, net	<u>4,999</u>				<u>8,409</u>
 Storm water:					
Capital assets not being depreciated:					
Land	820,220	\$ 35,816	\$ -	\$ -	856,036
Easements	92,057	266,524	-	-	358,581
Construction in progress	<u>2,917,697</u>	<u>1,001,469</u>	-	<u>(785,509)</u>	<u>3,133,657</u>
Total capital assets not being depreciated	<u>3,829,974</u>	\$ <u>1,303,809</u>	\$ -	\$ <u>(785,509)</u>	<u>4,348,274</u>
Capital assets being depreciated:					
Improvements other than buildings	41,301,239	\$ 540,915	\$ -	\$ 785,509	42,627,663
Buildings, plant and structures	1,202,630	-	-	-	1,202,630
Furniture, fixtures, machinery and equipment	<u>339,170</u>	<u>19,503</u>	-	-	<u>358,673</u>
Total capital assets being depreciated	<u>42,843,039</u>	\$ <u>560,418</u>	\$ -	\$ <u>785,509</u>	<u>44,188,966</u>
Less accumulated depreciation for:					
Improvements other than buildings	14,358,204	\$ 632,856	\$ -	\$ -	14,991,060
Buildings, plant and structures	44,778	30,066	-	-	74,844
Furniture, fixtures, machinery and equipment	<u>221,331</u>	<u>36,049</u>	-	-	<u>257,380</u>
Total accumulated depreciation	<u>14,624,313</u>	\$ <u>698,971</u>	\$ -	\$ -	<u>15,323,284</u>
Total capital assets being depreciated, net	<u>28,218,726</u>				<u>28,865,682</u>
Storm water capital assets, net	<u>32,048,700</u>				<u>33,213,956</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2011

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

#### A. ASSETS (continued)

##### CAPITAL ASSETS (continued)

	July 1, 2010	Increases	Decreases	Transfers	June 30, 2011
Parking facilities:					
Capital assets not being depreciated:					
Land	\$ 2,107,319	\$ -	\$ -	\$ -	\$ 2,107,319
Construction in progress	<u>248,324</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>253,324</u>
Total capital assets not being depreciated	<u>2,355,643</u>	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>2,360,643</u>
Capital assets being depreciated:					
Buildings, plant and structures	12,288,457	\$ -	\$ -	\$ -	12,288,457
Furniture, fixtures, machinery and equipment	<u>252,160</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>252,160</u>
Total capital assets being depreciated	<u>12,540,617</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>12,540,617</u>
Less accumulated depreciation for:					
Buildings, plant and structures	5,028,429	\$ 498,418	\$ -	\$ -	5,526,847
Furniture, fixtures, machinery and equipment	<u>89,801</u>	<u>36,080</u>	<u>-</u>	<u>-</u>	<u>125,881</u>
Total accumulated depreciation	<u>5,118,230</u>	<u>\$ 534,498</u>	<u>\$ -</u>	<u>\$ -</u>	<u>5,652,728</u>
Total capital assets being depreciated, net	<u>7,422,387</u>				<u>6,887,889</u>
Parking facilities capital assets, net	<u>9,778,030</u>				<u>9,248,532</u>
Golf:					
Capital assets not being depreciated:					
Land	109,393	\$ -	\$ -	\$ -	109,393
Construction in progress	<u>194,445</u>	<u>-</u>	<u>-</u>	<u>(194,445)</u>	<u>-</u>
Total capital assets not being depreciated	<u>303,838</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (194,445)</u>	<u>109,393</u>
Capital assets being depreciated:					
Improvements other than buildings	764,576	\$ -	\$ -	\$ -	764,576
Buildings, plant and structures	290,903	-	-	194,445	485,348
Furniture, fixtures, machinery and equipment	<u>355,752</u>	<u>31,301</u>	<u>-</u>	<u>-</u>	<u>387,053</u>
Total capital assets being depreciated	<u>1,411,231</u>	<u>\$ 31,301</u>	<u>\$ -</u>	<u>\$ 194,445</u>	<u>1,636,977</u>
Less accumulated depreciation for:					
Improvements other than buildings	592,313	\$ 30,679	\$ -	\$ -	622,992
Buildings, plant and structures	164,573	7,703	-	-	172,276
Furniture, fixtures, machinery and equipment	<u>274,011</u>	<u>30,997</u>	<u>-</u>	<u>-</u>	<u>305,008</u>
Total accumulated depreciation	<u>1,030,897</u>	<u>\$ 69,379</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,100,276</u>
Total capital assets being depreciated, net	<u>380,334</u>				<u>536,701</u>
Golf capital assets, net	<u>684,172</u>				<u>646,094</u>
Business-type activities capital assets, net	<u>\$ 42,515,901</u>				<u>\$ 43,116,991</u>



# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2011

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

#### A. ASSETS (continued)

#### CAPITAL ASSETS (continued)

#### COMMITMENTS FOR CAPITAL PROJECTS

At June 30, 2011, the City has commitments for active projects as follows:

	Spent to date	Remaining commitment
Governmental funds:		
Capital projects	<u>\$ 19,111,273</u>	<u>\$ 11,206,625</u>
Enterprise funds:		
Storm Water capital projects	\$ 1,962,291	\$ 2,269,319
Parking Facilities capital projects	<u>-</u>	<u>14,739</u>
Total enterprise funds	<u>\$ 1,962,291</u>	<u>\$ 2,284,058</u>

#### DISCRETELY PRESENTED COMPONENT UNIT

Activity for the Cape Fear Public Transportation Authority for the year ended June 30, 2011, is as follows:

	July 1, 2010	Increases	Decreases	June 30, 2011
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	<u>1,835,485</u>	<u>-</u>	<u>(1,830,647)</u>	<u>4,838</u>
Total capital assets not being depreciated	<u>4,294,250</u>	<u>\$ -</u>	<u>\$ (1,899,959)</u>	<u>2,394,291</u>
Capital assets being depreciated:				
Buildings and improvements	545,899	\$ 4,882,325	\$ -	5,428,224
Furniture, fixtures, machinery and equipment	<u>10,510,217</u>	<u>1,704,398</u>	<u>(59,518)</u>	<u>12,155,097</u>
Total capital assets being depreciated	<u>11,056,116</u>	<u>\$ 6,586,723</u>	<u>\$ (59,518)</u>	<u>17,583,321</u>
Less accumulated depreciation for:				
Buildings and improvements	498,907	\$ 62,615	\$ -	561,522
Furniture, fixtures, machinery and equipment	<u>6,380,409</u>	<u>1,261,742</u>	<u>(51,017)</u>	<u>7,591,134</u>
Total accumulated depreciation	<u>6,879,316</u>	<u>\$ 1,324,357</u>	<u>\$ (51,017)</u>	<u>8,152,656</u>
Total capital assets being depreciated, net	<u>4,176,800</u>			<u>9,430,665</u>
Authority capital assets, net	<u>\$ 8,471,050</u>			<u>\$ 11,824,956</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2011

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

#### B. LIABILITIES

#### PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS

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

*Plan Description.* The City of Wilmington and the Authority contribute to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. LGERS 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 6.35% and 6.55%, 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, 2011, 2010, and 2009 were \$2,772,747, \$2,035,533, and \$2,189,575, respectively. Contributions by the Authority to LGERS for the years ended June 30, 2011, 2010, and 2009 were \$33,190, \$10,007, and \$12,954, respectively. The contributions made by the City and the Authority equaled the required contributions for each year.

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

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

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

All full-time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2010, the Separation Allowance's membership consisted of:

Retirees currently receiving benefits	14
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>264</u>
Total	<u><u>278</u></u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2011

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

#### B. LIABILITIES (continued)

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

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

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

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

*Methods used to Value Investments.* Investments are reported at fair value.

##### 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 1.99% of annual covered payroll. There were no contributions made by employees. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are paid by the City.

The annual required contribution for the current fiscal year was determined as part of the December 31, 2009 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5% 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, 2009 was 21 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	\$ 561,233
Interest on net pension obligation	(505)
Adjustment to annual required contribution	<u>540</u>
Annual pension cost	561,268
Contributions made	<u>(250,000)</u>
Change in net pension obligation (asset)	311,268
Net pension obligation (asset), beginning of year	<u>(10,095)</u>
Net pension obligation, end of year	<u>\$ 301,173</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2011

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

#### B. LIABILITIES (continued)

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

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

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

#### Three Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
June 30, 2009	\$ 342,045	73.09 %	\$ (138,602)
June 30, 2010	378,507	66.05	(10,095)
June 30, 2011	561,268	44.54	301,173

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

As of December 31, 2010, the most recent actuarial valuation date, the plan was 21.89% funded. The actuarial accrued liability for benefits was \$4,850,927, and the actuarial value of assets was \$1,061,763, resulting in an unfunded actuarial liability (UAAL) of \$3,789,164. The covered payroll (annual payroll of active employees covered by the plan) was \$12,578,412, and the ratio of the UAAL to the covered payroll was 30.12%.

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.

The following are financial statements for the City's Separation Allowance included as Fiduciary Funds in the Basic Financial Statements as of and for the year ended June 30, 2011:

#### Statement of Net Assets

<b>Assets</b>	
Cash and cash equivalents	\$ 1,204,050
Other receivables	<u>726</u>
Total assets	<u>\$ 1,204,776</u>
<b>Net Assets</b>	
Assets held in trust for pension benefits	<u>\$ 1,204,776</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2011

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

#### B. LIABILITIES (continued)

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

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

##### Statement of Changes in Net Assets

<b>Additions</b>	
Contributions:	
Employer	\$ 250,000
Investment earnings	<u>6,213</u>
Total additions	<u>256,213</u>
<b>Deductions</b>	
Benefits	<u>223,628</u>
Change in net assets	32,585
Net assets at beginning of year	<u>1,172,191</u>
<b>Net Assets at end of year</b>	<u><u>\$ 1,204,776</u></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.

*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, 2011, the City's required contribution was \$655,934 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 later in Note 3. 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 \$679,332 for the year ended June 30, 2011. Employee contributions to this plan, including law enforcement officers, included in salary expense for the year ended June 30, 2011, were \$870,211.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2011

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

#### B. LIABILITIES (continued)

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

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

The Authority has elected to contribute on behalf of all employees full matching of employee contributions up to 4.5% of eligible compensation. Authority contributions on behalf of the employees were \$11,766 and employee contributions were \$14,787 for the year ended June 30, 2011.

#### 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.

#### 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.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2011

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

#### B. LIABILITIES (continued)

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

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

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, 2011 active employee contribution requirements range from \$140 to \$460 per month depending on their choice of coverage. The retiree contribution to the cost of a selected type of coverage is equivalent at a minimum to the active employee premium but may also include a percentage of the City's portion of the premium depending on the date the retiree was first hired by the City and the years of creditable service the retiree has achieved with the LGERS. For qualified retired employees first hired on or after January 1, 2007 but before January 1, 2009, 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	-	-

Retired employees first hired on or after January 1, 2007 but before January 1, 2011 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.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2011

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

#### B. LIABILITIES (continued)

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

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

##### *Funding Policy. (continued)*

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 January 1, 2009 but before January 1, 2011, 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	-	-

Effective with employees hired on or after January 1, 2011, by City Council resolution, the City no longer provides an Employee Healthcare Plan for retirees.

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 8.69% of annual covered payroll. For the current year, the City contributed \$1,344,030 or 3.08% of annual covered payroll for current premiums. The City of Wilmington is self-insured. Contributions were made by retirees of \$283,642 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, 2011

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

#### B. LIABILITIES (continued)

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

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

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

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

*Annual OPEB Cost and Net OPEB Obligation.* The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

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

Annual required contribution	\$ 3,792,520
Interest on net OPEB obligation	162,537
Adjustment to annual required contribution	<u>(140,228)</u>
Annual OPEB cost (expense)	3,814,829
Contributions made	<u>(1,344,030)</u>
Change in net OPEB obligation	2,470,799
Net OPEB obligation, beginning of year	<u>4,063,434</u>
Net OPEB obligation, end of year	<u><u>\$ 6,534,233</u></u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2011

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

#### B. LIABILITIES (continued)

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

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

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the healthcare plan and the net OPEB obligation for 2011, 2010 and 2009 were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2009	\$ 3,477,479	54.00 %	\$ 1,601,230
June 30, 2010	3,616,675	32.00	4,063,434
June 30, 2011	3,814,829	35.00	6,534,233

*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, 2011

### NOTE 3 – 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 as of and for the year ended June 30, 2011:

#### Statement of Net Assets

<b>Assets</b>	
Cash and cash equivalents	\$ 427,875
<b>Liabilities</b>	
Accounts payable	675
Due to General Fund	43,237
Total liabilities	43,912
<b>Net Assets</b>	
Assets held in trust for other postemployment benefits	\$ 383,963

#### Statement of Changes in Net Assets

<b>Additions</b>	
Contributions:	
Employer	\$ 1,344,030
Plan members	283,642
Total contributions	1,627,672
Investment earnings	593
Total additions	1,628,265
<b>Deductions</b>	
Benefits	1,542,765
Administrative expense	130,844
Total deductions	1,673,609
Change in net assets	(45,344)
Net assets at beginning of year	429,307
<b>Net Assets at end of year</b>	<b>\$ 383,963</b>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2011

### NOTE 3 – 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, 2011, were \$193,183 that was matched by the City.

Employer contributions to the 457 Deferred Compensation Plan totaled \$953,181 for the year ended June 30, 2011. 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, 2011, were \$362,736.

##### 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, 2011, the City made contributions to the State for death benefits of \$18,366. 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, 2011

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

#### B. LIABILITIES (continued)

#### DEFERRED/UNEARNED REVENUES

The balance in deferred/unearned revenues at June 30, 2011 is summarized as follows:

	Deferred Revenue			Unearned Revenue	
	General Fund	Building Improvements Fund	Nonmajor Governmental Funds	Governmental Activities (Restricted)	Business-type Activities
Taxes receivable, net	\$ 1,558,943	\$ -	\$ -	\$ -	\$ -
Notes receivable	247,620	-	24,882	-	-
Accounts receivable	1,008,935	850	-	-	-
Prepaid convention center capital contribution from management company - restricted	-	-	-	65,000	-
Prepaid golf course green fees	-	-	-	-	66,641
	<u>\$ 2,815,498</u>	<u>\$ 850</u>	<u>\$ 24,882</u>	<u>\$ 65,000</u>	<u>\$ 66,641</u>

#### 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.

General obligation bonds outstanding at June 30, 2011 are comprised of the following issues:

	Governmental activities
\$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 \$2,985,000 through June 1, 2015; variable rate semiannual interest payments due June 1 and December 1.	\$ 11,185,000
\$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 3.125 to 3.875 percent.	1,785,000

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued)

June 30, 2011

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

#### General Obligation Bonds (continued)

	<u>Governmental activities</u>
<p>\$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.</p>	\$ 5,040,000
<p>\$9,000,000 General Obligation Bonds, Series 2008B issued for streets, highways and sidewalks; principal payments 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>	8,100,000
<p>\$3,660,000 Public Improvements Bonds, Series 2011A issued for Street/Highway, Sidewalk, and Bridge improvements; principal payments due annually on July 1 in installments ranging from \$150,000 to \$195,000 through July 1, 2031; semiannual interest payments due January 1 and July 1 with rates from 2 percent to 4 percent.</p>	3,660,000
<p>\$3,120,000 Refunding; Series 2011B General Obligation Bonds issued to refund \$1,010,000 of outstanding 1997A Public Improvement General Obligation Bonds and to refund \$2,150,000 of outstanding 2000 Public Improvements General Obligation Bonds; principal payments due annually on January 1 ranging from \$305,000 to \$645,000 through January 1, 2018; semiannual interest payments due January 1 and July 1 with rates from 2 percent to 3 percent.</p>	3,120,000
<p>\$5,000,000 Public Improvements Bonds; Series 2011C General Obligation Bonds issued for Street/Highway and Sidewalk Improvements; principal payments due July 1 in installments ranging from \$230,000 to \$265,000 through July 1, 2031; semiannual interest payments due January 1 and July 1 with rates from 2 percent to 4 percent.</p>	<u>5,000,000</u>
<p>Serviced by Debt Service Fund</p>	<u><u>\$ 37,890,000</u></u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2011

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

#### General Obligation Bonds (continued)

Annual debt service requirements to maturity for general obligation bonds at June 30, 2011 are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2012	\$ 4,325,000	\$ 1,175,749
2013	4,575,000	1,202,555
2014	4,800,000	1,038,541
2015	4,235,000	867,049
2016	1,870,000	718,231
2017-2021	7,185,000	2,777,413
2022-2026	5,950,000	1,619,656
2027-2031	4,490,000	461,613
2032	460,000	9,200
	<u>\$ 37,890,000</u>	<u>\$ 9,870,007</u>

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, 2011 of the former water and sewer fund are \$11,185,000.

#### Current Refunding

In June 2011, the City issued \$3,120,000 of general obligation bonds to refund \$1,010,000 of Series 1997A and \$2,150,000 of Series 2000 general obligation public improvements bonds. The reacquisition price exceeded the net carrying amount of the old debt by \$46,125. 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 \$295,250 and a decrease of \$369,805 in future debt service payments.

#### 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, 2011

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

#### Revenue Bonds (continued)

Revenue bonds outstanding at June 30, 2011 are comprised of the following individual issue:

	Business-type activities
<p>\$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 \$445,000 to \$725,000 through June 1, 2033; semiannual interest payments due June 1 and December 1 at fixed rates from 3.75 to 5.00 percent; serviced by the Storm Water Management Fund.</p>	<p><u>\$ 12,625,000</u></p>

The City has pledged storm water fee customer revenues, net of specified operating expenses, to pay the storm water fee revenue bonds. The bonds are payable solely from storm water fee customer net revenues. Related principal and interest paid for the current year are \$1,051,594 or 44% of available net revenues of \$2,394,119.

Certain covenants are contained in the revenue bond order. The City was in compliance with the covenants during the fiscal year ended June 30, 2011. The revenue coverage calculation as of June 30, 2011 is as follows:

Revenues (1)		
Operating revenues	\$ 7,040,417	
Other operating revenue	74,200	
Investment earnings	58,259	\$ 7,172,876
Current Expenses (2)		
Operating expenses	5,490,491	
Less depreciation	(698,971)	
Less amortization	(12,763)	4,778,757
Revenues available for debt service		2,394,119
Principal and interest requirements (3)		
Revenue bonds (at 120%)	1,269,473	
Other indebtedness (at 100%)	123,160	1,392,633
Revenues in excess of principal and interest requirements		\$ 1,001,486

(1) Includes all fees, other charges and investment income in accordance with bond covenants.

(2) Excludes interest, depreciation and amortization expense in accordance with bond covenants.

(3) Includes all indebtedness (excluding capitalized interest) for succeeding fiscal year in accordance with bond covenants.



# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2011

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

#### Revenue Bonds (continued)

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

Year Ending June 30	Business-type Activities	
	Principal	Interest
2012	\$ 465,000	\$ 592,894
2013	480,000	573,131
2014	500,000	552,731
2015	520,000	531,481
2016	545,000	509,381
2017-2021	3,095,000	2,170,569
2022-2026	2,620,000	1,473,607
2027-2031	2,985,000	815,750
2032-2033	1,415,000	107,000
	<u>\$ 12,625,000</u>	<u>\$ 7,326,544</u>

#### 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, 2011 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>		
Serviced by Debt Service Fund	\$ 2,527,828	\$ -
Serviced by Parking Facility Fund	-	6,867,172

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2011

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

#### Installment Obligations (continued)

	Governmental activities	Business-type activities
<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 \$400,000 to \$560,000 through September 1, 2029; semiannual interest payments due March 1 and September 1 at fixed rates from 4.00 to 5.25 percent.</p> <p style="padding-left: 20px;">Serviced by Debt Service Fund</p>	\$ 10,010,000	\$ -
<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 5.00 percent.</p> <p style="padding-left: 20px;">Serviced by Debt Service Fund</p> <p style="padding-left: 20px;">Serviced by Storm Water Management Fund</p>	31,340,000 -	- 1,025,000
<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 \$885,000 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 style="padding-left: 20px;">Serviced by Debt Service Fund</p>	15,415,000	-

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2011

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

#### Installment Obligations (continued)

	Governmental activities	Business-type activities
<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 style="padding-left: 20px;">Serviced by Convention Center Fund</p>	\$ 46,560,000	\$ -
<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 style="padding-left: 20px;">Serviced by Convention Center Fund</p>	7,190,000	-
<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 2.50 to 4.00 percent.</p> <p style="padding-left: 20px;">Serviced by Debt Service Fund</p>	4,600,000	-

**CITY OF WILMINGTON, NORTH CAROLINA**

**Notes to Financial Statements (Continued)**  
**June 30, 2011**

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

**B. LIABILITIES (continued)**

**LONG-TERM LIABILITIES (continued)**

**Installment Obligations (continued)**

	<u>Governmental activities</u>	<u>Business-type activities</u>
<p>\$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 1.83 to 6.33 percent.</p>		
Serviced by Debt Service Fund	\$ 19,270,000	\$ -
Serviced by Convention Center Fund	<u>7,500,000</u>	<u>-</u>
	<u>\$ 144,412,828</u>	<u>\$ 7,892,172</u>
<p>Certificates of Participation Serviced By:</p>		
Debt Service Fund	\$ 83,162,828	\$ -
Convention Center Fund	61,250,000	-
Storm Water Management Fund	-	1,025,000
Parking Facility Fund	<u>-</u>	<u>6,867,172</u>
	<u>\$ 144,412,828</u>	<u>\$ 7,892,172</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2011

### NOTE 3 – 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
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	6,497,366	481,431	321,385
2015	6,213,569	6,236,752	481,431	297,885
2016	6,753,569	5,977,979	481,431	277,425
2017-2021	32,112,845	25,396,501	2,402,155	1,067,701
2022-2026	31,022,138	17,524,943	2,287,862	510,238
2027-2031	26,785,000	10,127,427	800,000	57,000
2032-2036	17,100,000	4,374,725	-	-
2037-2038	7,465,000	564,500	-	-
	<u>\$ 144,412,828</u>	<u>\$ 90,259,620</u>	<u>\$ 7,892,172</u>	<u>\$ 3,239,274</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, 2011 of the former groundwater fund are \$15,415,000.

#### 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, 2011 are comprised of the following individual issues:

	<u>Governmental activities</u>
\$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	\$ 2,887,500

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2011

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

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

Governmental  
activities

\$5,000,000 installment purchase agreement executed in June 2007 for various equipment replacements and to refinance a \$2,250,000 outstanding variable rate installment purchase agreement; installments due monthly of \$92,719 including interest at 3.66 percent through May, 2012; certain equipment is pledged as security for the obligation.

Serviced by Debt Service Fund	\$ 217,830
Serviced by Equipment, Maintenance and Replacement Fund	783,680

\$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 11 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	12,125,000
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\$12,000,000 installment agreement executed in June 2008 for development of parks; principal payments due annually on June 1 in 9 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. This obligation is payable by interlocal agreement to New Hanover County and represents a portion of general obligation bonds issued by the County for park development.

Serviced by Debt Service Fund	11,000,000
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# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2011

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

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

	Governmental activities
<p>\$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. This obligation is payable by interlocal agreement to New Hanover County and represents a portion of general obligation bonds issued by the County for park development.</p>	
Served by Debt Service Fund	\$ <u>5,065,808</u>
	\$ <u><u>32,079,818</u></u>
Other Long-Term Obligations Served By:	
Debt Service Fund	\$ 31,296,138
Equipment, Maintenance and Replacement Fund	<u>783,680</u>
	\$ <u><u>32,079,818</u></u>

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

Year Ending June 30	Governmental Activities	
	Principal	Interest
2012	\$ 2,744,568	\$ 1,258,665
2013	1,743,057	1,171,736
2014	1,743,057	1,106,005
2015	1,743,058	1,036,794
2016	1,743,057	974,067
2017-2021	8,940,288	3,867,339
2022-2026	8,582,788	2,062,461
2027-2031	4,839,945	421,749
	\$ 32,079,818	\$ 11,898,816

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2011

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

##### 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 \$11,185,000 at June 30, 2011 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 \$833,249 as of June 30, 2011 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.

**Credit risk.** As of June 30, 2011, 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, 2011 of 3.77%. As of June 30, 2011, the rate on the City's Bonds was .08% whereas 67% of LIBOR was .13%



# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2011

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

#### Interest Rate Swap Agreement (continued)

**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, 2011, 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
2012	\$ 2,985,000	\$ 8,948	\$ 412,805	\$ 3,406,753
2013	2,945,000	6,560	302,637	3,254,197
2014	2,900,000	4,204	193,946	3,098,150
2015	2,355,000	1,884	86,916	2,443,800
	<u>\$ 11,185,000</u>	<u>\$ 21,596</u>	<u>\$ 996,304</u>	<u>\$ 12,202,900</u>

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, 2011:

#### Governmental Activities:

##### Interest rate swaps:

##### Effective cash flow hedge:

	Notional Value June 30, 2011	Fair Value July 1, 2010	Additions	Reductions	Fair Value June 30, 2011
2002 pay-fixed, receive variable interest rate swap	<u>\$11,185,000</u>	<u>\$ (1,156,073)</u>	<u>\$ 322,824</u>	<u>\$ -</u>	<u>\$ (833,249)</u>

#### 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, 2011 amounts to \$1,127,442,262 resulting in a legal debt margin of \$916,352,444.

**CITY OF WILMINGTON, NORTH CAROLINA**

**Notes to Financial Statements (Continued)  
June 30, 2011**

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

**B. LIABILITIES (continued)**

**LONG-TERM LIABILITIES (continued)**

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

Changes in long-term liabilities for governmental activities during fiscal year 2011 were as follows:

	Balance July 1, 2010	Additions	Reductions	Balance June 30, 2011	Due Within One Year
General obligation bonds	\$ 33,865,000	\$ 11,780,000	\$ (7,755,000)	\$ 37,890,000	\$ 4,325,000
Installment obligations	148,531,397	-	(4,118,569)	144,412,828	4,243,569
Other long-term obligations	34,624,824	-	(2,545,006)	32,079,818	2,744,568
Less deferred amounts:					
For issuance discount	(36,997)	-	-	(36,997)	-
On refunding	(251,410)	(46,125)	60,538	(236,997)	-
Plus deferred amounts:					
For issuance premium	2,969,562	497,831	(24,106)	3,443,287	-
Compensated absences	5,577,785	4,031,907	(3,900,907)	5,708,785	3,975,917
Net pension obligation	(10,095)	311,268	-	301,173	-
Other postemployment benefits	3,499,810	3,375,019	(1,226,991)	5,647,838	-
Governmental activity long-term liabilities	<u>\$228,769,876</u>	<u>\$ 19,949,900</u>	<u>\$(19,510,041)</u>	<u>\$229,209,735</u>	<u>\$ 15,289,054</u>

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, \$84,366 of internal service funds' compensated absences, \$783,680 of internal service funds' other long-term obligations and \$94,357 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 2011 were as follows:

	Balance July 1, 2010	Additions	Reductions	Balance June 30, 2011	Due Within One Year
Revenue bonds	\$ 13,065,000	\$ -	\$ (440,000)	\$ 12,625,000	\$ 465,000
Installment obligations	8,373,603	-	(481,431)	7,892,172	476,431
Less deferred amounts:					
On refunding	(18,350)	-	8,635	(9,715)	-
Plus deferred amounts:					
For issuance premium	522,659	-	(11,348)	511,311	-
Compensated absences	499,009	564,669	(562,339)	501,339	443,109
Other postemployment benefits	563,624	439,810	(117,039)	886,395	-
Business-type activity long-term liabilities	<u>\$ 23,005,545</u>	<u>\$ 1,004,479</u>	<u>\$(1,603,522)</u>	<u>\$ 22,406,502</u>	<u>\$ 1,384,540</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2011

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

#### B. LIABILITIES (continued)

##### COMMITMENTS AND CONTINGENCIES

The City entered into a three year contractual agreement beginning November 1, 2010 with SMG, LLP (SMG) for the operation of the City's Convention Center Facility (Center) for a management fee of \$100,000 per year. Under the agreement, the operations of the Center are maintained in a separate non-incorporated organization. Pursuit to the agreement, the revenue of the Center is to be placed in a separate account for the operation of the Center and all receipts are to be treated by SMG as if they are held in trust for the City. Additionally, the contract specifies that the cash and related assets held by SMG on behalf of the City are to be used for the operation, promotion and maintenance of the Center. The City records the net equity of the venture as a receivable on the City's books. The Center's primary operations are the rental of facility space for events and meetings and providing catering and other ancillary services as part of the scheduled events. The Center's principal source of revenues is rental charges and food and beverage sales. The City's remaining obligation under the agreement is \$100,000, \$100,000 and \$16,667 for the years ending June 30 2012, 2013 and 2014, respectively.

The City entered into a five-year lease for office facilities beginning in June 2009. For the fiscal year ended June 30, 2011, the City paid \$161,627. In April 2011, the City gave notice of intent to terminate the lease effective January 31, 2012. The lease requires the payment of nine monthly payments from date of notice; resulting in seven monthly payments in 2012 totaling \$92,535 plus community area maintenance fees.

The City's Second Street parking deck, Market Street parking deck, Second Street parking lot and Hannah Block parking lot are managed under a contract extension through January 2014 by an independent contractor. The contract also provides for the enforcement, maintenance and administration of on street parking. For the year ended June 30, 2011 the City paid \$983,744 for these services. The contract extension costs for the two remaining years are \$1,007,779 and \$1,034,086.

The Authority retains a transit management company to provide management and operational services for the public transportation system. For the year ended June 30, 2011 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. For the year ended June 30, 2011, the Authority incurred management fees totaling \$82,452. As of July 1, 2011, the Authority contracted with First Transit, Inc. to perform the professional and operational services noted above. The contract with First Transit, Inc. is for three years and provides for minimum payments of \$137,500, \$141,625 and \$145,874 per year for the years ending June 30, 2012, 2013 and 2014, respectively.

The City entered into an incentive agreement in March 2004 with Cellco Partnership to provide incentive payments to the company in exchange for the company's commitment to construct, equip, and staff a facility in the City. The City's obligation under the agreement is \$125,000 per year for seven years commencing in the year following occupancy of the facility. In addition the City agreed to provide up to \$500,000 for public infrastructure improvements required for the construction of the facility. Based on the agreement the partnership completed a direct investment in their facility of at least \$20 million and provided at least 1,000 full time jobs. At June 30, 2011 the City's remaining obligation is \$125,000.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2011

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

#### B. LIABILITIES (continued)

#### COMMITMENTS AND CONTINGENCIES (continued)

The City entered into an incentive agreement in June 2005 with Pharmaceutical Product Development, Inc. (PPD) 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. PPD is required to make a direct investment in the facility of at least \$80 million and to provide 857 additional jobs by October 15<sup>th</sup> of the sixth year after occupancy (2013). In the seventh through tenth years following occupancy (2014-2017), a total of 1,000 additional jobs must be provided and the direct investment must exceed \$80 million. The new jobs are in addition to the benchmark employment of 1,000 jobs that existed prior to the incentive agreement. As of June 30, 2011 PPD has not met the additional employment conditions.

The City entered into an incentive agreement in June 2007 through Wilmington Industrial Development, Inc. for the location by General Electric of additional manufacturing facilities at the site of the Global Nuclear/GE Aircraft Industrial Plant in New Hanover County which will provide additional employment opportunities in New Hanover County and benefit the City of Wilmington and its residents. The City has agreed to contribute \$50,000 per year for five years for a total of \$250,000. General Electric is required to hire 200 new employees (30 new employees as of December 31<sup>st</sup> for each of the years 2005 through 2009 and 50 new employees as of December 31<sup>st</sup> 2010) and invest a minimum of \$41 million in facility construction of which General Electric met the total employment and investment in 2007. As of June 30, 2011 the City has completed its obligation to General Electric.

The City, New Hanover County (County) and Cape Fear Community College (College) entered into an interlocal agreement to construct a \$10 million centralized public safety facility (facility) dedicated to the training of public and private emergency response personnel. The City and County will contribute 35% of the cost of the facility or \$3.5 million each and the College will provide the land estimated at 30% of the project cost or \$3.0 million. The City has expended approximately \$3.5 million on the project as of June 30, 2011. 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.

Encumbrances are amounts needed to pay any commitment related to purchase orders and contracts that remain unperformed at year-end. The City's outstanding encumbrances at June 30, 2011 are as follows:

General Fund	\$ 1,878,887
Debt Service Fund	750
Special Purpose Fund	1,124,665
Streets and Sidewalks Fund	7,315,342
Building Improvements Fund	2,096,240
Solid Waste Management Fund	63,034
Storm Water Management Fund	2,401,980
Parking Facilities Fund	49,418
Nonmajor Governmental Funds	2,974,206
Nonmajor Golf Fund	8,927
Internal Service Funds	345,436
Total encumbrances	<u>\$ 18,258,885</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2011

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

#### B. LIABILITIES (continued)

#### COMMITMENTS AND CONTINGENCIES (continued)

##### 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, 2011.

##### 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.

#### C. INTERFUND BALANCES AND ACTIVITY

The compositions of interfund and intraentity balances as of June 30, 2011, are as follows:

	General Fund	Nonmajor Governmental Funds	Total	Component Unit
Receivable fund	<u>\$ 747,633</u>	<u>\$ 60,000</u>	<u>\$ 807,633</u>	<u>\$ 85,865</u> *
Payable fund:				
General Fund	\$ -	\$ -	\$ -	\$ 9,607
Nonmajor Governmental Funds	704,396	60,000	764,396	-
Fiduciary Funds	<u>43,237</u>	<u>-</u>	<u>43,237</u>	<u>-</u>
Total	<u>\$ 747,633</u>	<u>\$ 60,000</u>	<u>\$ 807,633</u>	<u>\$ 9,607</u> *

\* *The City's payable to component unit is less than the component unit's receivable from primary government due to a check issued by the City on June 30, 2011 that was received by component unit subsequent to year-end.*

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.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2011

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

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

Interfund transfers for the year ended June 30, 2011 were as follows:

	General Fund	Nonmajor Governmental Funds	Storm Water Management Fund	Internal Service Funds	Total
Transfers out	<u>\$12,752,677</u>	<u>\$ 383,949</u>	<u>\$ 644,579</u>	<u>\$ 195,336</u>	<u>\$13,976,541</u>
Transfers in:					
Special Purpose Fund	\$ 517,992	\$ -	\$ -	\$ -	\$ 517,992
Streets and Sidewalks Fund	1,078,000	-	163,970	-	1,241,970
Building Improvements Fund	1,507,000	-	80,609	-	1,587,609
Debt Service Fund	9,649,685	-	-	-	9,649,685
Nonmajor Governmental Funds	-	383,949	400,000	-	783,949
Storm Water Management Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,972</u>	<u>7,972</u>
Total	<u>\$12,752,677</u>	<u>\$ 383,949</u>	<u>\$ 644,579</u>	<u>\$ 7,972</u>	<u>\$13,789,177</u>
Governmental Activities					
Capital Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 187,364</u>	<u>\$ 187,364</u>

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 4 – 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, 2011, such interfund premiums did not exceed reimbursable expenditures.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2011

### NOTE 4 – RISK MANAGEMENT (continued)

#### 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.

As of June 30, 2011, the City has recorded a liability of \$587,145 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:

	<u>2010</u>	<u>2011</u>
Unpaid claims, beginning	\$ 723,822	\$ 711,622
Incurred claims (including IBNRs)	8,857,069	7,727,943
Claim payments	<u>(8,869,269)</u>	<u>(7,852,420)</u>
Unpaid claims, ending, due within one year	<u>\$ 711,622</u>	<u>\$ 587,145</u>

#### DENTAL AND VISION SELF-INSURANCE PROGRAMS

As of June 30, 2011, 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, 2011, the City has recorded a liability of \$55,066 and \$5,691 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 dental claims liabilities during the past two fiscal years are as follows:

	<u>2010</u>	<u>2011</u>
Unpaid claims, beginning	\$ -	\$ 41,013
Incurred claims (including IBNRs)	385,143	418,977
Claim payments	<u>(344,130)</u>	<u>(404,924)</u>
Unpaid claims, ending, due within one year	<u>\$ 41,013</u>	<u>\$ 55,066</u>

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, 2011

### NOTE 4 – 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 \$550,000 of cost and/or benefits. Specific excess insurance would provide coverage above these dual self insured retentions (\$350,000/\$550,000) 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 \$ 2,155,648 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, 2011, the City has recorded a liability of \$393,654 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>2010</u>	<u>2011</u>
Unpaid claims, beginning	\$ 828,289	\$ 446,521
Incurred claims (including IBNRs)	443,483	911,538
Claim payments	<u>(825,251)</u>	<u>(964,405)</u>
Unpaid claims, ending, due within one year	<u>\$ 446,521</u>	<u>\$ 393,654</u>

#### COMMERCIAL COVERAGES

The City carries flood insurance with a loss limit of \$5,000,000 on most properties subject to a \$100,000 deductible. Certain items of property are excluded from coverage, such as the City's Riverwalk. The policy limits loss from flooding on the Wilmington Convention Center to \$1,000,000 due to the flood zone in which the property is located and is subject to a \$25,000 deductible. As a result, the City has purchased a separate policy providing an additional \$10,000,000 of coverage on the facility subject to a \$100,000 deductible.

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, 2011

### NOTE 4 – 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 is a participant in two self-funded risk financing pools administered by the North Carolina Association of County Commissioners (NCACC). Through these pools the Authority obtains the following major policies and their limits: general liability (\$2 million), fire and property damage (\$100,000 per occurrence), automobile liability (\$2 million), public officials liability (\$2 million), employment practices liability (\$2 million), excess liability (\$3 million) and workers' compensation coverage up to the statutory limits. Two of 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 health and dental coverage through commercial carriers for the Authority's employees.

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.

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

### NOTE 5 – 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.

At June 30, 2011, the Authority was a defendant in various lawsuits. In the opinion of the Authority's management and attorney, the ultimate effect of these matters will not have a material adverse effect on the Authority's financial position.

#### B. FEDERAL AND STATE ASSISTANCE PROGRAMS

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

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

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2011

### NOTE 5 – SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES (continued)

#### C. UNDERGROUND STORAGE TANK REMOVAL PROGRAM

The City has completed a program to remove and replace all underground storage tanks not in full compliance with current environmental regulations. Monitoring for pollutants is continuing at some sites as of June 30, 2011. In the opinion of the City attorney and management, 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, 2011, the City recognized \$2,274,826 in tax revenue as result of the tax levy with a total of \$15,646,025 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 operations of the Convention Center.

### NOTE 6 – 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. The planned effective date of the annexation has been delayed by appeals to the New Hanover County Superior Court and the North Carolina Court of Appeals, with both Courts ruling in favor of the City. The North Carolina Supreme Court recently denied a Petition for Discretionary Review in the matter. However requirements enacted recently by the North Carolina General Assembly, Session Laws 2011-173 (SB27) and -177 (HB56), allows 60% of the property owners in the annexation area to petition to deny incorporation into the City for three years. A petition process is underway, scheduled to end on November 29, 2011 with certified results within 10 business days of said date. But for the petition process, the annexation would be effective December 31, 2011.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2011

### NOTE 7 – PRONOUNCEMENTS ISSUED, NOT YET EFFECTIVE

The GASB has issued pronouncements prior to June 30, 2011 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 Number 57, “OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans” will be effective for the City beginning with its year ending June 30, 2012.
- GASB Statement Number 60, “Service Concession Arrangements” will be effective for the City beginning with its year ending June 30, 2013.
- GASB Statement Number 61, “The Financial Reporting Entity: Omnibus” will be effective for the City beginning with its year ending June 30, 2013.
- GASB Statement Number 62, “Governmental Accounting Standards Series” will be effective for the City beginning with its year ending June 30, 2013.
- GASB Statement Number 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position” will be effective for the City beginning with its year ending June 30, 2013.
- GASB Statement Number 64, “Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement Number 53” will be effective for the City beginning with its year ending June 30, 2012.

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**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)
12-31-01	\$ 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
12-31-10	1,061,763	4,850,927	3,789,164	21.89	12,578,412	30.12

**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>
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
2011	561,233	44.5

**Notes to the Required Schedules:**

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

Valuation date	12-31-2010
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	20 Years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	4.25% to 7.85%
*Includes inflation at	3.00%
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
2011	3,792,520	35.4

**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, 2011**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 791,067	\$ 816,424	\$ 1,607,491
Other receivables	453	1,129	1,582
Due from other funds	60,000	-	60,000
Due from other governments	904,207	1,375,456	2,279,663
Assets held for resale	276,087	-	276,087
Notes receivable	15,307,775	-	15,307,775
Prepays	11,656	-	11,656
Restricted assets:			
Due from other governments	<u>          -</u>	<u>4,750,921</u>	<u>4,750,921</u>
Total assets	<u>\$ 17,351,245</u>	<u>\$ 6,943,930</u>	<u>\$ 24,295,175</u>
 <b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 119,228	\$ 101,534	\$ 220,762
Due to other funds	764,396	-	764,396
Accrued liabilities	26,446	-	26,446
Customer and escrow deposits	178,234	-	178,234
Deferred revenues	24,882	-	24,882
Payable from restricted assets	<u>          -</u>	<u>360,129</u>	<u>360,129</u>
Total liabilities	<u>1,113,186</u>	<u>461,663</u>	<u>1,574,849</u>
 Fund balances:			
Non Spendable:			
Prepays	11,656	-	11,656
Restricted:			
Stabilization by State statute	1,999,710	6,196,546	8,196,256
Community development loans	16,139,322	-	16,139,322
Public safety	98,737	-	98,737
Committed:			
Capital projects	-	285,721	285,721
Unassigned (deficit)	<u>(2,011,366)</u>	<u>          -</u>	<u>(2,011,366)</u>
Total fund balances	<u>16,238,059</u>	<u>6,482,267</u>	<u>22,720,326</u>
Total liabilities and fund balances	<u>\$ 17,351,245</u>	<u>\$ 6,943,930</u>	<u>\$ 24,295,175</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**June 30, 2011**

	Community Development Fund	Home Investment Partnership Fund	Rental Rehabilitation Loan Fund	Commercial Loan Fund	Rehabilitation Loan Fund
<b>ASSETS</b>					
Cash and cash equivalents	\$ 12,882	\$ 2,935	\$ 38,764	\$ -	\$ 181,414
Other receivables	-	-	-	-	119
Due from other funds	-	-	-	-	-
Due from other governments	463,012	357,535	-	-	-
Assets held for resale	-	73,911	-	-	113,541
Notes receivable	-	5,731,754	178,593	842,460	3,105,971
Prepays	<u>10,152</u>	<u>1,504</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 486,046</u>	<u>\$ 6,167,639</u>	<u>\$ 217,357</u>	<u>\$ 842,460</u>	<u>\$ 3,401,045</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 49,968	\$ 66,480	\$ -	\$ -	\$ 1,987
Due to other funds	413,044	291,352	-	-	-
Accrued liabilities	23,034	3,412	-	-	-
Customer and escrow deposits	-	57,014	4,180	120	77,437
Deferred revenues	<u>-</u>	<u>-</u>	<u>235</u>	<u>-</u>	<u>153</u>
Total liabilities	<u>486,046</u>	<u>418,258</u>	<u>4,415</u>	<u>120</u>	<u>79,577</u>
Fund balances:					
Non Spendable:					
Prepays	10,152	1,504	-	-	-
Restricted:					
Stabilization by State statute	900,032	1,099,678	-	-	-
Community development loans	-	5,749,381	212,942	842,340	3,321,468
Public safety	-	-	-	-	-
Unassigned (deficit)	<u>(910,184)</u>	<u>(1,101,182)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>5,749,381</u>	<u>212,942</u>	<u>842,340</u>	<u>3,321,468</u>
Total liabilities and fund balances	<u>\$ 486,046</u>	<u>\$ 6,167,639</u>	<u>\$ 217,357</u>	<u>\$ 842,460</u>	<u>\$ 3,401,045</u>

CDBG HOP Loan Fund	GF HOP Loan Fund	Economic Development Loan Fund	Firemen's Relief Fund	Total Nonmajor Special Revenue Funds
\$ 16,428	\$ 262,001	\$ 261,574	\$ 15,069	\$ 791,067
10	158	158	8	453
-	-	60,000	-	60,000
-	-	-	83,660	904,207
-	88,635	-	-	276,087
1,889,859	3,408,568	150,570	-	15,307,775
-	-	-	-	11,656
<u>\$ 1,906,297</u>	<u>\$ 3,759,362</u>	<u>\$ 472,302</u>	<u>\$ 98,737</u>	<u>\$ 17,351,245</u>
\$ 111	\$ -	\$ 682	\$ -	\$ 119,228
-	60,000	-	-	764,396
-	-	-	-	26,446
9,904	27,962	1,617	-	178,234
26	137	24,331	-	24,882
<u>10,041</u>	<u>88,099</u>	<u>26,630</u>	<u>-</u>	<u>1,113,186</u>
-	-	-	-	11,656
-	-	-	-	1,999,710
1,896,256	3,671,263	445,672	-	16,139,322
-	-	-	98,737	98,737
-	-	-	-	(2,011,366)
<u>1,896,256</u>	<u>3,671,263</u>	<u>445,672</u>	<u>98,737</u>	<u>16,238,059</u>
<u>\$ 1,906,297</u>	<u>\$ 3,759,362</u>	<u>\$ 472,302</u>	<u>\$ 98,737</u>	<u>\$ 17,351,245</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**June 30, 2011**

	Parks and Recreation Fund	Public Improvements Fund	Total Nonmajor Capital Projects Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 693,302	\$ 123,122	\$ 816,424
Other receivables	1,129	-	1,129
Due from other governments	1,375,456	-	1,375,456
Restricted assets:			
Due from other governments	<u>4,750,921</u>	<u>-</u>	<u>4,750,921</u>
Total assets	<u>\$ 6,820,808</u>	<u>\$ 123,122</u>	<u>\$ 6,943,930</u>
 <b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 101,534	\$ -	\$ 101,534
Payable from restricted assets	<u>360,129</u>	<u>-</u>	<u>360,129</u>
Total liabilities	<u>461,663</u>	<u>-</u>	<u>461,663</u>
 Fund balances:			
Restricted:			
Stabilization by State statute	6,196,276	270	6,196,546
Committed:			
Capital projects	<u>162,869</u>	<u>122,852</u>	<u>285,721</u>
Total fund balances	<u>6,359,145</u>	<u>123,122</u>	<u>6,482,267</u>
Total liabilities and fund balances	<u>\$ 6,820,808</u>	<u>\$ 123,122</u>	<u>\$ 6,943,930</u>



**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2011**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Revenues:			
Restricted intergovernmental	\$ 1,486,206	\$ 2,537,004	\$ 4,023,210
Investment earnings	1,969	6,717	8,686
Donations	-	331,964	331,964
Miscellaneous	<u>104,690</u>	<u>-</u>	<u>104,690</u>
Total revenues	<u>1,592,865</u>	<u>2,875,685</u>	<u>4,468,550</u>
Expenditures:			
General government	96,157	270	96,427
Public safety	82,314	-	82,314
Transportation	-	1,806	1,806
Economic and physical development	873,427	-	873,427
Cultural and recreational	<u>-</u>	<u>4,219,703</u>	<u>4,219,703</u>
Total expenditures	<u>1,051,898</u>	<u>4,221,779</u>	<u>5,273,677</u>
Excess (deficiency) of revenues over (under) expenditures	<u>540,967</u>	<u>(1,346,094)</u>	<u>(805,127)</u>
Other financing sources (uses):			
Transfers from other funds	383,949	400,000	783,949
Transfers to other funds	<u>(383,949)</u>	<u>-</u>	<u>(383,949)</u>
Total other financing sources	<u>-</u>	<u>400,000</u>	<u>400,000</u>
Net change in fund balances	540,967	(946,094)	(405,127)
Fund balances at beginning of year (1)	<u>15,697,092</u>	<u>7,428,361</u>	<u>23,125,453</u>
Fund balances at end of year	<u>\$ 16,238,059</u>	<u>\$ 6,482,267</u>	<u>\$ 22,720,326</u>

*(1) The beginning fund balances of nonmajor special revenue funds are different from the prior year ending balances as a result of the consolidation of certain special revenue funds into other funds pursuant to the implementation of GASB 54.*

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2011**

	Community Development Fund	Home Investment Partnership Fund	Rental Rehabilitation Loan Fund	Commercial Loan Fund	Rehabilitation Loan Fund
Revenues:					
Restricted intergovernmental	\$ 1,158,077	\$ 328,129	\$ -	\$ -	\$ -
Investment earnings	-	-	49	-	-
Miscellaneous	293	6,776	2,024	-	4,102
Total revenues	<u>1,158,370</u>	<u>334,905</u>	<u>2,073</u>	<u>-</u>	<u>4,102</u>
Expenditures:					
General government	83,750	12,407	-	-	-
Public safety	-	-	-	-	-
Economic and physical development	715,974	125,037	20	-	32,376
Total expenditures	<u>799,724</u>	<u>137,444</u>	<u>20</u>	<u>-</u>	<u>32,376</u>
Excess (deficiency) of revenues over (under) expenditures	<u>358,646</u>	<u>197,461</u>	<u>2,053</u>	<u>-</u>	<u>(28,274)</u>
Other financing sources (uses):					
Transfers from other funds	4,960	15,322	99,550	142,659	61
Transfers to other funds	<u>(363,606)</u>	<u>(61)</u>	<u>(4,090)</u>	<u>(870)</u>	<u>(15,322)</u>
Total other financing sources (uses)	<u>(358,646)</u>	<u>15,261</u>	<u>95,460</u>	<u>141,789</u>	<u>(15,261)</u>
Net change in fund balances	-	212,722	97,513	141,789	(43,535)
Fund balances at beginning of year (1)	<u>-</u>	<u>5,536,659</u>	<u>115,429</u>	<u>700,551</u>	<u>3,365,003</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 5,749,381</u>	<u>\$ 212,942</u>	<u>\$ 842,340</u>	<u>\$ 3,321,468</u>

*(1) The beginning fund balances of nonmajor special revenue funds are different from the prior year ending balances as a result of the consolidation of certain special revenue funds into other funds pursuant to the implementation of GASB 54.*

<u>CDBG HOP Loan Fund</u>	<u>GF HOP Loan Fund</u>	<u>Economic Development Loan Fund</u>	<u>Firemen's Relief Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,486,206
-	1,080	732	108	1,969
<u>399</u>	<u>462</u>	<u>6,974</u>	<u>83,660</u>	<u>104,690</u>
<u>399</u>	<u>1,542</u>	<u>7,706</u>	<u>83,768</u>	<u>1,592,865</u>
-	-	-	-	96,157
-	-	-	82,314	82,314
-	-	<u>20</u>	-	<u>873,427</u>
-	-	<u>20</u>	<u>82,314</u>	<u>1,051,898</u>
<u>399</u>	<u>1,542</u>	<u>7,686</u>	<u>1,454</u>	<u>540,967</u>
121,397	-	-	-	383,949
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(383,949)</u>
<u>121,397</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
121,796	1,542	7,686	1,454	540,967
<u>1,774,460</u>	<u>3,669,721</u>	<u>437,986</u>	<u>97,283</u>	<u>15,697,092</u>
<u>\$ 1,896,256</u>	<u>\$ 3,671,263</u>	<u>\$ 445,672</u>	<u>\$ 98,737</u>	<u>\$ 16,238,059</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2011**

	Parks and Recreation Fund	Public Improvements Fund	Total Nonmajor Capital Projects Funds
	<u>          </u>	<u>          </u>	<u>          </u>
Revenues:			
Restricted intergovernmental	\$ 2,537,004	\$ -	\$ 2,537,004
Investment earnings	6,717	-	6,717
Donations	<u>331,964</u>	<u>-</u>	<u>331,964</u>
Total revenues	<u>2,875,685</u>	<u>-</u>	<u>2,875,685</u>
Expenditures:			
General government	-	270	270
Transportation	-	1,806	1,806
Cultural and recreational	<u>4,218,921</u>	<u>782</u>	<u>4,219,703</u>
Total expenditures	<u>4,218,921</u>	<u>2,858</u>	<u>4,221,779</u>
Excess of expenditures over revenues	<u>(1,343,236)</u>	<u>(2,858)</u>	<u>(1,346,094)</u>
Other financing sources:			
Transfers from other funds	<u>400,000</u>	<u>-</u>	<u>400,000</u>
Net change in fund balances	(943,236)	(2,858)	(946,094)
Fund balances at beginning of year	<u>7,302,381</u>	<u>125,980</u>	<u>7,428,361</u>
Fund balances at end of year	<u>\$ 6,359,145</u>	<u>\$ 123,122</u>	<u>\$ 6,482,267</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**June 30, 2011**

	Law Enforcement Officers' Pension Trust Fund	Other Postemployment Benefits	Total Pension Trust Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,204,050	\$ 427,875	\$ 1,631,925
Other receivables	<u>726</u>	<u>-</u>	<u>726</u>
Total assets	<u>1,204,776</u>	<u>427,875</u>	<u>1,632,651</u>
<b>LIABILITIES</b>			
Accounts payable	-	675	675
Due to General Fund	<u>-</u>	<u>43,237</u>	<u>43,237</u>
Total liabilities	<u>-</u>	<u>43,912</u>	<u>43,912</u>
<b>NET ASSETS</b>			
Assets held in trust for pension and other postemployment benefits	<u>\$ 1,204,776</u>	<u>\$ 383,963</u>	<u>\$ 1,588,739</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2011**

	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	\$ 1,344,030	\$ 1,594,030
Plan members	-	283,642	283,642
Total contributions	<u>250,000</u>	<u>1,627,672</u>	<u>1,877,672</u>
Investment earnings	<u>6,213</u>	<u>593</u>	<u>6,806</u>
Total additions	<u>256,213</u>	<u>1,628,265</u>	<u>1,884,478</u>
Deductions:			
Benefits	223,628	1,542,765	1,766,393
Administrative expense	-	130,844	130,844
Total deductions	<u>223,628</u>	<u>1,673,609</u>	<u>1,897,237</u>
Change in net assets	32,585	(45,344)	(12,759)
Net assets at beginning of year	<u>1,172,191</u>	<u>429,307</u>	<u>1,601,498</u>
Net assets at end of year	<u>\$ 1,204,776</u>	<u>\$ 383,963</u>	<u>\$ 1,588,739</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Combining Statement of Changes in Assets and Liabilities -  
Agency Funds**

**Year Ended June 30, 2011**

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2011</u>
<b>CHDO Proceeds Fund</b>				
Assets:				
Cash and cash equivalents (1)	\$ 290,976	\$ 159,353	\$ 137,937	\$ 312,392
Other receivables	<u>-</u>	<u>188</u>	<u>-</u>	<u>188</u>
Total assets	<u>\$ 290,976</u>	<u>\$ 159,541</u>	<u>\$ 137,937</u>	<u>\$ 312,580</u>
Liabilities:				
Escrow funds and deposits (1)	<u>\$ 290,976</u>	<u>\$ 159,541</u>	<u>\$ 137,937</u>	<u>\$ 312,580</u>
<b>Law Enforcement Seizure Fund</b>				
Assets:				
Cash and cash equivalents	<u>\$ -</u>	<u>\$ 166,680</u>	<u>\$ 31,464</u>	<u>\$ 135,216</u>
Liabilities:				
Escrow funds and deposits	<u>\$ -</u>	<u>\$ 166,680</u>	<u>\$ 31,464</u>	<u>\$ 135,216</u>
<b>Totals - All Agency Funds</b>				
Assets:				
Cash and cash equivalents	\$ 290,976	\$ 326,033	\$ 169,401	\$ 447,608
Other receivables	<u>-</u>	<u>188</u>	<u>-</u>	<u>188</u>
Total assets	<u>\$ 290,976</u>	<u>\$ 326,221</u>	<u>\$ 169,401</u>	<u>\$ 447,796</u>
Liabilities:				
Escrow funds and deposits	<u>\$ 290,976</u>	<u>\$ 326,221</u>	<u>\$ 169,401</u>	<u>\$ 447,796</u>

(1) Beginning balance is a result of a reclassification of a fund from special revenue to agency fund in the current year.

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**THE GENERAL FUND TAB (FRONT)**

**THE GENERAL FUND TAB (BACK)**

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2011  
With Comparative Actual Amounts for Year Ended June 30, 2010**

	2011		Variance Positive (Negative)	2010 Actual
	Budget	Actual		
<b>Revenues:</b>				
<b>Ad valorem taxes:</b>				
Current year	\$ 52,346,490	\$ 51,575,699	\$ (770,791)	\$ 46,128,218
Prior years	295,000	520,415	225,415	487,874
Penalties and interest	100,000	208,826	108,826	199,665
Total	<u>52,741,490</u>	<u>52,304,940</u>	<u>(436,550)</u>	<u>46,815,757</u>
<b>Other taxes:</b>				
Local option sales tax	14,046,651	14,409,320	362,669	13,655,742
Franchise tax	6,154,512	6,303,686	149,174	6,480,873
Video programming sales tax	1,400,000	1,470,975	70,975	1,519,216
Rental vehicle tax	134,900	190,568	55,668	163,536
Total	<u>21,736,063</u>	<u>22,374,549</u>	<u>638,486</u>	<u>21,819,367</u>
<b>Unrestricted intergovernmental:</b>				
Beer and wine	465,088	450,466	(14,622)	145,446
ABC revenue	800,000	853,314	53,314	783,443
Court fees	47,000	37,187	(9,813)	44,634
Total	<u>1,312,088</u>	<u>1,340,967</u>	<u>28,879</u>	<u>973,523</u>
<b>Restricted intergovernmental:</b>				
Powell bill	2,585,435	2,585,435	-	2,563,158
PEG channel support	5,155	21,914	16,759	14,019
<b>Categorical grants:</b>				
Transportation	440,500	356,143	(84,357)	320,913
Hurricane disaster assistance	63,063	63,063	-	-
Other	236,408	225,303	(11,105)	236,120
Total	<u>3,330,561</u>	<u>3,251,858</u>	<u>(78,703)</u>	<u>3,134,210</u>
<b>Licenses and permits:</b>				
Privilege licenses	1,816,056	1,965,691	149,635	1,803,513
Motor vehicle licenses	344,366	341,355	(3,011)	352,619
Other permits and fees	289,337	203,236	(86,101)	204,414
Total	<u>2,449,759</u>	<u>2,510,282</u>	<u>60,523</u>	<u>2,360,546</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, 2011  
With Comparative Actual Amounts for Year Ended June 30, 2010**

	2011		Variance Positive (Negative)	2010 Actual
	Budget	Actual		
Revenues: (continued)				
Sales and services:				
Recreation department sales and service	\$ 553,246	\$ 610,256	\$ 57,010	\$ 629,547
Other departmental charges	1,543,592	1,820,387	276,795	1,382,367
Central services charges	12,500	193	(12,307)	1,359
Total	<u>2,109,338</u>	<u>2,430,836</u>	<u>321,498</u>	<u>2,013,273</u>
Fines and forfeits:				
Fire code violations	10,000	2,655	(7,345)	8,488
False alarm citations	70,000	47,288	(22,712)	2,400
Civil citations	46,200	56,848	10,648	49,314
Total	<u>126,200</u>	<u>106,791</u>	<u>(19,409)</u>	<u>60,202</u>
Interest earnings:				
Investment earnings	170,410	148,093	(22,317)	275,000
Interest on liens	-	7,247	7,247	1,425
Total	<u>170,410</u>	<u>155,340</u>	<u>(15,070)</u>	<u>276,425</u>
Miscellaneous:				
Sale of real estate, equipment and material	-	250	250	27,910
Rents	347,000	373,169	26,169	358,982
Other	349,925	140,879	(209,046)	313,396
Total	<u>696,925</u>	<u>514,298</u>	<u>(182,627)</u>	<u>700,288</u>
Total revenues	<u>84,672,834</u>	<u>84,989,861</u>	<u>317,027</u>	<u>78,153,591</u>
Expenditures:				
General government:				
City Council and Clerk		336,133		319,384
City Manager		1,077,853		1,052,946
City Attorney		775,040		928,924
Human Resource Management		595,513		579,327
Finance		1,810,712		1,747,354
Information Technology Services		2,046,696		2,134,490
Contributions to other agencies		958,615		1,124,617
Nondepartmental		2,966,417		2,449,048
Total	<u>11,695,950</u>	<u>10,566,979</u>	<u>1,128,971</u>	<u>10,336,090</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, 2011  
With Comparative Actual Amounts for Year Ended June 30, 2010**

	2011		Variance Positive (Negative)	2010 Actual
	Budget	Actual		
Expenditures: (continued)				
Public safety:				
Police		\$ 22,861,833		\$ 22,994,600
Fire		13,907,696		13,992,313
Total	\$ 38,720,768	36,769,529	\$ 1,951,239	36,986,913
Transportation:				
Development Services		1,327,057		1,407,608
Public Services		4,075,104		4,236,536
Traffic engineering		3,467,679		3,586,034
Streets		1,813,140		1,857,385
Storm water management fee		1,466,740		1,377,221
Total	13,752,744	12,149,720	1,603,024	12,464,784
Cultural and recreational:				
Community Services		1,141,608		1,165,114
Parks and recreation		4,956,676		4,867,601
Total	6,979,241	6,098,284	880,957	6,032,715
Transit system:				
Cape Fear Public Transportation Authority	1,247,980	1,227,474	20,506	1,420,520
Total expenditures	72,396,683	66,811,986	5,584,697	67,241,022
Excess of revenues over expenditures	12,276,151	18,177,875	5,901,724	10,912,569
Other financing sources (uses):				
Operating transfers - in:				
Building Improvements Fund	-	-	-	207,663

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2011  
With Comparative Actual Amounts for Year Ended June 30, 2010**

	2011		Variance	2010
	Budget	Actual	Positive (Negative)	Actual
Other financing sources (uses): (continued)				
Operating transfers - out:				
Debt Service Fund	\$ (9,649,685)	\$ (9,649,685)	\$ -	\$ (9,077,784)
Special Purpose Fund	(517,992)	(517,992)	-	(389,779)
Streets and Sidewalks Fund	(963,792)	(963,792)	-	(1,408,057)
CP - Streets Powell Bill	(114,208)	(114,208)	-	-
Parks and Recreation Fund	-	-	-	(425,000)
Building Improvements Fund	(1,507,000)	(1,507,000)	-	-
CD/HM Grants & Loans Admin	(199,082)	(145,713)	53,369	(164,483)
LF-Rehabilitation	-	-	-	(6,993)
Total operating transfers - out	<u>(12,951,759)</u>	<u>(12,898,390)</u>	<u>53,369</u>	<u>(11,472,096)</u>
Appropriated fund balance	<u>675,608</u>	<u>-</u>	<u>(675,608)</u>	<u>-</u>
Total other financing uses	<u>(12,276,151)</u>	<u>(12,898,390)</u>	<u>(622,239)</u>	<u>(11,264,433)</u>
Net change in fund balance	<u>\$ -</u>	<u>5,279,485</u>	<u>\$ 5,279,485</u>	<u>(351,864)</u>
Fund balance at beginning of year		25,751,341		26,040,603
Change in reserve for inventories		<u>9,272</u>		<u>62,602</u>
Fund balance at end of year		<u>\$ 31,040,098</u>		<u>\$ 25,751,341</u>
A portion of a legally budgeted CDBG/HOME Grant and Administration Fund is consolidated into the General Fund for reporting purposes:				
Transfer from General Fund		145,713		
General government expenditures		(30,132)		
Economic and physical development expenditures		(115,581)		
Fund balance at beginning of year		<u>-</u>		
Fund balance at end of year		<u>\$ 31,040,098</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, 2011**

	Grant Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
<b>Taxes:</b>					
Room occupancy tax	\$ 9,451,821	\$ 13,371,199	\$ 2,274,826	\$ 15,646,025	\$ 6,194,204
<b>Restricted intergovernmental:</b>					
Federal grants	6,609,917	4,082,955	909,736	4,992,691	(1,617,226)
State grants	4,461,525	2,660,606	507,402	3,168,008	(1,293,517)
Other governments	574,500	251,214	166,300	417,514	(156,986)
Total restricted intergovernmental	11,645,942	6,994,775	1,583,438	8,578,213	(3,067,729)
Investment earnings	410,694	1,865,585	81,951	1,947,536	1,536,842
Donations	178,191	156,472	7,725	164,197	(13,994)
<b>Miscellaneous:</b>					
Red light traffic cameras	7,081,516	6,258,374	799,132	7,057,506	(24,010)
Other program income	502,216	579,619	12,679	592,298	90,082
Sale of property	25,234	25,235	-	25,235	1
Total miscellaneous	7,608,966	6,863,228	811,811	7,675,039	66,073
Total revenues	29,295,614	29,251,259	4,759,751	34,011,010	4,715,396
<b>Expenditures:</b>					
<b>General government projects:</b>					
LEAP energy assurance - ARRA	200,000	3,795	100,358	104,153	95,847
<b>Public safety projects:</b>					
Fireboat grant	1,561,000	1,560,273	-	1,560,273	727
Santa cop program	1,125	750	-	750	375
Governors Highway Safety Program	523,816	385,389	32,543	417,932	105,884
SABLE - Helicopter unit	222,825	221,244	-	221,244	1,581
Building Futures	198,164	198,163	-	198,163	1
Project Safe Neighborhoods	72,639	60,868	9,999	70,867	1,772
Bulletproof Vest Partnership	78,310	42,035	35,609	77,644	666
Federal forfeiture - SABLE	815,075	573,595	125,367	698,962	116,113
Regional response team 2	387,284	251,571	-	251,571	135,713
Homeland Port Security	339,732	339,638	-	339,638	94
Violent Gang Apprehension	341,806	341,806	-	341,806	-
Gang Violence Prevention	66,666	59,134	-	59,134	7,532
JAG-License Plate Equipment/NHC	44,783	44,705	-	44,705	78
Gang Prevention and Intervention	499,604	370,800	-	370,800	128,804
Vocational Pathways - KMI	286,235	285,194	-	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	20,195	536,746	66,193
JAG-DNA database	146,531	139,226	-	139,226	7,305

**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, 2011**

	Grant Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Totals to Date	
Expenditures: (continued)					
Public safety projects: (continued)					
COPS Hiring - ARRA	\$ 2,005,809	\$ 278,378	\$ 588,566	\$ 866,944	\$ 1,138,865
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	3,355	6,568	1,432
Cop camp	7,823	6,373	-	6,373	1,450
Federal Forfeiture	1,020,180	960,252	28,936	989,188	30,992
North Carolina Drug Tax	277,752	207,985	57,521	265,506	12,246
Court Judgments	21,225	14,450	-	14,450	6,775
Project ASSIST	1,000	1,000	-	1,000	-
COPS Technology Program	315,000	-	-	-	315,000
Criminal Justice Improvement	57,347	-	42,890	42,890	14,457
Gang Resistance and Intervention	375,279	-	243,903	243,903	131,376
JAG part-time chemist	132,779	-	74,111	74,111	58,668
Port Security Grant	270,510	-	-	-	270,510
Regional response team 2 hazmat	51,429	-	-	-	51,429
Second chance reentry	300,000	-	3,879	3,879	296,121
UW/HPRC - Integrate Risk Mgt	28,750	-	4,973	4,973	23,777
Total public safety	<u>11,512,961</u>	<u>7,120,941</u>	<u>1,271,847</u>	<u>8,392,788</u>	<u>3,120,173</u>
Transportation projects:					
Pedestrian plan	65,000	64,995	-	64,995	5
Market street corridor study	275,000	257,277	17,723	275,000	-
Wrightsville bike facility	29,000	28,921	-	28,921	79
Red light traffic cameras	9,405,076	8,008,551	1,147,550	9,156,101	248,975
North Carolina safe schools program	211,954	6,250	505	6,755	205,199
Fit community initiative	61,550	23,831	12,641	36,472	25,078
Eat smart move more	14,300	-	12,246	12,246	2,054
NCDOT Study Pender County	100,000	-	94,005	94,005	5,995
Physical activity built community	24,999	-	13,760	13,760	11,239
Safe kids USA	25,000	-	-	-	25,000
Total transportation	<u>10,211,879</u>	<u>8,389,825</u>	<u>1,298,430</u>	<u>9,688,255</u>	<u>523,624</u>
Economic and physical development projects:					
Homeless plan (10 year)	218,619	160,120	50,000	210,120	8,499
Historic preservation education	24,750	5,554	-	5,554	19,196
Tree Mitigation	163,725	40,205	44,994	85,199	78,526
Lead hazard control grant	209,405	12,415	4,795	17,210	192,195
Urgent repair grant 2009	37,500	-	33,489	33,489	4,011
Urgent repair grant 2010	37,500	-	5,420	5,420	32,080
Affordable housing program	1,175,000	1,076,997	50,158	1,127,155	47,845
Homeownership services	113,950	52,990	18,219	71,209	42,741
UDAG Income Projects	961,718	934,442	14,335	948,777	12,941
Trees Forever	65,755	4,271	651	4,922	60,833

**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, 2011**

	Grant Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Expenditures: (continued)					
Economic and physical development projects: (continued)					
Trolley Station	\$ 3,716	\$ 2,123	\$ -	\$ 2,123	\$ 1,593
Government Information Channel	50,000	47,510	-	47,510	2,490
Rhodes ADR Demolition	70,000	-	-	-	70,000
Total economic and physical development	<u>3,131,638</u>	<u>2,336,627</u>	<u>222,061</u>	<u>2,558,688</u>	<u>572,950</u>
Environmental protection projects:					
Cigarette litter prevention program	<u>500</u>	<u>-</u>	<u>500</u>	<u>500</u>	<u>-</u>
Cultural and recreational projects:					
Fitness Trail equipment	2,300	-	-	-	2,300
Downtown sundown concert	30,101	29,813	-	29,813	288
Love Grove regional access	306,364	306,364	-	306,364	-
Dog park development	22,822	19,186	434	19,620	3,202
Riverfront farmers market	58,242	47,553	6,425	53,978	4,264
Downtown Business Alliance	22,402	15,794	3,596	19,390	3,012
Boating infrastructure	111,118	24,915	-	24,915	86,203
NC Arts Creative economies	15,000	12,316	2,684	15,000	-
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	4,806	-	4,806	1,344
Market place downtown	<u>8,658</u>	<u>-</u>	<u>1,771</u>	<u>1,771</u>	<u>6,887</u>
Total cultural and recreational	<u>729,745</u>	<u>512,779</u>	<u>14,910</u>	<u>527,689</u>	<u>202,056</u>
Total expenditures	<u>25,786,723</u>	<u>18,363,967</u>	<u>2,908,106</u>	<u>21,272,073</u>	<u>4,514,650</u>
Excess of revenues over expenditures	<u>3,508,891</u>	<u>10,887,292</u>	<u>1,851,645</u>	<u>12,738,937</u>	<u>9,230,046</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	-
Storm Water Management Fund	-	63	-	63	63
Building Improvements Fund	9,817	9,817	-	9,817	-
General Fund	<u>4,171,576</u>	<u>3,638,856</u>	<u>517,992</u>	<u>4,156,848</u>	<u>(14,728)</u>
Total operating transfers - in	<u>6,852,091</u>	<u>6,315,503</u>	<u>517,992</u>	<u>6,833,495</u>	<u>(18,596)</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, 2011**

	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	(6,951,821)	(1,078,571)	(5,292,990)	(6,371,561)	580,260
Building Improvements Fund	(2,500,000)	-	-	-	2,500,000
UDAG Loan Fund	(346,130)	(115,990)	(1,087)	(117,077)	229,053
Home Investment Partnership Fund	(441,646)	(441,584)	-	(441,584)	62
Total operating transfers - out	<u>(10,360,982)</u>	<u>(1,757,530)</u>	<u>(5,294,077)</u>	<u>(7,051,607)</u>	<u>3,309,375</u>
Total other financing sources (uses)	<u>(3,508,891)</u>	<u>4,557,973</u>	<u>(4,776,085)</u>	<u>(218,112)</u>	<u>3,290,779</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 15,445,265</u>	<u>(2,924,440)</u>	<u>\$ 12,520,825</u>	<u>\$ 12,520,825</u>
Fund balance at beginning of year			<u>15,445,558</u>		
Fund balance at end of year			<u>\$ 12,521,118</u>		
A legally budgeted Convention Center Fund is consolidated into the Special Purpose Fund for reporting purposes:					
Sales and services			978,643		
Investment earnings			32		
Transfer from Special Purpose Fund			5,292,990		
Economic and physical development expenditures			(2,184,121)		
Debt service:					
Principal retirement			(1,410,000)		
Interest and other charges			(2,821,200)		
Fund balance at beginning of year			302,209		
An unbudgeted UDAG Loan Fund is consolidated into the Special Purpose Fund for reporting purposes:					
Transfer from Special Purpose Fund			1,087		
Fund balance at beginning of year			<u>97,380</u>		
Fund balance at end of year			<u>\$ 12,778,138</u>		

**CITY OF WILMINGTON, NORTH CAROLINA**

**Convention Center Fund  
(A Subfund of the Special Purpose Fund)  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual**

**From Inception and Year Ended June 30, 2011**

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
<b>Revenues:</b>					
<b>Sales and services:</b>					
Convention center	\$ 1,002,609	\$ -	\$ 912,654	\$ 912,654	\$ (89,955)
Parking deck	193,360	-	65,989	65,989	(127,371)
Total sales and services	1,195,969	-	978,643	978,643	(217,326)
Investment earnings	-	119,340	32	119,372	119,372
Total revenues	1,195,969	119,340	978,675	1,098,015	(97,954)
<b>Expenditures:</b>					
<b>Economic and physical development project:</b>					
Convention Center operations	3,414,863	719,168	2,124,273	2,843,441	571,422
Parking deck operations	139,292	-	59,848	59,848	79,444
Total economic and physical development	3,554,155	719,168	2,184,121	2,903,289	650,866
<b>Debt service:</b>					
Principal retirement	1,410,000	-	1,410,000	1,410,000	-
Interest and other charges	9,090,432	6,250,033	2,821,200	9,071,233	19,199
Reserved for debt service	166,702	-	-	-	166,702
Total debt service	10,667,134	6,250,033	4,231,200	10,481,233	185,901
Total expenditures	14,221,289	6,969,201	6,415,321	13,384,522	836,767
Excess of expenditures over revenues	(13,025,320)	(6,849,861)	(5,436,646)	(12,286,507)	738,813
<b>Other financing sources (uses):</b>					
<b>Operating transfers - in:</b>					
Special Purpose Fund	6,951,821	1,078,571	5,292,990	6,371,561	(580,260)
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	13,025,320	7,152,070	5,292,990	12,445,060	(580,260)
Net change in fund balance	\$ -	\$ 302,209	(143,656)	\$ 158,553	\$ 158,553
Fund balance at beginning of year			302,209		
Fund balance at end of year			\$ 158,553		

**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, 2011**

	Grant Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
<b>Restricted intergovernmental:</b>					
Federal grants	\$ 10,613,555	\$ 8,361,809	\$ 1,158,077	\$ 9,519,886	\$ (1,093,669)
<b>Miscellaneous:</b>					
Sale of property	4,080	27,080	-	27,080	23,000
Insurance reimbursement	200	1,562	245	1,807	1,607
Refunds	467,308	453,810	48	453,858	(13,450)
Total miscellaneous	471,588	482,452	293	482,745	11,157
Total revenues	11,085,143	8,844,261	1,158,370	10,002,631	(1,082,512)
<b>Expenditures:</b>					
<b>Economic and physical development projects:</b>					
Acquisition		541,000	-	541,000	
Public facilities		1,204,673	148,794	1,353,467	
Disposition		-	15,330	15,330	
Demolition		147,546	-	147,546	
Domestic Violence		183,000	35,000	218,000	
Shelter for homeless		319,500	-	319,500	
Community Boys Club		150,847	-	150,847	
Community Land Trust		10,000	20,000	30,000	
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		216,266	24,000	240,266	
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		180,000	109,000	289,000	
YWCA - Kids Making It		25,000	-	25,000	
Salvation Army		30,000	-	30,000	
Relocation		92,032	6,605	98,637	
Energy repairs/housing		312,529	14,700	327,229	

**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, 2011**

	Grant Project Authorization	Actual Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Expenditures: (continued)					
Economic and physical development projects: (continued)					
Capacity Building		\$ 9,892	\$ 18,763	\$ 28,655	
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	2,532	15,300	
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	
		<u>7,944,497</u>	<u>394,724</u>	<u>8,339,221</u>	
Total expenditures	\$ 9,165,232				\$ 826,011
Excess of revenues over expenditures	<u>1,919,911</u>	<u>899,764</u>	<u>763,646</u>	<u>1,663,410</u>	<u>(256,501)</u>
Other financing sources (uses):					
Operating transfers - in:					
Commercial Loan Fund	107,897	105,738	870	106,608	(1,289)
Rehabilitation Loan Fund	152,816	152,816	-	152,816	-
Rental Rehabilitation Loan Fund	140,023	144,316	4,090	148,406	8,383
	<u>400,736</u>	<u>402,870</u>	<u>4,960</u>	<u>407,830</u>	<u>7,094</u>
Operating transfers - out:					
Loan Funds	(1,422,663)	(809,662)	(363,606)	(1,173,268)	249,395
CDBG/HOME Administration Fund	(805,000)	(400,000)	(405,000)	(805,000)	-
Streets and Sidewalks Fund	(92,984)	(92,972)	-	(92,972)	12
	<u>(2,320,647)</u>	<u>(1,302,634)</u>	<u>(768,606)</u>	<u>(2,071,240)</u>	<u>249,407</u>
Total operating transfers - out					
Total other financing uses	<u>(1,919,911)</u>	<u>(899,764)</u>	<u>(763,646)</u>	<u>(1,663,410)</u>	<u>256,501</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>		
A portion of a legally budgeted CDBG/HOME Grant and Administration Fund is consolidated into the Community Development Fund for reporting purposes:					
Transfer from Community Development Fund			405,000		
General government expenditures			(83,750)		
Economic and physical development expenditures			(321,250)		
Fund balance at beginning of year			<u>-</u>		
Fund balance at end of year			<u>\$ -</u>		

**CITY OF WILMINGTON, NORTH CAROLINA**

**CDBG/Home Administration Fund  
(A Subfund of the Community Development Fund)  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual**

**Year Ended June 30, 2011  
With Comparative Actual Amounts for Year Ended June 30, 2010**

	2011		Variance	2010
	Budget	Actual	Positive (Negative)	Actual
Expenditures:				
General government:				
Finance		\$ 126,289		\$ 127,247
Economic and physical development:				
Economic and community development		484,424		497,236
Total expenditures	<u>\$ 664,082</u>	<u>610,713</u>	<u>\$ 53,369</u>	<u>624,483</u>
Other financing sources:				
Operating transfers-in:				
General Fund	199,082	145,713	(53,369)	164,483
Community Development Fund	405,000	405,000	-	400,000
Home Investment Partnership Fund	<u>60,000</u>	<u>60,000</u>	<u>-</u>	<u>60,000</u>
Total other financing sources	<u>664,082</u>	<u>610,713</u>	<u>(53,369)</u>	<u>624,483</u>
Net change in fund balance	<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>



**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, 2011**

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental:					
Federal grants	\$ 7,061,391	\$ 5,294,435	\$ 328,129	\$ 5,622,564	\$ (1,438,827)
Miscellaneous	211,342	155,630	-	155,630	(55,712)
Total revenues	<u>7,272,733</u>	<u>5,450,065</u>	<u>328,129</u>	<u>5,778,194</u>	<u>(1,494,539)</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		361,959	2,468	364,427	
Affordable Housing Infrastructure		63,300	-	63,300	
Homeless rental housing		90,000	-	90,000	
Charges for services		414,423	-	414,423	
Land trust administration		22,364	10,000	32,364	
Relocation assistance		44,257	-	44,257	
Total expenditures	<u>3,112,590</u>	<u>2,953,064</u>	<u>12,468</u>	<u>2,965,532</u>	<u>147,058</u>
Excess of revenues over expenditures	<u>4,160,143</u>	<u>2,497,001</u>	<u>315,661</u>	<u>2,812,662</u>	<u>(1,347,481)</u>
Other financing sources (uses):					
Operating transfers - in:					
Special Purpose Fund	-	192,382	-	192,382	192,382
Home Loan Fund	1,773,680	1,614,771	149,078	1,763,849	(9,831)
Total operating transfers - in	<u>1,773,680</u>	<u>1,807,153</u>	<u>149,078</u>	<u>1,956,231</u>	<u>182,551</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, 2011**

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Other financing sources (uses): (continued)					
Operating transfers - out:					
CDBG/HOME Administration Fund	\$ (120,000)	\$ (60,000)	\$ (60,000)	\$ (120,000)	\$ -
Home Loan Fund	<u>(5,813,823)</u>	<u>(4,244,154)</u>	<u>(404,739)</u>	<u>(4,648,893)</u>	<u>1,164,930</u>
Total operating transfers - out	<u>(5,933,823)</u>	<u>(4,304,154)</u>	<u>(464,739)</u>	<u>(4,768,893)</u>	<u>1,164,930</u>
Total other financing uses	<u>(4,160,143)</u>	<u>(2,497,001)</u>	<u>(315,661)</u>	<u>(2,812,662)</u>	<u>1,347,481</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
Fund balance at beginning of year			-		
Fund balance at end of year			<u>\$ -</u>		
A portion of a legally budgeted CDBG/HOME Grant and Administration Fund is consolidated into the Home Investment Partnership Fund for reporting purposes:					
Transfer from Home Investment Partnership Fund			60,000		
General government expenditures			(12,407)		
Economic and physical development expenditures			(47,593)		
Fund balance at beginning of year			-		
An unbudgeted Home Loan Fund is consolidated into the Home Investment Partnership Fund for reporting purposes:					
Miscellaneous income			6,776		
Transfer from Home Investment Partnership Fund			404,739		
Transfer from Rehabilitation Loan Fund			15,322		
Economic and physical development expenditures			(64,976)		
Transfer to Home Investment Partnership Fund			(149,078)		
Transfer to Rehabilitation Loan Fund			(61)		
Fund balance at beginning of year			<u>5,536,659</u>		
Fund balance at end of year			<u>\$ 5,749,381</u>		

**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, 2011**

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
<b>Revenues:</b>					
Restricted intergovernmental	\$ 10,188,912	\$ 2,213,866	\$ 1,926,258	\$ 4,140,124	\$ (6,048,788)
Investment earnings	1,165,020	2,070,459	30,938	2,101,397	936,377
Donations	804,480	188,943	99,062	288,005	(516,475)
Miscellaneous	272,023	272,024	-	272,024	1
<b>Total revenues</b>	<b>12,430,435</b>	<b>4,745,292</b>	<b>2,056,258</b>	<b>6,801,550</b>	<b>(5,628,885)</b>
<b>Expenditures:</b>					
<b>Transportation:</b>					
5th Street bridge	651,178	651,177	-	651,177	1
Bridge repairs 2004-05	244,000	178,613	9,894	188,507	55,493
Street rehabilitation 2004-05	4,197,917	1,695,197	172,644	1,867,841	2,330,076
Independence Boulevard phase II	6,390,716	3,508,313	2,444,702	5,953,015	437,701
Intersection improvements	167,459	43,814	118,686	162,500	4,959
Neighborhood traffic management	1,400,000	1,199,228	115,586	1,314,814	85,186
Masonboro/Pine Grove intersection	925,330	20,573	119,359	139,932	785,398
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	6,692,357	4,637,477	1,690,606	6,328,083	364,274
North 3rd Street improvements	11,763,108	985,354	218,393	1,203,747	10,559,361
Front Street two-way	300,352	300,351	-	300,351	1
Kinston Avenue extension phase I	872,000	-	-	-	872,000
Front Street streetscapes	2,774,357	2,107,152	419,221	2,526,373	247,984
Market/Water Streets bulkhead	1,530,748	1,222,530	77,813	1,300,343	230,405
Signal system upgrade	5,000,000	4,882,378	48,475	4,930,853	69,147
Monkey Junction Annexation	10,159,300	413,955	197,559	611,514	9,547,786
3rd & Ann Street pedestrian improvements	76,500	43,300	9,640	52,940	23,560
Independence/Park pedestrian crossing	55,000	12,600	7,900	20,500	34,500
Pine Grove Drive improvements	77,000	-	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	7,111,502	781,025	1,192,354	1,973,379	5,138,123
Underground utility placement	234,743	231,843	-	231,843	2,900
New street paving	139,953	140,277	(830)	139,447	506
Sidewalk rehabilitation and repairs	1,370,947	941,689	-	941,689	429,258
Pedestrian/Bike Improvements	1,431,366	607,277	116,964	724,241	707,125
Woodale and Mallard Street bike path	234,592	222,871	10,880	233,751	841
Military Cutoff bike path	1,007,951	354,878	369,073	723,951	284,000
<b>Total transportation</b>	<b>69,728,458</b>	<b>26,130,492</b>	<b>7,415,919</b>	<b>33,546,411</b>	<b>36,182,047</b>

**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, 2011**

	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	\$ 190,984	\$ 2,354,105	\$ 2,545,089	\$ 49,536
Riverwalk North marina	8,438,098	2,892,057	7,173	2,899,230	5,538,868
Riverfront Assessment	<u>164,722</u>	<u>-</u>	<u>75,563</u>	<u>75,563</u>	<u>89,159</u>
Total cultural and recreational	<u>11,197,445</u>	<u>3,083,041</u>	<u>2,436,841</u>	<u>5,519,882</u>	<u>5,677,563</u>
Transit system:					
Transit capital grant match	<u>251,000</u>	<u>151,346</u>	<u>-</u>	<u>151,346</u>	<u>99,654</u>
Total expenditures	<u>81,176,903</u>	<u>29,364,879</u>	<u>9,852,760</u>	<u>39,217,639</u>	<u>41,959,264</u>
Excess of expenditures over revenues	<u>(68,746,468)</u>	<u>(24,619,587)</u>	<u>(7,796,502)</u>	<u>(32,416,089)</u>	<u>36,330,379</u>
Other financing sources (uses):					
Operating transfers - in:					
General Fund	10,091,243	10,096,301	1,078,000	11,174,301	1,083,058
Building Improvements Fund	399,500	399,500	-	399,500	-
Public Improvements Fund	81,729	81,729	-	81,729	-
Storm Water Capital Project Fund	<u>213,970</u>	<u>50,000</u>	<u>163,970</u>	<u>213,970</u>	<u>-</u>
Total operating transfers - in	<u>10,786,442</u>	<u>10,627,530</u>	<u>1,241,970</u>	<u>11,869,500</u>	<u>1,083,058</u>
Operating transfers - out:					
General Fund	(1,334,000)	(1,334,000)	-	(1,334,000)	-
Building Improvements Fund	<u>(500,000)</u>	<u>(500,000)</u>	<u>-</u>	<u>(500,000)</u>	<u>-</u>
Total operating transfers - out	<u>(1,834,000)</u>	<u>(1,834,000)</u>	<u>-</u>	<u>(1,834,000)</u>	<u>-</u>
Issuance of bonds	30,298,129	18,328,872	8,660,000	26,988,872	(3,309,257)
Issuance of installment obligations	29,144,902	14,683,000	-	14,683,000	(14,461,902)
Premium on bonds	173,572	121,181	366,839	488,020	314,448
Premium on installment obligations	<u>177,423</u>	<u>177,422</u>	<u>-</u>	<u>177,422</u>	<u>(1)</u>
Total other financing sources	<u>68,746,468</u>	<u>42,104,005</u>	<u>10,268,809</u>	<u>52,372,814</u>	<u>(16,373,654)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 17,484,418</u>	2,472,307	<u>\$ 19,956,725</u>	<u>\$ 19,956,725</u>
Fund balance at beginning of year			17,484,418		
Fund balance at end of year			<u>\$ 19,956,725</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, 2011**

	Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
Restricted intergovernmental	\$ 9,755,630	\$ 4,955,544	\$ 2,537,004	\$ 7,492,548	\$ (2,263,082)
Investment earnings	650,234	734,578	6,717	741,295	91,061
Donations	142,589	17,573	331,964	349,537	206,948
<b>Total revenues</b>	<b>10,548,453</b>	<b>5,707,695</b>	<b>2,875,685</b>	<b>8,583,380</b>	<b>(1,965,073)</b>
<b>Expenditures:</b>					
<b>Cultural and recreational:</b>					
Riverwalk South	2,754,500	2,733,964	-	2,733,964	20,536
Park facility improvements 2004-05	772,327	756,333	10,863	767,196	5,131
Maides Park improvements	1,417,639	1,417,635	-	1,417,635	4
Recreation master plan	23,224	23,223	-	23,223	1
1898 Memorial Park	20,000	19,608	-	19,608	392
Alley improvements	2,750	2,750	-	2,750	-
Alderman preserve	375,000	31,523	14,014	45,537	329,463
Dobo Park property	749,400	742,103	3,485	745,588	3,812
Annexation parks	372,500	12,857	(9,307)	3,550	368,950
Olsen Park Phase I	8,542,000	8,189,691	163,522	8,353,213	188,787
Greenfield Park amphitheater	1,246,929	1,236,754	-	1,236,754	10,175
Northside splash pool	324,365	324,365	-	324,365	-
Cross city trail system	6,697,677	1,453,326	2,015,609	3,468,935	3,228,742
10th & Fanning park development	100,000	-	-	-	100,000
Tennis complex	1,706,735	1,323,218	324,542	1,647,760	58,975
Love Grove Park	820,179	815,306	2,800	818,106	2,073
Park land purchase	1,216,284	61,963	19,557	81,520	1,134,764
Dram tree boat ramp	888,573	310,724	314,172	624,896	263,677
Legion Stadium turf improvements	979,396	-	822,564	822,564	156,832
Inland Greens acquisition	1,973,000	-	515,781	515,781	1,457,219
HUD Open Spaces initiative	247,500	-	1,286	1,286	246,214
MLK Center improvements	30,000	-	-	-	30,000
Seagate Park	174,500	-	-	-	174,500
Riverfront Park improvements	80,476	52,136	15,605	67,741	12,735
Land acquisition and economic development	250,000	12,038	-	12,038	237,962
Riverwalk signage	150,000	20,501	1,260	21,761	128,239
Legion Stadium	6,485,260	6,482,092	3,168	6,485,260	-
<b>Total expenditures</b>	<b>38,400,214</b>	<b>26,022,110</b>	<b>4,218,921</b>	<b>30,241,031</b>	<b>8,159,183</b>
<b>Excess of expenditures over revenues</b>	<b>(27,851,761)</b>	<b>(20,314,415)</b>	<b>(1,343,236)</b>	<b>(21,657,651)</b>	<b>6,194,110</b>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**From Inception and Year Ended June 30, 2011**

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Other financing sources (uses):					
Operating transfers - in:					
General Fund	\$ 5,081,560	\$ 5,214,102	\$ -	\$ 5,214,102	\$ 132,542
Public Improvements Fund	-	5,000	-	5,000	5,000
Storm Water Capital Project Fund	400,000	-	400,000	400,000	-
Total operating transfers - in	<u>5,481,560</u>	<u>5,219,102</u>	<u>400,000</u>	<u>5,619,102</u>	<u>137,542</u>
Operating transfers - out:					
General Fund	(300,000)	(300,000)	-	(300,000)	-
Building Improvements Fund	<u>(360,734)</u>	<u>(360,734)</u>	-	<u>(360,734)</u>	-
Total operating transfers - out	<u>(660,734)</u>	<u>(660,734)</u>	-	<u>(660,734)</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	20,612,561	20,228,369	-	20,228,369	(384,192)
Premium on other long-term obligations	-	411,685	-	411,685	411,685
Total other financing sources	<u>27,851,761</u>	<u>27,616,796</u>	<u>400,000</u>	<u>28,016,796</u>	<u>165,035</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 7,302,381</u>	<u>(943,236)</u>	<u>\$ 6,359,145</u>	<u>\$ 6,359,145</u>
Fund balance at beginning of year			<u>7,302,381</u>		
Fund balance at end of year			<u>\$ 6,359,145</u>		



**CITY OF WILMINGTON, NORTH CAROLINA**

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

**From Inception and Year Ended June 30, 2011**

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
<b>Revenues:</b>					
Restricted intergovernmental	\$ 1,252,992	\$ 222,512	\$ 128,099	\$ 350,611	\$ (902,381)
Investment earnings	1,043,283	1,910,554	44,077	1,954,631	911,348
Sale of real estate	863,000	863,000	-	863,000	-
Rents	61,078	64,588	33,392	97,980	36,902
Donations	215,442	215,442	-	215,442	-
Miscellaneous	5,908	6,108	-	6,108	200
<b>Total revenues</b>	<b>3,441,703</b>	<b>3,282,204</b>	<b>205,568</b>	<b>3,487,772</b>	<b>46,069</b>
<b>Expenditures:</b>					
<b>General government:</b>					
Building improvements 2004-05	774,462	540,072	955	541,027	233,435
ITS infrastructure improvements	261,450	252,199	96	252,295	9,155
City Hall improvements	443,700	231,924	193,195	425,119	18,581
Time & attendance system	534,045	516,860	-	516,860	17,185
Northern warehouse purchase	1,797,078	1,756,691	7,026	1,763,717	33,361
Underground railroad kiosk	25,000	15,109	-	15,109	9,891
Fiber optics - Operation Center	122,124	122,124	-	122,124	-
10th & Fanning reuse	341,000	341,000	-	341,000	-
Environmental assessments	552,876	358,676	164,729	523,405	29,471
Naviline Select	152,000	133,338	-	133,338	18,662
Council chambers security	50,000	-	-	-	50,000
City Hall/Thalian energy stimulus	1,039,900	57,114	128,099	185,213	854,687
Administrative office building	278,408	276,117	-	276,117	2,291
City council chambers	679,267	575,992	81,597	657,589	21,678
Document imaging	170,000	127,340	-	127,340	42,660
Building security	243,108	178,958	-	178,958	64,150
ADA compliance	3,091,092	433,788	200,856	634,644	2,456,448
Operations center	19,773,906	19,773,040	-	19,773,040	866
<b>Total general government</b>	<b>30,329,416</b>	<b>25,690,342</b>	<b>776,553</b>	<b>26,466,895</b>	<b>3,862,521</b>
<b>Public safety:</b>					
Training facility	3,500,000	3,462,509	6,354	3,468,863	31,137
Seagate annexation fire station 1998	3,365,596	3,334,559	-	3,334,559	31,037
800 MHZ radio upgrades	2,000,000	1,993,777	-	1,993,777	6,223
Fire station security	50,833	50,833	-	50,833	-
Empie fire station replacement	3,696,000	69,089	256,688	325,777	3,370,223
WPD southeast substation	1,526,700	1,520,249	-	1,520,249	6,451
Masonboro annexation fire station	3,008,339	2,988,842	-	2,988,842	19,497
Firing range & training facility	800,000	-	-	-	800,000
<b>Total public safety</b>	<b>17,947,468</b>	<b>13,419,858</b>	<b>263,042</b>	<b>13,682,900</b>	<b>4,264,568</b>
<b>Transportation:</b>					
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, 2011**

	Project Authorization	Actual Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Expenditures: (continued)					
Economic and physical development:					
Convention Center	\$ 59,313,200	\$ 45,420,577	\$ 5,981,663	\$ 51,402,240	\$ 7,910,960
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>49,224,077</u>	<u>5,981,663</u>	<u>55,205,740</u>	<u>7,910,960</u>
Cultural and recreational:					
Hilton riverwalk bulkhead	4,135,133	4,109,041	4,653	4,113,694	21,439
Thalian Hall renovations	3,491,959	3,117,116	135,483	3,252,599	239,360
Downtown restroom facility	85,183	75,033	-	75,033	10,150
Riverwalk Governor's Landing	412,000	397,890	4,150	402,040	9,960
Riverwalk bulkhead reserve	464,900	-	-	-	464,900
Parks and recreation software	50,000	24,415	8,989	33,404	16,596
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>9,958,706</u>	<u>153,275</u>	<u>10,111,981</u>	<u>780,735</u>
Transit system:					
Bus garage	501,426	274,586	200,441	475,027	26,399
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>351,092</u>	<u>200,441</u>	<u>551,533</u>	<u>74,093</u>
Total expenditures	<u>124,361,368</u>	<u>99,623,455</u>	<u>7,374,974</u>	<u>106,998,429</u>	<u>17,362,939</u>
Excess of expenditures over revenues	<u>(120,919,665)</u>	<u>(96,341,251)</u>	<u>(7,169,406)</u>	<u>(103,510,657)</u>	<u>17,409,008</u>
Other financing sources (uses):					
Operating transfers - in:					
General Fund	17,795,943	16,427,945	1,507,000	17,934,945	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	117,212	117,212	-	117,212	-
Storm Water Capital Project Fund	<u>80,609</u>	<u>-</u>	<u>80,609</u>	<u>80,609</u>	<u>-</u>
Total operating transfers - in	<u>21,354,498</u>	<u>17,405,891</u>	<u>1,587,609</u>	<u>18,993,500</u>	<u>(2,360,998)</u>
Operating transfers - out:					
General Fund	(607,663)	(607,663)	-	(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>(1,016,980)</u>	<u>-</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, 2011**

	Project Authorization	Actual		Totals to Date	Variance
		Prior Years	Current Year		Positive (Negative)
Other financing sources (uses): (continued)					
Issuance of bonds	\$ -	\$ 477	\$ -	\$ 477	\$ 477
Issuance of installment obligations	87,249,145	85,673,725	-	85,673,725	(1,575,420)
Issuance of other long-term obligations	13,370,000	13,370,000	-	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>120,919,665</u>	<u>116,167,739</u>	<u>1,587,609</u>	<u>117,755,348</u>	<u>(3,164,317)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 19,826,488</u>	<u>(5,581,797)</u>	<u>\$ 14,244,691</u>	<u>\$ 14,244,691</u>
Fund balance at beginning of year			<u>19,826,488</u>		
Fund balance at end of year			<u>\$ 14,244,691</u>		

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**From Inception and Year Ended June 30, 2011**

	Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
Restricted intergovernmental	\$ 5,000	\$ 2,783	\$ -	\$ 2,783	\$ (2,217)
Investment earnings	84,796	84,796	-	84,796	-
Miscellaneous	-	17,749	-	17,749	17,749
<b>Total revenues</b>	<b>89,796</b>	<b>105,328</b>	<b>-</b>	<b>105,328</b>	<b>15,532</b>
<b>Expenditures:</b>					
<b>General government:</b>					
Building improvements 2004-05	77,873	18,180	-	18,180	59,693
ADA compliance	348,423	314,415	270	314,685	33,738
<b>Total general government</b>	<b>426,296</b>	<b>332,595</b>	<b>270</b>	<b>332,865</b>	<b>93,431</b>
<b>Transportation:</b>					
Masonboro/Pine Grove intersection	10,800	2,825	1,806	4,631	6,169
Eastwood Road path	7,786	-	-	-	7,786
Sidewalk construction 2003-04	548	548	-	548	-
<b>Total transportation</b>	<b>19,134</b>	<b>3,373</b>	<b>1,806</b>	<b>5,179</b>	<b>13,955</b>
<b>Cultural and recreational:</b>					
Legion Stadium improvements	30,000	29,218	782	30,000	-
Hilton riverwalk bulkhead	186,733	178,057	-	178,057	8,676
<b>Total cultural and recreational</b>	<b>216,733</b>	<b>207,275</b>	<b>782</b>	<b>208,057</b>	<b>8,676</b>
<b>Total expenditures</b>	<b>662,163</b>	<b>543,243</b>	<b>2,858</b>	<b>546,101</b>	<b>116,062</b>
Excess of expenditures over revenues	(572,367)	(437,915)	(2,858)	(440,773)	131,594
<b>Other financing sources (uses):</b>					
<b>Operating transfers - in:</b>					
General Fund	572,626	564,153	-	564,153	(8,473)
<b>Operating transfers - out:</b>					
General Fund	(259)	(258)	-	(258)	1
<b>Total other financing sources</b>	<b>572,367</b>	<b>563,895</b>	<b>-</b>	<b>563,895</b>	<b>(8,472)</b>
Net change in fund balance	\$ -	\$ 125,980	(2,858)	\$ 123,122	\$ 123,122
Fund balance at beginning of year			125,980		
Fund balance at end of year			\$ 123,122		

**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, 2011  
With Comparative Actual Amounts for Year Ended June 30, 2010**

	2011		Variance Positive (Negative)	2010 Actual
	Budget	Actual		
Revenues:				
Investment earnings	\$ 46,021	\$ 30,578	\$ (15,443)	\$ 65,305
Restricted intergovernmental revenues	<u>5,658,585</u>	<u>5,626,462</u>	<u>(32,123)</u>	<u>6,045,037</u>
Total revenues	<u>5,704,606</u>	<u>5,657,040</u>	<u>(47,566)</u>	<u>6,110,342</u>
Expenditures:				
Debt service:				
Principal retirement		9,024,615		9,811,333
Interest and other charges		<u>7,035,924</u>		<u>6,218,148</u>
Total expenditures	<u>18,265,144</u>	<u>16,060,539</u>	<u>2,204,605</u>	<u>16,029,481</u>
Excess of expenditures over revenues	<u>(12,560,538)</u>	<u>(10,403,499)</u>	<u>2,157,039</u>	<u>(9,919,139)</u>
Other financing sources (uses):				
Operating transfers-in:				
General Fund	9,649,685	9,649,685	-	9,077,784
Issuance of refunding bonds	3,120,000	3,120,000	-	-
Premium on refunding bonds	130,992	130,992	-	-
Payment to refund outstanding bonds	(3,206,125)	(3,206,125)	-	-
Appropriated fund balance	<u>2,865,986</u>	<u>-</u>	<u>(2,865,986)</u>	<u>-</u>
Total other financing sources	<u>12,560,538</u>	<u>9,694,552</u>	<u>(2,865,986)</u>	<u>9,077,784</u>
Net change in fund balance	<u>\$ -</u>	<u>(708,947)</u>	<u>\$ (708,947)</u>	<u>(841,355)</u>
Fund balance at beginning of year		<u>7,192,488</u>		<u>8,033,843</u>
Fund balance at end of year		<u>\$ 6,483,541</u>		<u>\$ 7,192,488</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, 2011  
With Comparative Actual Amounts for Year Ended June 30, 2010**

	2011		Variance Positive (Negative)	2010 Actual
	Budget	Actual		
Revenues:				
Operating revenues:				
Charges for services:				
Refuse collection	\$ 8,360,515	\$ 7,998,753	\$ (361,762)	\$ 8,088,410
Recycling	33,410	34,854	1,444	32,730
Other operating revenues	<u>56,000</u>	<u>79,771</u>	<u>23,771</u>	<u>42,590</u>
Total operating revenues	<u>8,449,925</u>	<u>8,113,378</u>	<u>(336,547)</u>	<u>8,163,730</u>
Nonoperating revenues:				
Investment earnings	9,621	14,555	4,934	15,725
Solid waste disposal tax	<u>57,332</u>	<u>69,282</u>	<u>11,950</u>	<u>69,493</u>
Total nonoperating revenues	<u>66,953</u>	<u>83,837</u>	<u>16,884</u>	<u>85,218</u>
Total revenues	<u>8,516,878</u>	<u>8,197,215</u>	<u>(319,663)</u>	<u>8,248,948</u>
Expenditures:				
Operating expenditures:				
Administration		338,315		358,600
Customer refuse		3,365,433		3,443,678
Recycling		839,165		841,570
Yard waste		1,587,746		1,485,282
Special services		-		379,148
Downtown collection		745,993		399,657
Other operating expenditures		<u>597,817</u>		<u>384,492</u>
Total operating expenditures	<u>8,448,546</u>	<u>7,474,469</u>	<u>974,077</u>	<u>7,292,427</u>
Nonoperating expenditures:				
Interest and other charges		-		4,844
Principal payments on other long-term obligations		-		<u>228,870</u>
Total nonoperating expenditures	<u>124,350</u>	<u>-</u>	<u>124,350</u>	<u>233,714</u>
Total expenditures	<u>8,572,896</u>	<u>7,474,469</u>	<u>1,098,427</u>	<u>7,526,141</u>
Excess (deficiency) of revenues over (under) expenditures	(56,018)	722,746	778,764	722,807
Other financing sources:				
Appropriated fund balance	<u>56,018</u>	<u>-</u>	<u>(56,018)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>722,746</u>	<u>\$ 722,746</u>	<u>722,807</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, 2011  
With Comparative Actual Amounts for Year Ended June 30, 2010**

	2011		Variance Positive (Negative)	2010 Actual
	Budget	Actual		
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Vacation and sick leave accrual		\$ 11,045		\$ (18,119)
Other postemployment benefits accrual		(135,376)		(193,634)
Depreciation		(3,090)		(2,439)
Capital asset expenditures		6,500		-
Interest expense accrual		-		741
Principal payments on other long-term obligations		-		228,870
Change in net assets		<u>\$ 601,825</u>		<u>\$ 738,226</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2011  
With Comparative Actual Amounts for Year Ended June 30, 2010**

	2011			
	Budget	Actual	Variance Positive (Negative)	2010 Actual
Revenues:				
Operating revenues:				
Charges for services:				
Utility fees	\$ 5,456,647	\$ 5,573,677	\$ 117,030	\$ 5,333,995
City streets	1,466,740	1,466,740	-	1,377,221
Other operating revenues	<u>80,200</u>	<u>82,200</u>	<u>2,000</u>	<u>48,913</u>
Total operating revenues	<u>7,003,587</u>	<u>7,122,617</u>	<u>119,030</u>	<u>6,760,129</u>
Nonoperating revenues:				
Facility fees	30,000	-	(30,000)	9,903
Investment earnings	<u>36,964</u>	<u>38,953</u>	<u>1,989</u>	<u>72,243</u>
Total nonoperating revenue	<u>66,964</u>	<u>38,953</u>	<u>(28,011)</u>	<u>82,146</u>
Total revenues	<u>7,070,551</u>	<u>7,161,570</u>	<u>91,019</u>	<u>6,842,275</u>
Expenditures:				
Operating expenditures:				
Engineering		769,687		753,758
Operations		3,290,232		3,235,798
Other operating expenditures		<u>559,243</u>		<u>666,325</u>
Total operating expenditures	<u>5,337,790</u>	<u>4,619,162</u>	<u>718,628</u>	<u>4,655,881</u>
Nonoperating expenditures:				
Interest and fiscal charges		669,029		684,989
Principal payments on bonds		<u>515,000</u>		<u>500,000</u>
Total nonoperating expenditures	<u>1,823,220</u>	<u>1,184,029</u>	<u>639,191</u>	<u>1,184,989</u>
Total expenditures	<u>7,161,010</u>	<u>5,803,191</u>	<u>1,357,819</u>	<u>5,840,870</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(90,459)</u>	<u>1,358,379</u>	<u>1,448,838</u>	<u>1,001,405</u>
Other financing sources (uses):				
Operating transfers out:				
Storm Water Capital Projects Fund	-	-	-	(1,100,000)
Appropriated fund balance	<u>90,459</u>	<u>-</u>	<u>(90,459)</u>	<u>-</u>
Total other financing sources (uses)	<u>90,459</u>	<u>-</u>	<u>(90,459)</u>	<u>(1,100,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>1,358,379</u>	<u>\$ 1,358,379</u>	<u>(98,595)</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2011  
With Comparative Actual Amounts for Year Ended June 30, 2010**

	2011		Variance Positive (Negative)	2010 Actual
	Budget	Actual		
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Vacation and sick leave accrual		\$ (9,018)		\$ (9,369)
Other post employment benefits accrual		(157,628)		(123,012)
Change in inventory		(1,287)		(2,530)
Capital asset expenditures		9,061		100,154
Depreciation		(698,971)		(661,506)
Amortization		(12,763)		(12,763)
Other noncapital expenses - Storm Water Capital Projects Fund		(724)		-
Operating transfer - Storm Water Capital Projects Fund		-		1,100,000
Investment earnings - Storm Water Capital Projects Fund		19,307		52,584
Principal payments on revenue bonds		440,000		425,000
Principal payments on installment obligations		75,000		75,000
Interest expense adjustments		137,405		110,193
Capital contributions - others		110,232		333,762
Capital contribution from other funds		7,972		-
Capital transfer - Streets and Sidewalks Capital Projects Fund		(163,970)		(50,000)
Capital transfer - Parks and Recreation Capital Projects Fund		(400,000)		-
Capital transfer - Building Improvements Capital Projects Fund		(80,609)		-
Other		(8,000)		15,000
Change in net assets		<u>\$ 624,386</u>		<u>\$ 1,253,918</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, 2011**

	Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
Investment earnings	\$ 368,803	\$ 1,126,622	\$ 19,307	\$ 1,145,929	\$ 777,126
Restricted intergovernmental	3,662,216	2,885,429	10,232	2,895,661	(766,555)
<b>Total revenues</b>	<b>4,031,019</b>	<b>4,012,051</b>	<b>29,539</b>	<b>4,041,590</b>	<b>10,571</b>
<b>Expenditures:</b>					
Storm Water Inventory Mapping	885,755	379,408	94,545	473,953	411,802
Lincoln outfall	390,000	1,934	826	2,760	387,240
Dupree Drive	710,570	704,782	-	704,782	5,788
Cedar Avenue/Sweetwater outfall	1,757,408	277,055	327,317	604,372	1,153,036
Storm drainage rehabilitation	1,418,883	489,032	191,981	681,013	737,870
Sweeper storage facility	1,174,285	1,174,252	-	1,174,252	33
Bradley Creek/Michelle Drive	2,393,000	285,068	102,446	387,514	2,005,486
Doctors branch bank stabilization	1,170,000	779,529	241,170	1,020,699	149,301
Greenfield spillway rehabilitation	374,270	372,803	-	372,803	1,467
Cavalier Drive drainage	1,635,419	120,246	96,918	217,164	1,418,255
CSX culvert crossings	130,241	130,241	-	130,241	-
Wisteria/Clearbrook area	5,550,000	430,833	188,662	619,495	4,930,505
Burnt Mill tidegate	327,571	50,347	270,665	321,012	6,559
Rileys branch	2,051,400	1,981,573	-	1,981,573	69,827
Cardinal Drive/George Trask	585,000	42,187	46,421	88,608	496,392
Hunters Trail culvert repair	315,000	2,548	86,856	89,404	225,596
Greenville Avenue/White Avenue	350,000	-	48,953	48,953	301,047
Market Northwoods	1,227,300	1,227,223	-	1,227,223	77
Market Inland Greens	1,414,515	1,414,189	-	1,414,189	326
Mineral Springs 2002-03	464,725	3,505	42	3,547	461,178
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	3,446,424	3,428,222	18,201	3,446,423	1
<b>Total expenditures</b>	<b>28,195,706</b>	<b>13,328,027</b>	<b>1,715,003</b>	<b>15,043,030</b>	<b>13,152,676</b>
<b>Excess of expenditures over revenues</b>	<b>(24,164,687)</b>	<b>(9,315,976)</b>	<b>(1,685,464)</b>	<b>(11,001,440)</b>	<b>13,163,247</b>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**From Inception and Year Ended June 30, 2011**

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Other financing sources (uses):					
Operating transfers - in:					
Storm Water Management Fund	\$ 6,844,043	\$ 6,844,160	\$ -	\$ 6,844,160	\$ 117
Operating transfers - out:					
Streets and Sidewalks Fund	(213,970)	(50,000)	(163,970)	(213,970)	-
Parks and Recreation Fund	(400,000)	-	(400,000)	(400,000)	-
Building Improvements Fund	(80,609)	-	(80,609)	(80,609)	-
Total operating transfers - out	(694,579)	(50,000)	(644,579)	(694,579)	-
Issuance of bonds	17,482,461	6,438,457	-	6,438,457	(11,044,004)
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 (uses)	24,164,687	13,765,379	(644,579)	13,120,800	(11,043,887)
Net change in fund balance	\$ -	\$ 4,449,403	\$ (2,330,043)	\$ 2,119,360	\$ 2,119,360



**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2011  
With Comparative Actual Amounts for Year Ended June 30, 2010**

	2011		Variance	2010
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Operating revenues:				
Charges for services:				
Parking fees	\$ 1,754,252	\$ 1,550,007	\$ (204,245)	\$ 1,622,032
Parking violations	<u>574,800</u>	<u>397,273</u>	<u>(177,527)</u>	<u>550,288</u>
Total operating revenues	2,329,052	1,947,280	(381,772)	2,172,320
Nonoperating revenues:				
Interest earned	<u>18,656</u>	<u>12,901</u>	<u>(5,755)</u>	<u>30,026</u>
Total revenues	<u>2,347,708</u>	<u>1,960,181</u>	<u>(387,527)</u>	<u>2,202,346</u>
Expenditures:				
Operating expenditures:				
Street parking		707,797		767,822
Second Street deck		247,916		245,562
Market Street deck		264,161		288,472
Second Street lot		201,173		203,224
Hannah Block lot		<u>16,959</u>		<u>14,429</u>
Total operating expenditures	<u>1,744,799</u>	<u>1,438,006</u>	<u>306,793</u>	<u>1,519,509</u>
Nonoperating expenditures:				
Interest and fiscal charges		333,157		347,332
Principal payments on installment obligations		<u>406,431</u>		<u>406,431</u>
Total nonoperating expenditures	<u>740,957</u>	<u>739,588</u>	<u>1,369</u>	<u>753,763</u>
Total expenditures	<u>2,485,756</u>	<u>2,177,594</u>	<u>308,162</u>	<u>2,273,272</u>
Excess of expenditures over revenues	(138,048)	(217,413)	(79,365)	(70,926)
Other financing sources:				
Appropriated fund balance	<u>138,048</u>	<u>-</u>	<u>(138,048)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(217,413)</u>	<u>\$ (217,413)</u>	<u>(70,926)</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2011  
With Comparative Actual Amounts for Year Ended June 30, 2010**

	2011		Variance Positive (Negative)	2010 Actual
	Budget	Actual		
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Vacation and sick leave accrual		\$ (1,154)		\$ (1,172)
Capital asset expenditures		-		58,815
Deferred Revenues		-		12,415
Other postemployment benefits accrual		(7,435)		(6,703)
Depreciation		(534,498)		(573,141)
Amortization		(6,974)		(6,974)
Customer receivables		88,293		89,926
Investment earnings - Parking Facilities Capital Projects Fund		-		791
Principal payments on installment obligations		406,431		406,431
Interest expense accrual		1,350		1,181
Change in net assets		<u>\$ (271,400)</u>		<u>\$ (89,357)</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, 2011**

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Investment earnings	\$ 47,400	\$ 60,326	\$ -	\$ 60,326	\$ 12,926
Expenditures:					
Second Street parking deck cameras	145,572	121,584	-	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	5,000	253,324	8,821,676
Market Street parking deck	9,281,328	9,277,552	-	9,277,552	3,776
Total expenditures	19,286,900	10,398,825	5,000	10,403,825	8,883,075
Excess of expenditures over revenues	(19,239,500)	(10,338,499)	(5,000)	(10,343,499)	8,896,001
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	\$ -	\$ (186,309)	\$ (5,000)	\$ (191,309)	\$ (191,309)

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2011  
With Comparative Actual Amounts for Year Ended June 30, 2010**

	2011		Variance	2010
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Operating revenues:				
Fees and coupons	\$ 649,510	\$ 726,659	\$ 77,149	\$ 672,735
Cart rentals	275,000	290,030	15,030	294,525
Concessions	150,000	149,310	(690)	151,677
Other operating revenues	-	390	390	636
Total operating revenues	1,074,510	1,166,389	91,879	1,119,573
Nonoperating revenues:				
Interest earned	7,771	7,732	(39)	13,759
Total revenues	1,082,281	1,174,121	91,840	1,133,332
Expenditures:				
Operating expenditures:				
Golf course		939,953		947,305
Other operating expenditures		103,520		96,200
Total operating expenditures	1,123,502	1,043,473	80,029	1,043,505
Excess (deficiency) of revenues over (under) expenditures	(41,221)	130,648	171,869	89,827
Other financing sources:				
Appropriated fund balance	41,221	-	(41,221)	-
Net change in fund balance	\$ -	130,648	\$ 130,648	89,827
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Deferred revenues		3,465		(75)
Vacation and sick leave accrual		(3,203)		(1,719)
Other postemployment benefits accrual		(22,332)		(20,613)
Change in inventory		(40)		1,016
Capital asset expenditures		31,301		-
Depreciation		(69,379)		(71,368)
Investment earnings - Golf Capital Projects Fund		1,325		2,622
Change in net assets		\$ 71,785		\$ (310)

**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, 2011**

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Investment earnings	\$ -	\$ 21,032	\$ 1,325	\$ 22,357	\$ 22,357
Expenditures:					
Club house improvements	329,357	194,445	-	194,445	134,912
Capital improvement reserve	80,000	-	-	-	80,000
Total expenditures	409,357	194,445	-	194,445	214,912
Excess (deficiency) of revenues over (under) expenditures	(409,357)	(173,413)	1,325	(172,088)	237,269
Other financing sources:					
Operating transfers - in:					
Golf Fund	409,357	409,357	-	409,357	-
Net change in fund balance	\$ -	\$ 235,944	\$ 1,325	\$ 237,269	\$ 237,269

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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, 2011**

	Equipment, Maintenance and Replacement Fund	Personal Computer Replacement Fund	Total Internal Service Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 5,592,224	\$ 788,581	\$ 6,380,805
Accounts receivable, net	22,435	-	22,435
Other receivables	3,374	476	3,850
Inventory of materials and supplies	114,601	-	114,601
Prepays	<u>21,984</u>	<u>-</u>	<u>21,984</u>
Total current assets	<u>5,754,618</u>	<u>789,057</u>	<u>6,543,675</u>
Noncurrent assets:			
Capital assets:			
Furniture, fixtures, machinery and equipment	19,002,660	-	19,002,660
Less accumulated depreciation	<u>(15,972,286)</u>	<u>-</u>	<u>(15,972,286)</u>
Total capital assets, net of accumulated depreciation	3,030,374	-	3,030,374
Other assets:			
Deferred charges, net	<u>1,080</u>	<u>-</u>	<u>1,080</u>
Total noncurrent assets	<u>3,031,454</u>	<u>-</u>	<u>3,031,454</u>
Total assets	<u>8,786,072</u>	<u>789,057</u>	<u>9,575,129</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	29,626	64,049	93,675
Accrued liabilities	48,874	-	48,874
Current portion of other long-term obligations	783,680	-	783,680
Accrued vacation and sick leave	<u>56,143</u>	<u>-</u>	<u>56,143</u>
Total current liabilities	<u>918,323</u>	<u>64,049</u>	<u>982,372</u>
Noncurrent liabilities:			
Accrued vacation and sick leave	28,223	-	28,223
Accrued other postemployment benefits	<u>94,357</u>	<u>-</u>	<u>94,357</u>
Total noncurrent liabilities	<u>122,580</u>	<u>-</u>	<u>122,580</u>
Total liabilities	<u>1,040,903</u>	<u>64,049</u>	<u>1,104,952</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	2,247,774	-	2,247,774
Unrestricted	<u>5,497,395</u>	<u>725,008</u>	<u>6,222,403</u>
Total net assets	<u>\$ 7,745,169</u>	<u>\$ 725,008</u>	<u>\$ 8,470,177</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2011**

	Equipment, Maintenance and Replacement Fund	Personal Computer Replacement Fund	Total Internal Service Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Operating revenues:			
Charges for services	\$ 1,952,060	\$ -	\$ 1,952,060
Charges for equipment replacement	2,118,976	453,955	2,572,931
Other operating revenues	<u>11,289</u>	<u>-</u>	<u>11,289</u>
Total operating revenues	<u>4,082,325</u>	<u>453,955</u>	<u>4,536,280</u>
Operating expenses:			
Salaries, employee benefits and other personnel costs	795,266	-	795,266
Materials and fuels consumed	14,855	-	14,855
Services	957,862	-	957,862
Utilities	4,441	-	4,441
Depreciation	1,761,030	-	1,761,030
Amortization	1,298	-	1,298
Other operating expenses	<u>188,948</u>	<u>559,650</u>	<u>748,598</u>
Total operating expenses	<u>3,723,700</u>	<u>559,650</u>	<u>4,283,350</u>
Operating income (loss)	<u>358,625</u>	<u>(105,695)</u>	<u>252,930</u>
Nonoperating revenues (expenses):			
Investment earnings	30,044	3,457	33,501
Interest and other charges	(42,496)	-	(42,496)
Gain on sale of capital assets	<u>6,230</u>	<u>-</u>	<u>6,230</u>
Total nonoperating revenues (expenses)	<u>(6,222)</u>	<u>3,457</u>	<u>(2,765)</u>
Income (loss) before transfers	352,403	(102,238)	250,165
Transfers to other funds	<u>(195,336)</u>	<u>-</u>	<u>(195,336)</u>
Change in net assets	157,067	(102,238)	54,829
Net assets at beginning of year	<u>7,588,102</u>	<u>827,246</u>	<u>8,415,348</u>
Net assets at end of year	<u>\$ 7,745,169</u>	<u>\$ 725,008</u>	<u>\$ 8,470,177</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2011**

	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	\$ 389,435	\$ -	\$ 389,435
Receipts from interfund services provided	3,703,279	453,955	4,157,234
Payments to suppliers	(1,234,858)	(505,901)	(1,740,759)
Payments to or on behalf of employees	(747,788)	-	(747,788)
Payments for interfund services used	<u>(7,463)</u>	<u>-</u>	<u>(7,463)</u>
Net cash provided by (used in) operating activities	<u>2,102,605</u>	<u>(51,946)</u>	<u>2,050,659</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(830,960)	-	(830,960)
Principal payments on other long-term obligations	(823,959)	-	(823,959)
Interest and other charges	(45,006)	-	(45,006)
Proceeds from sale of capital assets	<u>6,230</u>	<u>-</u>	<u>6,230</u>
Net cash used in capital and related financing activities	<u>(1,693,695)</u>	<u>-</u>	<u>(1,693,695)</u>
Cash flows from investing activities:			
Investment earnings	<u>26,670</u>	<u>2,981</u>	<u>29,651</u>
Net increase (decrease) in cash and cash equivalents	435,580	(48,965)	386,615
Cash and cash equivalents at beginning of year	<u>5,156,644</u>	<u>837,546</u>	<u>5,994,190</u>
Cash and cash equivalents at end of year	<u>\$ 5,592,224</u>	<u>\$ 788,581</u>	<u>\$ 6,380,805</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2011**

	Equipment, Maintenance and Replacement Fund	Personal Computer Replacement Fund	Total Internal Service Funds
	<u>          </u>	<u>          </u>	<u>          </u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 358,625	\$ (105,695)	\$ 252,930
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	1,762,328	-	1,762,328
Changes in assets and liabilities:			
Accounts receivable	10,389	-	10,389
Inventory of materials and supplies	(13,273)	-	(13,273)
Accounts payable and accrued liabilities	(60,168)	53,749	(6,419)
Accrued vacation and sick leave	4,986	-	4,986
Accrued other postemployment benefits	<u>39,718</u>	<u>-</u>	<u>39,718</u>
Net cash provided by (used in) operating activities	<u>\$ 2,102,605</u>	<u>\$ (51,946)</u>	<u>\$ 2,050,659</u>
Noncash investing, capital and financing activities:			
Transfer of capital assets between proprietary funds	\$ (7,972)	\$ -	\$ (7,972)
Transfer of capital assets to governmental funds	<u>(187,364)</u>	<u>-</u>	<u>(187,364)</u>
Net effect of noncash activities	<u>(195,336)</u>	<u>-</u>	<u>(195,336)</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2011  
With Comparative Actual Amounts for Year Ended June 30, 2010**

	2011		Variance Positive (Negative)	2010 Actual
	Budget	Actual		
Revenues:				
Operating revenues:				
Charges for services	\$ 1,960,950	\$ 1,959,191	\$ (1,759)	\$ 1,982,782
Charges for equipment replacement	2,109,847	2,118,976	9,129	1,918,105
Other operating revenues	-	12,716	12,716	331
Total operating revenues	<u>4,070,797</u>	<u>4,090,883</u>	<u>20,086</u>	<u>3,901,218</u>
Nonoperating revenues:				
Investment earnings	48,000	30,044	(17,956)	60,948
Sale of capital assets	-	4,803	4,803	107,903
Total nonoperating revenues	<u>48,000</u>	<u>34,847</u>	<u>(13,153)</u>	<u>168,851</u>
Total revenues	<u>4,118,797</u>	<u>4,125,730</u>	<u>6,933</u>	<u>4,070,069</u>
Expenditures:				
Operating expenditures:				
Garage operations		1,904,497		1,890,463
Capital and noncapital equipment		800,470		1,073,576
Total operating expenditures	<u>5,236,697</u>	<u>2,704,967</u>	<u>2,531,730</u>	<u>2,964,039</u>
Nonoperating expenditures:				
Interest and other charges		45,005		105,066
Principal payments on other long-term obligations		823,960		2,154,931
Total nonoperating expenditures	<u>868,965</u>	<u>868,965</u>	<u>-</u>	<u>2,259,997</u>
Total expenditures	<u>6,105,662</u>	<u>3,573,932</u>	<u>2,531,730</u>	<u>5,224,036</u>
Excess (deficiency) of revenues over (under) expenditures	(1,986,865)	551,798	2,538,663	(1,153,967)
Other financing sources:				
Appropriated fund balance	<u>1,986,865</u>	-	<u>(1,986,865)</u>	-
Net change in fund balance	<u>\$ -</u>	551,798	<u>\$ 551,798</u>	(1,153,967)

**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, 2011**

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

	2011		Variance Positive (Negative)	2010 Actual
	Budget	Actual		
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Vacation and sick leave accrual		\$ (4,986)		\$ (5,400)
Other postemployment benefits accrual		(39,718)		(36,336)
Change in inventory		13,273		(3,977)
Capital asset expenditures		775,026		1,007,803
Depreciation		(1,761,030)		(2,146,249)
Amortization		(1,298)		(3,357)
Principal payments on other long-term obligations		823,960		2,154,931
Interest expense accrual		2,509		6,825
Disposal of capital assets		-		(28,102)
Transfers of capital assets to enterprise funds		(7,972)		-
Transfers of capital assets to governmental funds		(187,364)		-
Outside services		<u>(7,131)</u>		<u>(35,756)</u>
Change in net assets		<u>\$ 157,067</u>		<u>\$ (243,585)</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2011**

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

	2011		Variance Positive (Negative)	2010 Actual
	Budget	Actual		
Revenues:				
Operating revenues:				
Charges for equipment replacement	\$ 453,255	\$ 453,955	\$ 700	\$ 447,196
Nonoperating revenues:				
Investment earnings	-	3,457	3,457	6,767
Total revenues	<u>453,255</u>	<u>457,412</u>	<u>4,157</u>	<u>453,963</u>
Expenditures:				
Operating expenditures:				
Information technology operations		206,613		-
Noncapital equipment		<u>353,037</u>		<u>270,679</u>
Total expenditures	<u>730,255</u>	<u>559,650</u>	<u>170,605</u>	<u>270,679</u>
Excess (deficiency) of revenues over (under) expenditures	(277,000)	(102,238)	174,762	183,284
Other financing sources:				
Appropriated fund balance	<u>277,000</u>	-	<u>(277,000)</u>	-
Net change in fund balance	<u>\$ -</u>	(102,238)	<u>\$ (102,238)</u>	183,284
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Capital asset expenditures		-		9,482
Transfers of capital assets to governmental funds		<u>-</u>		<u>(9,482)</u>
Change in net assets		<u>\$ (102,238)</u>		<u>\$ 183,284</u>

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

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

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**June, 30 2011**

Governmental funds capital assets:	
Land	\$ 53,586,818
Easements	10,439,612
Improvements other than buildings	42,002,073
Buildings, plant and structures	132,422,975
Furniture, fixtures, machinery and equipment	19,347,659
Computer software	1,180,875
Streets and drainage	178,584,681
Construction in progress	<u>17,057,398</u>
Total governmental funds capital assets	<u>\$ 454,622,091</u>
Investment in governmental funds capital assets by source:	
Prior years for which detail is not available	\$ 19,092,720
General Fund	11,349,238
Special Purpose Fund	3,450,568
Capital Project Funds	283,394,253
Accepted dedications	<u>137,335,312</u>
Total governmental funds capital assets	<u>\$ 454,622,091</u>

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

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**June, 30 2011**

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>3,914,649</u>
Total general government	<u>3,055,157</u>	-	<u>3,914,649</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>33,510,451</u>	<u>10,439,612</u>	<u>6,559,203</u>
Total transportation	<u>33,548,089</u>	<u>10,439,612</u>	<u>6,559,203</u>
Cultural and recreational:			
Parks and recreation	<u>10,030,809</u>	-	<u>31,508,271</u>
Economic and physical development	<u>3,808,738</u>	-	-
Total governmental funds capital assets	<u>\$ 53,586,818</u>	<u>\$ 10,439,612</u>	<u>\$ 42,002,073</u>

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

<u>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>
\$ -	\$ 140,249	\$ -	\$ -	\$ -	\$ 140,249
-	29,892	-	-	-	29,892
-	1,710,897	884,550	-	87,880	2,683,327
-	41,994	-	-	-	41,994
<u>29,895,884</u>	<u>740,192</u>	<u>-</u>	<u>-</u>	<u>1,555,208</u>	<u>39,161,090</u>
<u>29,895,884</u>	<u>2,663,224</u>	<u>884,550</u>	<u>-</u>	<u>1,643,088</u>	<u>42,056,552</u>
24,034,398	5,221,419	43,200	-	-	30,027,687
<u>15,611,231</u>	<u>10,282,609</u>	<u>-</u>	<u>-</u>	<u>307,520</u>	<u>28,636,665</u>
<u>39,645,629</u>	<u>15,504,028</u>	<u>43,200</u>	<u>-</u>	<u>307,520</u>	<u>58,664,352</u>
72,364	104,802	19,721	-	-	234,525
<u>46,445</u>	<u>328,834</u>	<u>200,000</u>	<u>178,584,681</u>	<u>9,625,820</u>	<u>239,295,046</u>
<u>118,809</u>	<u>433,636</u>	<u>219,721</u>	<u>178,584,681</u>	<u>9,625,820</u>	<u>239,529,571</u>
<u>14,681,457</u>	<u>555,725</u>	<u>33,404</u>	<u>-</u>	<u>5,478,470</u>	<u>62,288,136</u>
<u>48,081,196</u>	<u>191,046</u>	<u>-</u>	<u>-</u>	<u>2,500</u>	<u>52,083,480</u>
<u>\$ 132,422,975</u>	<u>\$ 19,347,659</u>	<u>\$ 1,180,875</u>	<u>\$ 178,584,681</u>	<u>\$ 17,057,398</u>	<u>\$ 454,622,091</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June, 30 2011**

Function and Activity	July 1, 2010	Additions	Deductions
<b>General government:</b>			
City Manager	\$ 77,622	\$ 62,627	\$ -
Finance	29,892	-	-
Information Technology Services	2,661,357	21,970	-
Development Services	49,295	-	(7,301)
General government buildings	38,865,489	295,601	-
Total general government	<u>41,683,655</u>	<u>380,198</u>	<u>(7,301)</u>
<b>Public safety:</b>			
Police	30,003,330	40,155	(15,798)
Fire	27,160,634	305,283	-
Total public safety	<u>57,163,964</u>	<u>345,438</u>	<u>(15,798)</u>
<b>Transportation:</b>			
Traffic engineering	614,151	-	(379,626)
Streets and drainage	225,100,347	14,194,699	-
Total transportation	<u>225,714,498</u>	<u>14,194,699</u>	<u>(379,626)</u>
<b>Cultural and recreational:</b>			
Parks and recreation	55,429,515	6,858,621	-
<b>Economic and physical development</b>			
	47,892,625	4,190,855	-
<b>Total governmental funds capital assets</b>	<u>\$ 427,884,257</u>	<u>\$ 25,969,811</u>	<u>\$ (402,725)</u>

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

<u>Transfers</u>	<u>June 30, 2011</u>
\$ -	\$ 140,249
-	29,892
-	2,683,327
-	41,994
-	<u>39,161,090</u>
-	<u>42,056,552</u>
-	30,027,687
<u>1,170,748</u>	<u>28,636,665</u>
<u>1,170,748</u>	<u>58,664,352</u>
-	234,525
-	<u>239,295,046</u>
-	<u>239,529,571</u>
-	62,288,136
-	<u>52,083,480</u>
<u>\$ 1,170,748</u>	<u>\$ 454,622,091</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**June 30, 2011**

Fiscal Year	Uncollected Balance July 1, 2010	Additions	Collections and Credits	Uncollected Balance June 30, 2011
2010-2011	\$ -	\$ 52,346,928	\$ 51,575,699	\$ 771,229
2009-2010	721,190	-	439,133	282,057
2008-2009	179,270	-	62,211	117,059
prior years	<u>1,015,491</u>	<u>-</u>	<u>111,354</u>	<u>904,137</u>
	1,915,951	52,346,928	52,188,397	2,074,482
Less allowance for uncollectible taxes	<u>(498,042)</u>	<u>(17,497)</u>	<u>-</u>	<u>(515,539)</u>
Totals	<u>\$ 1,417,909</u>	<u>\$ 52,329,431</u>	<u>\$ 52,188,397</u>	<u>\$ 1,558,943</u>

Reconciliation of collections and credits:

New Hanover County tax office

remittances:

Taxes - ad valorem - current year - General Fund

\$ 52,096,113

Taxes - ad valorem - penalties and interest - General Fund

208,827

Total remittances

52,304,940

Other adjustments \*

92,284

Less penalties and interest

(208,827)

Total collections and credits

\$ 52,188,397

\* The source of this data, the New Hanover County Tax Office, has undergone a software conversion. At June 30, 2011, 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, 2011**

	City - Wide		Total Levy		
	Property	Total	Property	Registered	Registered
	Valuation	Levy	excluding	Motor	Motor
	Rate		Registered	Motor	Vehicles
			Vehicles	Vehicles	
Original levy:					
Property taxed at current year's rate	\$13,912,406,129	\$ 0.3700	\$51,475,903	\$49,930,369	\$1,545,534
Motor vehicles taxed at prior year's rate	235,928,917	0.3325	784,464	-	784,464
second prior year's rate	247,200	0.3325	822	-	822
Penalties	-		76,592	76,592	-
<b>Total</b>	<b>14,148,582,246</b>		<b>52,337,781</b>	<b>50,006,961</b>	<b>2,330,820</b>
Discoveries: *					
Current year taxes	-		243,531	243,531	-
<b>Total</b>	<b>-</b>		<b>52,581,312</b>	<b>50,250,492</b>	<b>2,330,820</b>
Abatements *	-		-	-	-
Other adjustments *	(55,553,968)		(234,384)	(234,384)	-
<b>Total property valuation</b>	<b><u>\$14,093,028,278</u></b>				
Net levy			52,346,928	50,016,108	2,330,820
Uncollected taxes at June 30, 2011			771,229	452,614	318,615
Current year's taxes collected			<u>\$ 51,575,699</u>	<u>\$ 49,563,494</u>	<u>\$ 2,012,205</u>
Current levy collection percentage			<u>98.53%</u>	<u>99.10%</u>	<u>86.33%</u>

\* The source of this data, the New Hanover County Tax Office, has undergone a software conversion. At June 30, 2011, 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, 2011**

Receipts prior years	<u>\$ 13,371,199</u>
Receipts:	
July, 2010	274,550
August, 2010	231,937
September, 2010	168,384
October, 2010	184,651
November, 2010	147,981
December, 2010	100,211
January, 2011	111,522
February, 2011	137,978
March, 2011	193,300
April, 2011	230,783
May, 2011	255,071
June, 2011	238,458
Receipts current year	<u>2,274,826</u>
Receipts to date	<u><u>\$ 15,646,025</u></u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**From Inception and Year Ended June 30, 2011**

Disbursements prior years	<u>\$ 790,749</u>
Disbursements:	
Operating costs	956,962
Debt Service	4,228,885
Marketing	281,725
Fiscal agent fees	<u>502</u>
Disbursements current year	<u>5,468,074</u>
Disbursements to date	<u><u>\$ 6,258,823</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 These schedules contain trend information to help the readers understand how the city's financial performance and well-being have changed over time.	168 - 181
Revenue Capacity These schedules contain information to help the reader assess the city's most significant local revenue source, the property tax.	182 - 185
Debt Capacity These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.	186 - 192
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.	193
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.	194 - 199

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 Nine Fiscal Years (accrual basis of accounting)

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

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

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



**TABLE 1**

Fiscal Year					
2006	2007	2008	2009	2010	2011
\$ 171,115,671	\$ 181,747,430	\$ 181,571,647	\$ 187,569,283	\$ 188,091,906	\$ 196,686,945
14,850,785	16,934,004	21,704,213	22,617,510	25,903,793	38,931,386
<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>38,394,250</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>	<u>\$ 274,012,581</u>
\$ 111,652,338	\$ 135,128,498	\$ 136,751,706	\$ 18,275,937	\$ 20,982,210	\$ 22,487,707
5,741,848	6,240,878	7,760,499	2,368,253	2,378,156	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>14,927,863</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>	<u>\$ 39,793,726</u>
\$ 282,768,009	\$ 316,875,928	\$ 318,323,353	\$ 205,845,220	\$ 209,074,116	\$ 219,174,652
20,592,633	23,174,882	29,464,712	24,985,763	28,281,949	41,309,542
<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>53,322,113</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>	<u>\$ 313,806,307</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Changes in Net Assets**

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

	Fiscal Year		
	2003	2004	2005
<b>Expenses</b>			
Governmental activities:			
General government	\$ 11,535,385	\$ 13,908,704	\$ 13,797,417
Public safety	30,733,825	29,312,990	29,693,336
Transportation	10,077,678	8,755,214	7,173,171
Economic and physical development	5,003,942	4,148,984	4,092,091
Environmental protection	-	-	-
Cultural and recreational	4,517,154	5,035,661	5,481,105
Transit system	1,899,511	2,114,212	2,835,153
Hurricane disaster recovery	77,177	-	899,162
Interest and other charges	1,942,334	1,674,471	2,243,752
Total governmental activities expenses	<u>65,787,006</u>	<u>64,950,236</u>	<u>66,215,187</u>
Business-type activities:			
Water and sewer (2)	22,326,700	22,110,902	22,296,851
Ground water utility (2)	3,122,086	3,159,538	3,604,276
Solid waste management	6,402,933	6,536,515	6,761,069
Storm water management	4,979,104	5,042,432	5,292,644
Parking facilities	1,085,561	1,060,952	1,857,034
Golf	895,869	867,190	832,772
Total business-type activities expenses	<u>38,812,253</u>	<u>38,777,529</u>	<u>40,644,646</u>
Total primary government expenses	<u>\$ 104,599,259</u>	<u>\$ 103,727,765</u>	<u>\$ 106,859,833</u>
<b>Program Revenues</b>			
Governmental activities:			
Charges for services:			
General government	\$ 3,255,363	\$ 3,470,348	\$ 3,964,652
Public safety	432,996	426,862	430,717
Transportation	747,456	1,023,082	1,332,079
Economic and physical development	43,424	56,377	124,976
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	2011
\$ 15,587,565	\$ 14,379,647	\$ 16,843,180	\$ 17,979,039	\$ 17,913,454	\$ 18,442,793
32,353,256	35,864,890	41,557,316	43,127,730	46,623,265	42,201,402
7,353,292	13,754,139	8,479,949	9,834,553	11,223,125	12,744,479
3,688,117	4,481,644	4,322,396	4,367,773	2,128,078	5,843,970
-	-	7,459	-	-	500
5,884,529	5,976,218	4,660,956	8,226,690	10,418,701	7,727,790
827,836	1,103,344	1,237,043	1,149,733	1,522,702	1,427,915
396,542	-	-	-	-	-
3,563,334	3,425,526	3,692,957	10,206,138	9,462,791	9,994,715
<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>	<u>98,383,564</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	7,595,390
5,523,127	4,570,924	4,924,043	5,766,847	5,939,703	6,022,115
2,398,299	2,009,319	2,328,314	2,468,358	2,394,835	2,319,874
908,034	908,037	1,012,558	1,108,490	1,136,189	1,107,126
<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>17,044,505</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>	<u>\$ 115,428,069</u>
\$ 4,025,530	\$ 3,937,055	\$ 3,094,822	\$ 2,172,178	\$ 2,588,922	\$ 2,691,275
675,317	976,645	1,027,819	1,036,796	911,408	1,386,725
1,710,751	1,333,003	969,286	907,676	726,216	1,311,696
158,145	31,831	36,660	64,364	336,894	1,096,703
-	-	-	-	6,622	19,429
500,873	571,732	536,509	561,479	629,547	611,597
6,282,373	4,910,085	6,736,997	8,242,549	8,587,862	7,744,008
1,985,222	2,809,524	5,010,259	4,423,055	17,861,814	13,272,496
<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>	<u>28,133,929</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	8,113,378
5,698,434	6,073,766	6,161,452	6,219,759	6,775,129	7,114,617
1,866,433	1,820,003	2,408,489	2,606,508	2,274,661	2,035,573
946,886	1,063,172	1,192,758	1,093,880	1,119,498	1,169,854

**CITY OF WILMINGTON, NORTH CAROLINA**

**Changes in Net Assets (Continued)**

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

	Fiscal Year		
	2003	2004	2005
<b>Program Revenues (continued)</b>			
Business-type activities (continued):			
Operating grants and contributions	\$ 3,083	\$ 40,000	\$ -
Capital grants and contributions	2,067,532	3,920,708	3,911,415
Total business-type activities program revenues	<u>40,355,910</u>	<u>44,338,699</u>	<u>47,114,775</u>
Total primary government program revenues	<u>\$ 59,392,715</u>	<u>\$ 61,674,203</u>	<u>\$ 63,105,724</u>
Net (expense)/revenue			
Governmental activities	\$ (46,750,201)	\$ (47,614,732)	\$ (50,224,238)
Business-type activities	1,543,657	5,561,170	6,470,129
Total primary government net expense	<u>\$ (45,206,544)</u>	<u>\$ (42,053,562)</u>	<u>\$ (43,754,109)</u>
<b>General Revenues and Other Changes in Net Assets</b>			
Governmental activities:			
Taxes:			
Ad valorem taxes	\$ 39,268,327	\$ 39,462,243	\$ 39,525,332
Room occupancy tax	151,062	-	3,551,896
Local option sales tax (1)	11,618,601	13,554,544	14,799,445
Franchise tax (1)	5,331,964	4,389,563	4,580,235
Video programming sales tax	-	-	-
Rental vehicle tax	129,349	145,573	161,076
Unrestricted grants and contributions	1,246,184	1,320,882	1,362,214
Investment earnings	814,004	681,664	1,392,501
Miscellaneous	416,590	201,522	308,740
Special item: Conveyance of assets and liabilities to the Cape Fear Public Utility Authority, net	-	-	-
Transfers to other funds	(725,463)	(339,787)	(316,727)
Total governmental activities	<u>58,250,618</u>	<u>59,416,204</u>	<u>65,364,712</u>
Business-type activities:			
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	2011
\$ 162,349	\$ 90,412	\$ -	\$ -	\$ -	\$ -
2,779,844	5,126,467	3,523,179	601,799	343,665	110,232
<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>18,543,654</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>	<u>\$ 46,677,583</u>
\$ (54,316,260)	\$ (64,415,533)	\$ (63,388,904)	\$ (77,483,559)	\$ (67,642,831)	\$ (70,249,635)
5,526,303	6,932,890	7,669,945	1,062,639	1,695,234	1,499,149
<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>	<u>\$ (68,750,486)</u>
\$ 41,072,872	\$ 42,601,818	\$ 41,489,000	\$ 46,423,441	\$ 46,827,896	\$ 52,445,946
1,758,422	1,849,385	1,926,903	2,196,974	2,087,618	2,274,826
16,252,524	16,897,125	16,643,044	14,187,461	13,655,742	14,409,320
4,829,914	5,314,491	6,278,700	6,053,968	6,480,873	6,303,686
-	594,024	1,381,040	1,498,944	1,519,216	1,470,975
170,860	169,451	158,599	126,483	163,536	190,568
1,646,134	1,502,289	1,489,503	1,513,778	1,209,643	1,539,418
3,173,990	4,428,359	2,672,323	2,627,407	700,500	385,103
444,088	515,283	704,191	800,487	906,404	658,109
-	-	-	(983,665)	-	-
<u>(791,073)</u>	<u>(622,325)</u>	<u>(481,597)</u>	<u>-</u>	<u>50,000</u>	<u>636,607</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>	<u>80,314,558</u>
-	-	-	46,887	69,493	69,282
3,138,187	4,934,347	3,708,352	491,543	187,750	94,772
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>(636,607)</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>(472,553)</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>	<u>\$ 79,842,005</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Changes in Net Assets (Continued)**

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

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

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

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

**TABLE 2**

Fiscal Year					
<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 14,241,471	\$ 8,834,367	\$ 8,872,802	\$ (3,038,281)	\$ 5,958,597	\$ 10,064,923
<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>1,026,596</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>	<u>\$ 11,091,519</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Fund Balances of Governmental Funds**

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

	Fiscal Year			
	2002	2003	2004	2005
General fund				
Reserved	\$ 5,299,935	\$ 5,860,272	\$ 8,934,734	\$ 7,723,813
Unreserved	<u>19,918,081</u>	<u>24,246,657</u>	<u>23,203,322</u>	<u>21,197,032</u>
Total general fund	<u>\$ 25,218,016</u>	<u>\$ 30,106,929</u>	<u>\$ 32,138,056</u>	<u>\$ 28,920,845</u>
All other governmental funds				
Reserved (1)	\$ 27,983,750	\$ 31,856,787	\$ 34,484,381	\$ 69,737,297
Unreserved (deficit), reported in				
Capital projects funds	(1,361,361)	(629,452)	(6,909,264)	-
Special revenue funds	<u>926,644</u>	<u>(4,354,102)</u>	<u>(587,444)</u>	<u>1,907,435</u>
Total all other governmental funds	<u>\$ 27,549,033</u>	<u>\$ 26,873,233</u>	<u>\$ 26,987,673</u>	<u>\$ 71,644,732</u>
	<u>2011</u>			
General fund				
Nonspendable	\$ 1,655,910			
Restricted	10,298,303			
Assigned	1,731,945			
Unassigned	<u>17,353,940</u>			
Total general fund	<u>\$ 31,040,098</u>			
All other governmental funds				
Nonspendable	\$ 11,656			
Restricted	66,554,476			
Committed	12,186,092			
Unassigned	<u>(2,568,803)</u>			
Total all other governmental funds	<u>\$ 76,183,421</u>			

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

The City made the option to adopt GASB 54 fund balance presentation prospectively.

(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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 8,194,268	\$ 10,155,466	\$ 10,390,938	\$ 7,391,627	\$ 9,196,737
<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>\$ 26,659,431</u>	<u>\$ 29,816,359</u>	<u>\$ 27,370,625</u>	<u>\$ 26,040,603</u>	<u>\$ 25,751,341</u>
\$ 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>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>\$ 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			
	2002	2003	2004	2005
<b>Revenues</b>				
Taxes:				
Ad valorem taxes (1), (2)	\$ 42,523,366	\$ 39,201,126	\$ 39,462,243	\$ 39,589,130
Room occupancy tax	218,933	151,062	-	3,035,500
Intangibles tax reimbursement	756,623	-	-	-
Local option sales tax (3)	9,990,162	10,906,730	13,554,544	14,799,445
Franchise tax (3)	2,248,006	4,303,926	4,389,563	4,580,235
Video programming sales tax	-	-	-	-
Rental vehicle tax	136,220	129,349	145,573	161,076
Unrestricted intergovernmental	1,716,092	1,004,394	1,084,242	1,126,013
Restricted intergovernmental	6,745,047	13,523,730	8,906,642	8,854,406
Licenses and permits	2,562,725	2,557,466	2,755,356	3,235,686
Sales and services	3,796,988	4,065,419	4,071,509	4,246,620
Fines and forfeits	29,503	46,667	42,656	67,768
Investment earnings	960,061	698,245	571,137	1,166,673
Donations	-	-	-	-
Miscellaneous	2,064,910	795,772	1,596,286	1,711,837
<b>Total revenues</b>	<u>73,748,636</u>	<u>77,383,886</u>	<u>76,579,751</u>	<u>82,574,389</u>
<b>Expenditures</b>				
General government	14,438,217	14,882,693	19,915,584	23,263,162
Public safety	28,442,252	29,756,843	30,341,682	30,211,315
Transportation	6,467,935	12,501,063	8,956,586	8,913,756
Economic and physical development	3,184,631	4,920,265	4,244,397	4,157,456
Environmental protection	-	-	-	-
Cultural and recreational	7,547,710	6,343,404	7,404,489	5,954,753
Transit system	1,903,497	1,899,511	2,114,212	2,835,153
Hurricane disaster recovery	-	77,177	-	899,162
Debt service (4)				
Principal retirement	4,544,691	4,262,148	4,659,942	4,585,416
Interest and other charges	2,054,331	1,999,041	1,696,258	2,131,877
<b>Total expenditures</b>	<u>68,583,264</u>	<u>76,642,145</u>	<u>79,333,150</u>	<u>82,952,050</u>
Excess of revenues over (under) expenditures	<u>5,165,372</u>	<u>741,741</u>	<u>(2,753,399)</u>	<u>(377,661)</u>

**TABLE 4**

Fiscal Year					
2006	2007	2008	2009	2010	2011
\$ 41,066,135	\$ 42,276,841	\$ 41,472,281	\$ 46,438,613	\$ 46,815,757	\$ 52,304,940
2,274,818	1,849,385	1,926,903	2,196,974	2,087,618	2,274,826
-	-	-	-	-	-
16,252,524	16,897,125	16,643,044	14,187,461	13,655,742	14,409,320
4,829,914	5,314,491	6,278,700	6,053,968	6,480,873	6,303,686
-	594,024	1,381,040	1,498,944	1,519,216	1,470,975
170,860	169,451	158,599	126,483	163,536	190,568
1,409,726	1,282,168	1,274,592	1,304,492	973,523	1,340,967
6,731,853	5,944,434	9,547,884	12,895,964	17,581,934	16,539,325
3,433,560	3,428,378	2,521,011	2,359,711	2,360,546	2,510,282
4,887,896	5,328,383	5,436,909	2,035,533	2,013,273	3,409,479
98,193	102,744	97,851	71,255	60,202	106,791
3,003,871	3,847,968	2,399,420	2,446,210	632,785	351,602
-	-	-	-	245,372	438,751
<u>1,833,369</u>	<u>1,531,606</u>	<u>1,189,903</u>	<u>1,343,945</u>	<u>1,585,967</u>	<u>1,464,191</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>	<u>103,115,703</u>
28,392,473	18,985,985	31,003,496	18,091,033	16,724,587	16,972,610
48,631,834	43,590,416	44,124,315	42,766,280	39,865,899	38,386,732
8,535,654	13,612,030	10,393,830	17,345,355	17,143,064	15,463,714
4,029,778	4,480,888	4,318,811	21,464,273	21,098,597	9,376,853
-	-	14,158	-	-	500
5,351,974	10,212,926	12,123,679	11,332,882	16,787,662	12,923,013
827,836	1,103,344	1,237,043	1,149,733	1,522,702	1,427,915
396,542	-	-	-	-	-
4,658,821	4,375,252	4,405,767	8,608,348	9,811,333	10,434,615
<u>3,355,149</u>	<u>3,211,459</u>	<u>3,163,108</u>	<u>9,416,233</u>	<u>9,244,469</u>	<u>9,857,124</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>114,843,076</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>	<u>(11,727,373)</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			
	2002	2003	2004	2005
<b>Other financing sources (uses)</b>				
Transfers from other funds	\$ 5,720,951	\$ 3,068,509	\$ 6,905,283	\$ 18,633,309
Transfers to other funds	(6,573,381)	(3,806,434)	(7,305,956)	(19,026,558)
Issuance of bonds	-	-	10,351,989	-
Issuance of refunding bonds	-	-	-	-
Issuance of installment obligations	-	4,237,811	-	47,365,000
Issuance of refunding installment obligations	-	-	-	-
Issuance of other long-term obligations (5)	5,500,000	-	-	1,184,184
Premium on bonds	-	-	-	-
Premium on refunding bonds	-	-	-	-
Premium on installment obligations	-	-	-	2,258,494
Premium on other long-term obligations	-	-	-	-
Discount on installment obligations	-	-	-	-
Payment to redeem outstanding bonds	-	-	(6,702,956)	-
Payment to refund outstanding installment obligations	-	-	-	(8,535,107)
Payment to redeem outstanding other long-term obligations	-	-	-	-
Total other financing sources (uses)	<u>4,647,570</u>	<u>3,499,886</u>	<u>3,248,360</u>	<u>41,879,322</u>
Net change in fund balances	<u>\$ 9,812,942</u>	<u>\$ 4,241,627</u>	<u>\$ 494,961</u>	<u>\$ 41,501,661</u>
Debt service as a percentage of noncapital expenditures	10.6%	8.9%	9.1%	9.4%

**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					
2006	2007	2008	2009	2010	2011
\$ 19,534,201	\$ 14,226,412	\$ 17,209,961	\$ 16,405,136	\$ 14,648,058	\$ 13,781,205
(20,324,515)	(14,848,737)	(17,605,890)	(16,405,136)	(14,598,058)	(13,136,626)
-	-	-	14,605,000	-	8,660,000
-	-	-	-	-	3,120,000
-	-	62,495,000	-	23,870,000	-
-	-	-	-	8,910,000	-
273,803	1,093,500	26,270,000	-	5,065,807	-
-	-	-	121,181	-	366,839
-	-	-	-	-	130,992
-	-	-	-	177,422	-
-	-	-	-	411,685	-
-	-	(36,997)	-	-	-
-	-	-	-	-	(3,206,125)
-	-	-	-	(8,832,450)	-
-	(1,093,500)	-	-	-	-
<u>(516,511)</u>	<u>(622,325)</u>	<u>88,332,074</u>	<u>14,726,181</u>	<u>29,652,464</u>	<u>9,716,285</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>	<u>\$ (2,011,088)</u>
10.9%	9.6%	9.3%	19.4%	19.3%	20.9%

**TABLE 5**

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

<u>Fiscal Year Ended June 30</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Public Service Companies</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Assessed Taxable Value as a Percentage of Actual Value</u>
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
2011	12,565,723,884	1,384,038,482	143,265,912	14,093,028,278	0.3700	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 &amp; Overlapping Rates</u>
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
2011	0.3700	0.4655	0.8355

**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	2011			2002		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Corning Inc.	\$ 208,791,834	1	1.48 %	\$ 317,112,773	1	3.89 %
Progress Energy (CP&L)	57,516,442	2	0.41	55,873,014	3	0.69
Centro Independence LLC (mall)	50,436,737	3	0.36	47,669,019	4	0.59
River Ventures LLC (PPD)	45,889,678	4	0.33	-	-	-
BellSouth Tel Co.	41,533,602	5	0.29	-	-	-
Mayfaire Retail LLC	34,739,297	6	0.25	-	-	-
GS II University Centre LLC	34,689,178	7	0.25	-	-	-
NNP IV Cape Fear River LLC	33,672,953	8	0.24	-	-	-
Wal Mart	31,138,194	9	0.22	-	-	-
Mayfaire Spe B LLC	30,257,828	10	0.21	-	-	-
UDRT of North Carolina LLC	-	-	-	43,824,809	5	0.54
Developers Diversified Realty	-	-	-	22,457,602	6	0.28
North Carolina Natural Gas	-	-	-	16,915,247	7	0.21
Federal Paper Board	-	-	-	15,228,120	8	0.19
Heritage SPE LLC	-	-	-	12,749,936	9	0.16
Belk Berry Co.	-	-	-	10,031,425	10	0.12
	<u>\$ 568,665,743</u>		<u>4.04 %</u>	<u>\$ 541,861,945</u>		<u>6.65 %</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
2002	\$ 42,566,296	\$ 41,663,142	97.88 %	\$ 811,728	\$ 42,474,870	99.79 %
2003	39,230,731	38,241,979	97.48	868,452	39,110,431	99.69
2004	39,330,888	38,520,774	97.94	642,794	39,163,568	99.57
2005	39,393,630	38,704,342	98.25	580,111	39,284,453	99.72
2006	41,015,008	40,344,559	98.37	562,636	40,907,195	99.74
2007	42,368,273	41,565,365	98.10	643,606	42,208,971	99.62
2008	41,416,471	40,641,812	98.13	625,860	41,267,672	99.64
2009	46,343,406	45,631,444	98.46	594,903	46,226,347	99.75
2010	46,849,408	46,128,218	98.46	439,133	46,567,351	99.40
2011	52,346,928	51,575,699	98.53	-	51,575,699	98.53

**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 <sup>(1)</sup>	Per Capita <sup>(1)</sup>
	General Obligation Bonds	Installment Obligations	Other Long-term Obligations	General Obligation Bonds	Revenue Bonds	Installment Obligations	Other Long-term Obligations			
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 <sup>(2)</sup>	127,104,966 <sup>(2)</sup>	33,426,711	- <sup>(2)</sup>	13,490,000	8,855,034 <sup>(2)</sup>	228,870	222,460,581	6.45	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
2011	37,890,000	144,412,828	32,079,818	-	12,625,000	7,892,172	-	234,899,818	N/A	2,198

**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 <sup>(1)</sup>	Per Capita <sup>(2)</sup>
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 <sup>(3)</sup>	0.28	388
2010	33,865,000	0.24	331
2011	37,890,000	0.27	355

**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, 2011

Jurisdiction	Debt Outstanding	Estimated Percentage Applicable <sup>(1)</sup>	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes:			
New Hanover County	\$ 422,303,218	41.69 %	\$ 176,058,212
City of Wilmington direct debt			<u>214,382,646</u> <sup>(2)</sup>
Total direct and overlapping debt			<u>\$ 390,440,858</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			
	2002	2003	2004	2005
Debt limit	\$ 651,663,455	\$ 665,097,066	\$ 666,926,028	\$ 683,401,202
Total net debt applicable to debt limit	<u>75,336,640</u>	<u>82,407,456</u>	<u>79,151,927</u>	<u>114,698,689</u>
Legal debt margin	<u>\$ 576,326,815</u>	<u>\$ 582,689,610</u>	<u>\$ 587,774,101</u>	<u>\$ 568,702,513</u>
Total net debt applicable to the debt limit as a percentage of the debt limit	11.56%	12.39%	11.87%	16.78%
Total net debt applicable to the debt limit as a percentage of the debt limit excluding installment obligations reimbursed by the Cape Fear Public Utility Authority (1)	N/A	N/A	N/A	N/A

**Legal Debt Margin Calculation for Fiscal Year 2011**

Total assessed valuation at June 30, 2011	<u>\$ 14,093,028,278</u>
Debt limit: 8% of total assessed value	\$ 1,127,442,262
Amount of debt applicable to debt limit:	
General obligation bonds (1)	\$ 37,890,000
Other debt (excluding revenue bonds) (1)	<u>184,384,818</u>
Gross debt	222,274,818
Less deductions allowed by law:	
Water and sewer general obligation bonds (1)	<u>11,185,000</u>
Total net debt applicable to debt limit	<u>211,089,818</u>
Legal debt margin	<u>\$ 916,352,444</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					
2006	2007	2008	2009	2010	2011
\$ 712,415,000	\$ 735,724,123	\$1,091,479,245	\$1,116,209,834	\$1,125,000,105	\$1,127,442,262
<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>211,089,818</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>	<u>\$ 916,352,444</u>
16.13%	14.57%	16.94%	17.13%	18.77%	18.72%
N/A	N/A	N/A	15.59%	17.33%	17.36%

## CITY OF WILMINGTON, NORTH CAROLINA

## Pledged-Revenue Coverage

## Last Four Fiscal Years

Storm Water Fee Revenue Bonds <sup>(3)</sup>						
Fiscal Year Ended June 30	Gross Revenues <sup>(1)</sup>	Less Operating Expenses <sup>(2)</sup>	Net Available Revenue	Debt Service <sup>(4)</sup>		Coverage
				Principal	Interest	
2008	\$ 6,734,019	\$ 4,372,127	\$ 2,361,892	\$ 405,000	\$ 646,869	2.25
2009	6,549,226	4,883,353	1,665,873	425,000	629,656	1.58
2010	6,899,956	4,690,638	2,209,318	440,000	611,594	2.10
2011	7,172,876	4,778,757	2,394,119	465,000	592,894	2.26

**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

Fiscal Year Ended June 30	Population <sup>(1)</sup>	Personal Income (amounts expressed in thousands)	Per Capita Income <sup>(2)</sup>	Median Age <sup>(3)</sup>	School Enrollment <sup>(4)</sup>	Unemployment Ratio <sup>(5)</sup>
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	3,448,229	33,964	38.0	23,614	9.0
2010	102,207	N/A	N/A	38.5	23,643	8.8
2011	106,882	N/A	N/A	37.3	23,934	9.3

**Sources and notes:**

- (1) Office of State Budget and Management's certified municipal estimates.
- (2) United States Bureau of Economic Analysis.
- (3) United States Census, 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 2011 population estimated at 106,882 out of 203,439 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	2011			2002		
	Employees	Rank	Percentage of Total County Employment (1)	Employees	Rank	Percentage of Total County Employment (1)
New Hanover Health Network*	4,831	1	4.68 %	4,500	1	5.40 %
New Hanover County Schools**	3,666	2	3.55	3,300	2	3.96
General Electric Nuclear Fuel/Aircraft***	2,300	3	2.23	2,200	3	2.64
University of North Carolina (Wilmington)*	1,881	4	1.82	1,550	5	1.86
Pharmaceutical Products Development*	1,600	5	1.55	650	9	0.78
New Hanover County**	1,480	6	1.43	1,400	6	1.68
Verizon Wireless*	1,346	7	1.30			-
Cape Fear Community College*	1,246	8	1.21			-
Progress Energy**	1,156	9	1.12			-
Corning, Inc.*	1,000	10	0.97	2,000	4	2.40
City of Wilmington*	-		-	1,100	7	1.32
United States Government*	-		-	940	8	1.13
Wal-mart**	-		-	650	10	0.78
Total	<u>20,506</u>		<u>19.88 %</u>	<u>18,770</u>		<u>22.52 %</u>

Sources: Wilmington Chamber of Commerce and City Budget Office

## 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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government	161	154	158	155	161	168	173	159	146	146
Public Safety										
Police										
Policeman and officers	247	246	251	251	253	254	262	262	249	250
Civilians	38	41	44	43	43	48	58	58	57	56
Fire										
Firemen and officers	209	209	210	210	210	212	216	216	212	210
Civilians	6	6	7	7	7	8	8	8	8	10
Code enforcement	8	8	8	9	11	11	11	11	9	8
Transportation	59	60	61	61	61	62	62	63	54	54
Economic and Physical Development	11	13	13	12	13	13	13	13	9	9
Cultural and Recreational	66	70	73	73	74	79	82	83	75	75
Solid Waste	55	55	55	59	87	91	93	93	92	88
Water and Sewer	156	156	157	157	159	178	183	- (1)	-	-
Groundwater Utility	18	18	18	18	18	7	7	- (1)	-	-
Storm Water Management	57	57	57	58	58	59	59	59	59	59
Parking Facilities	-	-	1	1	1	1	1	2	2	2
Golf Course	10	9	9	9	9	9	9	9	9	9
<b>Total</b>	<b>1,101</b>	<b>1,102</b>	<b>1,122</b>	<b>1,123</b>	<b>1,165</b>	<b>1,200</b>	<b>1,237</b>	<b>1,036</b>	<b>981</b>	<b>976</b>

**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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police										
Calls dispatched	144,934	148,547	173,768	154,959	179,088	173,235	179,803	180,194	170,552	182,124
Part I crimes	9,208	8,970	8,361	7,966	8,363	7,410	7,426	6,576	6,902	6,146
Fire										
Actual fires	640	556	561	568	583	597	482	462	494	561
Fire department responses	8,138	7,969	8,417	9,567	10,364	9,807	9,536	9,221	9,404	9,750
Fire inspections completed	2,926	3,429	4,957	5,115	4,925	6,791	4,455	4,676	4,996	5,776
Streets and Sidewalks Maintenance										
Miles of streets resurfaced	1	10	7	5	3	6	8	4	4	2
Solid Waste										
Tons of residential refuse	31,794	32,156	27,777	29,808	29,986	28,552	27,124	25,855	24,505	28,834
Tons of recyclables	3,200	3,429	4,302	4,831	4,526	4,454	4,818	4,785	5,402	5,253
Storm Water										
Number of customers	N/A	N/A	N/A	N/A	N/A	29,764	28,119	28,229	29,212	29,218
ERUs	N/A	78,622	76,148	75,926	80,126	80,298	85,019	87,760	89,357	92,174
Golf Course										
Total number of regular rounds	54,750	52,550	51,458	N/A	55,460	52,326	54,117	49,593	50,619	58,761

**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		
	2002	2003	2004
Police			
Stations / facilities	4	4	3
Patrol units	181	186	186
Fire			
Fire stations	9	9	9
Transportation			
Streets (miles)	365	375	381
Streetlights	8,290	8,699	8,738
Cultural and Recreational			
Parks	41	41	42
Parks acreage	459	459	517
Recreation centers	9	9	9
Solid Waste			
Collection trucks	33	36	37
Storm Water			
Storm sewers (miles)	400	400	400
Parking			
Parking Decks	1	1	1
Fleet			
Vehicles (excluding patrol units)	359	357	367

**Source:** Various City departments.

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

**TABLE 18**

Fiscal Year						
2005	2006	2007	2008	2009	2010	2011
2	2	2	2	2	2	2
192	239	316	295	289	282	285
9	9	10	10	10	10	10
382	383	383	385	387	393	407
9,252	9,226	9,248	9,353	9,272	9,289	9,289
43	44	45	52	53	53	55
563	602	695	717	732	732	775
9	9	9	9	9	9	9
42	56	65	53	55	50	50
400	400	400	400	400	400	400
2	2	2	2	2	2	2
368	387	410	370	237	282	269

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**SINGLE AUDIT SECTION TAB (BACK)**



McGladrey & Pullen, LLP  
Certified Public Accountants

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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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Wilmington, North Carolina, as of and for the year ended June 30, 2011, which collectively comprise City of Wilmington's basic financial statements, and have issued our report thereon dated November 29, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of City of Wilmington is responsible for establishing and maintaining effective 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 opinions 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 a certain deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as finding 11-01, that we consider to be a significant deficiency 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City of Wilmington's response to the finding 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, pass-through entities, and the North Carolina Department of the State Treasurer 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 29, 2011



McGladrey & Pullen, LLP  
Certified Public Accountants

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**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, 2011. 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 the Cape Fear Public Transportation Authority, a discretely presented component unit of City of Wilmington, which expended \$5,950,869 in federal awards during the year ended June 30, 2011. Our audit, described below, did not include the operations of Cape Fear Public Transportation Authority because this component unit separately engaged us 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, 2011.

## 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, federal and State awarding agencies, pass-through entities, and the North Carolina Department of the State Treasurer 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 29, 2011



**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, 2011. 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.

The City's basic financial statements include the operations of the Cape Fear Public Transportation Authority, a discretely presented component unit of City of Wilmington, which expended \$1,661,344 in state awards during the year ended June 30, 2011. Our audit, described below, did not include the operations of Cape Fear Public Transportation Authority because this component unit separately engaged us 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; 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, 2011.

### 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, pass-through entities, and the North Carolina Department of the State Treasurer, 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 29, 2011





**City of Wilmington, North Carolina**

**Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2011**

---

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?  yes  no

State Awards

Internal control over major State 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 State programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act?  yes  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, 2011**

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Section II -- Financial Statement Findings

---

Finding 11-01

Significant Deficiency – Purchase Order Approval

Criteria: City of Wilmington Policies and Procedures

Condition and Context: During the audit for the year ended June 30, 2010, 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 concurs with this finding. See corrective action plan for City's planned resolution of this finding.

---

Section III -- Federal Award Findings and Questioned Costs

---

**City of Wilmington, North Carolina**

**Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2011**

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, 2011

**Finding 11-01      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 in addition to working on adding additional non-automated approval levels. A testing environment was established and the approval levels were being tested in September 2010; however, on October 1, 2010 the City moved to ASP (hosted environment) and our testing environment was deleted. Additionally, Sungard/HTE was not able to get a testing environment re-established until February 2011. Due to the complexities with moving to a hosted environment (which meant all of our user id's were no longer valid and resulted in all existing reports/processes having to be re-mapped etc) caused considerable inefficiencies in our normal work processes. We also lost 50% of our purchasing staff during the fiscal year. As of August 2011, the purchasing is now 100% fully staffed and the goal is to have the automated approval process operational by January 2012.

Effective Date:            July 1, 2011

## City of Wilmington, North Carolina

### Summary Schedule of Prior Audit Findings For the Year Ended June 30, 2011

#### Finding 10-01

Status: The City's staff has been working on the implementation of the automated approval process in addition to working on adding additional non-automated approval levels. A testing environment was established and the approval levels were being tested in September 2010; however, on October 1, 2010 the City moved to ASP (hosted environment) and our testing environment was deleted. Additionally, Sungard/HTE was not able to get a testing environment re-established until February 2011. Due to the complexities with moving to a hosted environment (which meant all of our user id's were no longer valid and resulted in all existing reports/processes having to be re-mapped etc) caused considerable inefficiencies in our normal work processes. We also lost 50% of our purchasing staff during the fiscal year. As of August 2011, the purchasing is now 100% fully staffed and the goal is to have the automated approval process operational by January 2012.

#### Finding 10-02

Status: Corrected

#### Finding 10-03

Status: Corrected

**CITY OF WILMINGTON, NORTH CAROLINA**

**Schedule of Expenditures of Federal and State Awards**

**Year Ended June 30, 2011**

Grantor/Pass-through Grantor/Program Title	Federal CFDA or State DOT Number	Grant Award Number	WBS Number	Expenditures		
				Federal	State	Local
<b>Federal Awards:</b>						
<u>U.S. Department of Housing and Urban Development</u>						
Direct Program:						
Community Development Block Grants	14.218	B-00-MC-370010	-	\$ 60,187	\$ -	\$ -
Community Development Block Grants	14.218	B-03-MC-370010	-	4	-	-
Community Development Block Grants	14.218	B-04-MC-370010	-	1,575	-	-
Community Development Block Grants	14.218	B-05-MC-370010	-	72,172	-	-
Community Development Block Grants	14.218	B-06-MC-370010	-	64,110	-	-
Community Development Block Grants	14.218	B-08-MC-370010	-	96,705	-	-
Community Development Block Grants	14.218	B-09-MC-370010	-	222,934	-	-
Community Development Block Grants	14.218	B-10-MC-370010	-	603,777	-	4,553
Community Development Block Grants - ARRA	14.253	B-09-MY-370010	-	37,313	-	-
Total Community Development Block Grants				<u>1,158,777</u>	<u>-</u>	<u>4,553</u>
Home Investment Partnerships Program	14.239	M-08-MC-37-0207	-	234,264	-	2,941
Home Investment Partnerships Program	14.239	M-09-MC-37-0207	-	37,493	-	126,117
Home Investment Partnerships Program	14.239	M-10-MC-37-0207	-	56,372	-	20,020
Total Home Investment Partnerships Program				<u>328,129</u>	<u>-</u>	<u>149,078</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, 2011**

Grantor/Pass-through Grantor/Program Title	Federal CFDA or State DOT Number	Grant Award Number	WBS Number	Expenditures		
				Federal	State	Local
<b>Federal Awards (continued):</b>						
<u>U.S. Department of Housing and Urban Development (continued)</u>						
Pass-through N.C. Department of Environment & Natural Resources:	14.900	NCLHB0336-06	-	\$ 4,795	\$ -	\$ -
Total U.S. Department of Housing and Urban Development				<u>1,491,701</u>	<u>-</u>	<u>153,631</u>
<u>U.S. Department of Transportation</u>						
Pass-through N.C. Department of Transportation:						
Transportation Planning	20.505	10-08-116	36230.27.10.6	<u>47,296</u>	<u>5,912</u>	<u>5,912</u>
Governor's Highway Safety Program	20.600	PT-10-03-04-10	-	<u>16,271</u>	<u>-</u>	<u>16,271</u>
Transportation Planning	20.205	-	39225.1.16	219,749	-	54,937
Cross City Trail - ARRA	20.205	EB-5121A	45073.1.ST1	236,553	-	-
Cross City Trail - ARRA	20.205	EB-5121B	45073.1.ST1.2	699,454	-	-
Cross City Trail - ARRA	20.205	EB-5118CA	45051.3.ST3	848,928	-	-
Municipal Agreement	20.205	U-4920	41212.1, 3.1	500,718	-	125,179
Enhancement Agreement	20.205	E-4749	36423.1	6,878	-	4,730

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, 2011**

Grantor/Pass-through Grantor/Program Title	Federal CFDA or State DOT Number	Grant Award Number	WBS Number	Expenditures		
				Federal	State	Local
<b>Federal Awards (continued):</b>						
<u>U.S. Department of Transportation (continued)</u>						
Enhancement Agreement	20.205	E-2971 C	38301	\$ (105)	\$ (422)	\$ -
Municipal Agreement	20.205	40924.1.3	-	7,900	-	-
Total Highway Planning and Construction				<u>2,520,075</u>	<u>(422)</u>	<u>184,846</u>
Total U.S. Department of Transportation				<u>2,583,642</u>	<u>5,490</u>	<u>207,029</u>
<u>U.S. Department of Justice</u>						
Direct Programs:						
Bulletproof Vest Partnership	16.607	2006BUBX06136042	-	9,155	-	9,174
Bulletproof Vest Partnership	16.607	2010BUBX10052758	-	8,640	-	8,640
Total Bulletproof Vest Grant Program				<u>17,795</u>	<u>-</u>	<u>17,814</u>
FY10 Assistance Grant Program	16.735	2010-DJ-BX-1490	-	74,111	-	-
FY09 Recovery Act JAG Program - ARRA	16.804	2009-SB-B9-1299	-	20,195	-	-
COPS Hiring Recovery Program - ARRA	16.710	2009-RK-WX-0568	-	588,566	-	-
Offender Reentry Demonstration Program	16.812	2010-CZ-BX-0173	-	3,879	-	-

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, 2011**

Grantor/Pass-through Grantor/Program Title	Federal CFDA or State DOT Number	Grant Award Number	WBS Number	Expenditures		
				Federal	State	Local
<b>Federal Awards (continued):</b>						
<u>U.S. Department of Justice (continued)</u>						
Pass-through N.C. Department of Crime Control and Public Safety:						
Project Safe Neighborhoods	16.609	065-1-09-001-AZ-730	-	\$ 9,999	\$ -	\$ -
Criminal Justice Improvement	16.738	065-1-10-004-BH-455	-	32,168	-	10,722
Total U.S. Department of Justice				<u>746,713</u>	<u>-</u>	<u>28,536</u>
<u>U.S. Department of Energy</u>						
Direct Program:						
Energy Efficiency Community Block Grant - ARRA	81.128	DE-SC0002849	-	128,099	-	-
Recovery Act - Local Energy Assurance Planning (LEAP) Initiative - ARRA	81.122	DE-OE0000323	-	100,358	-	-
Total U.S. Department of Energy				<u>228,457</u>	<u>-</u>	<u>-</u>
<u>U.S. Department of Interior</u>						
Pass-through N.C. Department of Environment and Natural Resources						
Boating Infrastructure	15.622	1505	-	(13,500)	-	(4,500)

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, 2011**

Grantor/Pass-through Grantor/Program Title	Federal CFDA or State DOT Number	Grant Award Number	WBS Number	Expenditures		
				Federal	State	Local
<b>Federal Awards (continued):</b>						
<u>National Endowment for the Arts</u>						
Pass-through Creative Economics NC Arts Council	45.025	FY10-0848	-	\$ 2,684	\$ -	\$ -
<u>U.S. Department of Health and Human Services</u>						
Pass-through N.C. Dept of Health and Human Services Physical Activity - ARRA	93.723	02717-11	-	13,760	-	-
Total Federal Awards				<u>5,053,457</u>	<u>5,490</u>	<u>384,696</u>
<b>State Awards:</b>						
<u>N.C. Department of Environment and Natural Resources</u>						
Hewlett's Creek Storm Water Agreement	-	2004B-707	-	-	19,816	-
<u>N.C. Department of Transportation</u>						
Powell Bill Funds	DOT - 4	-	32570	-	2,585,435	2,486
Municipal Agreement	-	-	34263.1.1	-	17,723	-
Municipal Agreement	-	-	741	-	77,000	-

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, 2011**

Grantor/Pass-through Grantor/Program Title	Federal CFDA or State DOT Number	Grant Award Number	WBS Number	Expenditures		
				Federal	State	Local
<b>State Awards (continued):</b>						
<u>N.C. Department of Transportation (continued)</u>						
Municipal Agreement	-	-	42849	\$ -	\$ 94,005	\$ -
Total N.C. Department of Transportation				-	2,774,163	2,486
<u>N.C. Department of Crime Control and Public Safety</u>						
GRIT - Gang Resistance & Intervention Teamwork	-	065-1-08-001-SG-231	-	-	234,900	9,003
<u>N.C. Health and Wellness Trust Fund Commission</u>						
Fit Community Grant Phase IV	-	-	-	-	11,091	1,550
<u>N.C. Housing Finance Agency</u>						
2009 Urgent Repair Program	-	URP0928	-	-	33,461	28
2010 Urgent Repair Program	-	URP1023	-	-	5,420	-
Total N.C. Housing Finance Agency				-	38,881	28
Total State Awards				-	3,078,851	13,067
Total Federal and State Awards				\$ 5,053,457	\$ 3,084,341	\$ 397,763

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, 2011**

### **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.

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