



# Comprehensive Annual FINANCIAL REPORT

City of Wilmington North Carolina

For the Fiscal Year Ended June 30, 2012





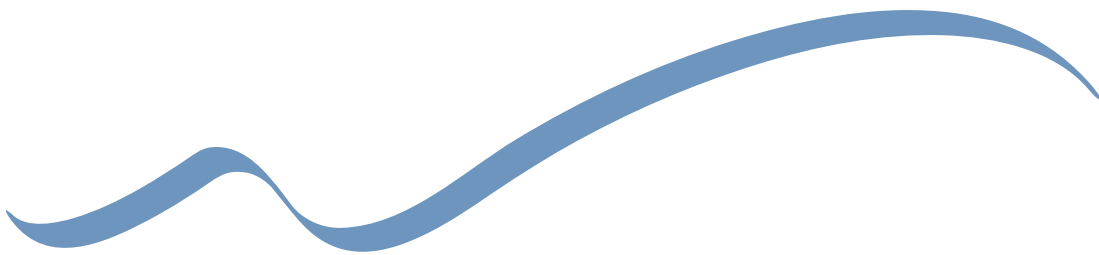
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City of Wilmington North Carolina

# Comprehensive Annual FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2012



Prepared by the Finance Department



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

**INTRODUCTORY SECTION TAB (FRONT)**

**INTRODUCTORY SECTION TAB (BACK)**

# CITY OF WILMINGTON, NORTH CAROLINA

## Comprehensive Annual Financial Report

Year Ended June 30, 2012

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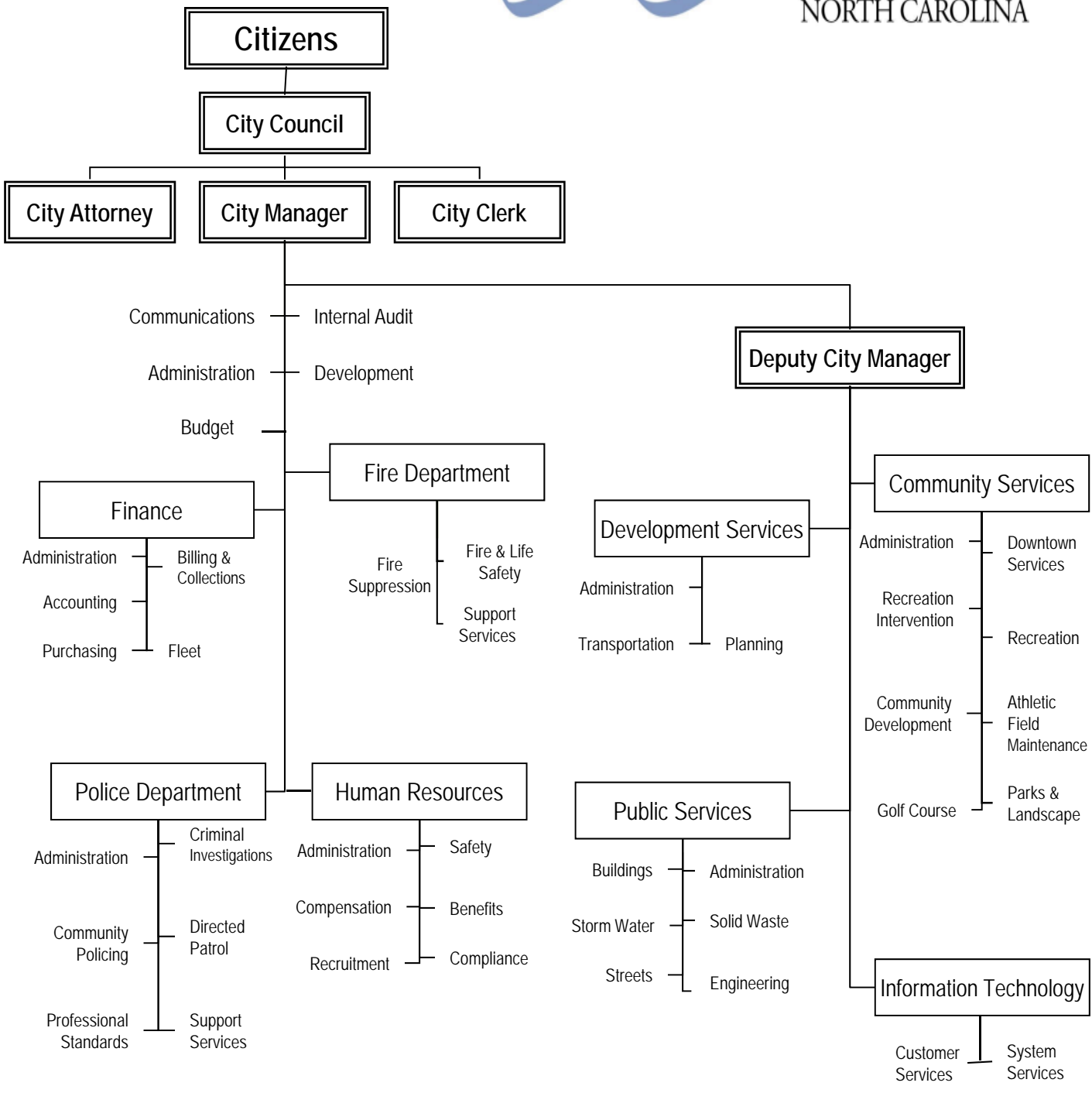


**City Council**  
Bill Saffo, Mayor  
Earl Sheridan, Mayor Pro-Tem  
Laura W. Padgett  
Kevin O'Grady  
Charlie Rivenbark  
Neil Anderson  
Margaret Haynes

**City Manager**  
Sterling B. Cheatham

**Finance Director**  
Debra H. Mack







November 21, 2012



## **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, 2012. 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 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, 2012 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, 2012 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.

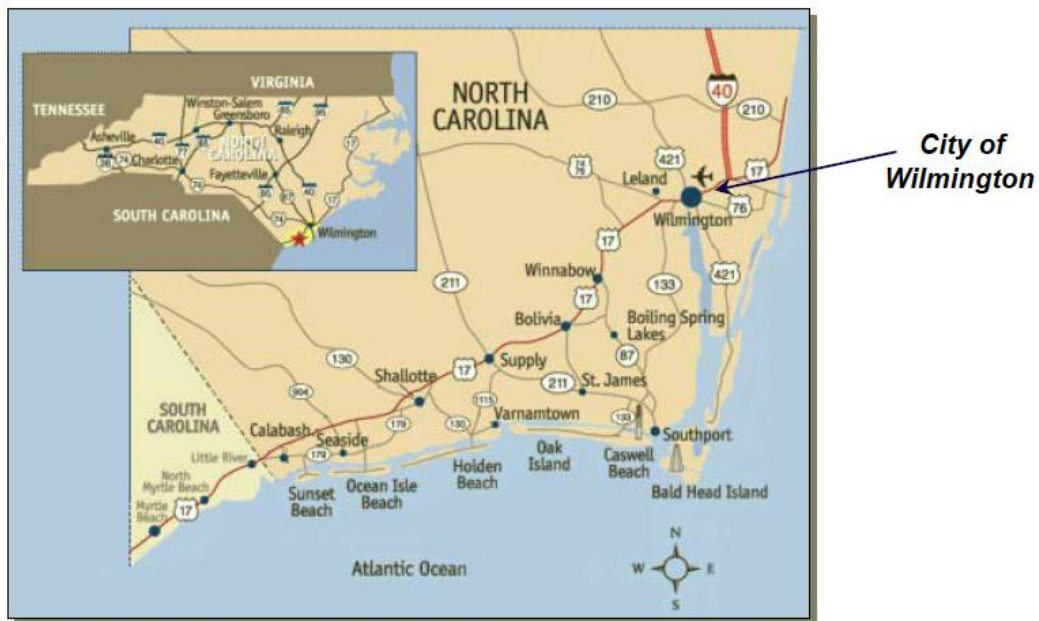
The independent audit of the financial statements of the City was part of a broader, federal and state mandated "Single Audit" designed to meet the special needs of grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation 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 463,000 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 108,337, making it the eighth largest city in North Carolina.



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

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

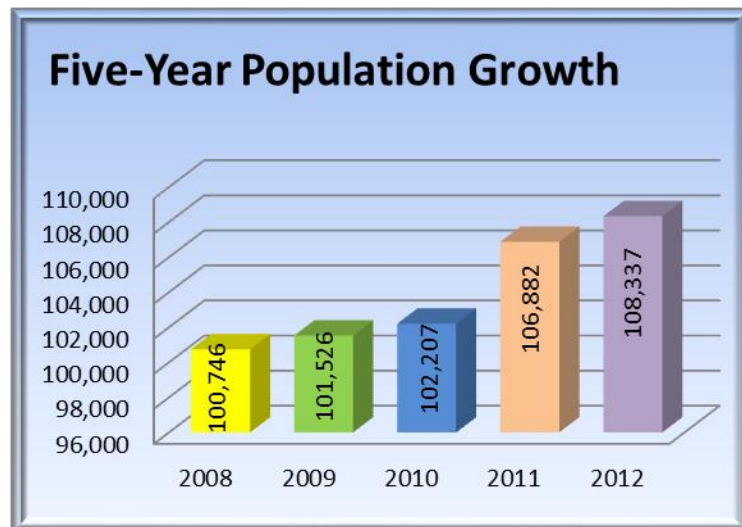
The City is empowered to levy a property tax on both real and personal properties located within its boundaries and New Hanover County is the only other unit that levies taxes within the City's corporate limits. The City is also empowered by State statute to extend its corporate limits by annexation,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

The Annual Budget serves as the foundation of the City’s financial planning and control. The City’s strategic plan is revised as needed and priorities for the upcoming budget process are identified. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than June 30, the close of the fiscal year. The annual budget is prepared at a functional level (e.g. public safety) 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).

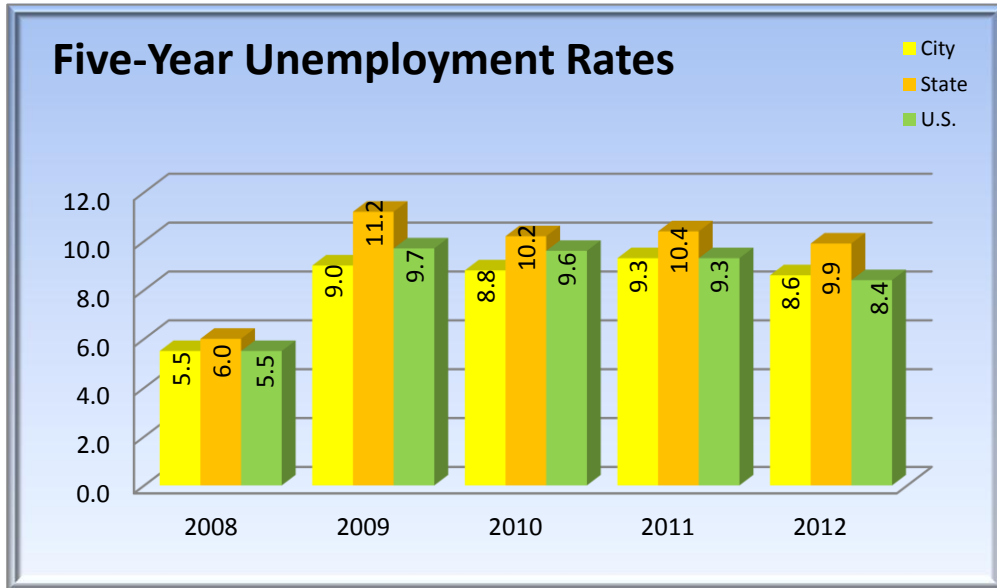
## ECONOMIC CONDITIONS AND OUTLOOK

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 2011 ranks the Wilmington MSA 76<sup>th</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 13<sup>th</sup> annual ranking of Best Places for Business and Careers ranked Wilmington 62<sup>nd</sup> out of the 200 largest metropolitan areas in the US; and Forbes “Best Cities for Doing Business” ranked Wilmington 18<sup>th</sup>. 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 42% since 2000. According to New Hanover County, total development exceeded \$255 million in fiscal year 2011-2012. 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 1.7% in 2013, slightly ahead of the forecast for the state of North Carolina, 1.5% and below that of the nation, 2.1%.



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



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

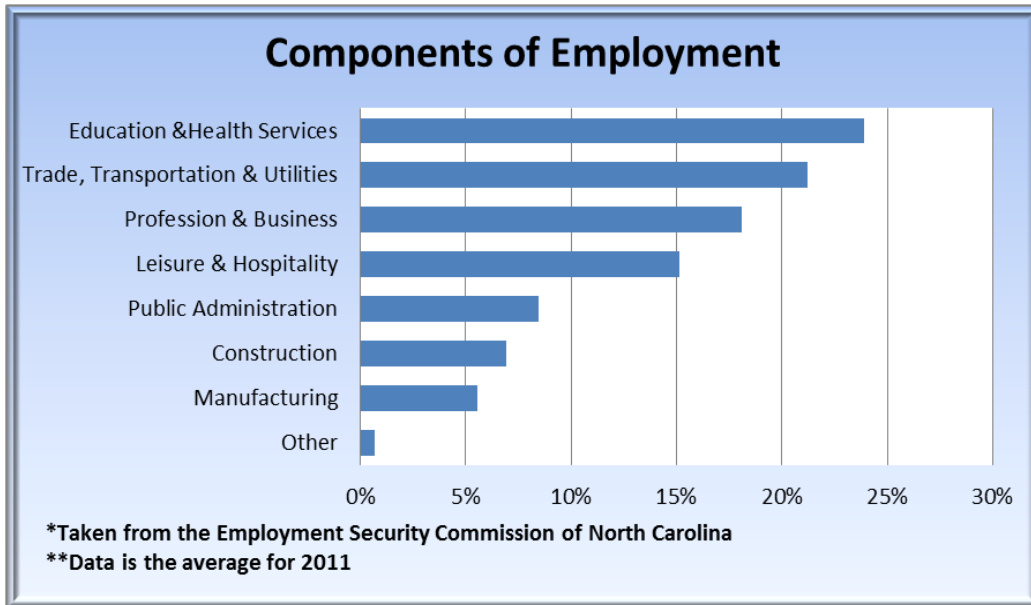
Top Ten Employers			Percentage of Total Employment (1)
Employer	Product/Service	Employees	
New Hanover Health Network*	Health Care	5,213	5.39%
New Hanover County Schools**	Education	3,458	3.57%
General Electric Nuclear Fuel/Aircraft***	Uranium Enrichment & Nuclear Fuel	2,195	2.27%
University of N. C. (Wilmington)*	Education	1,843	1.90%
Pharmaceutical Products Dev.*	Pharmaceuticals	1,600	1.65%
New Hanover County**	Government	1,574	1.63%
Verizon Wireless*	Telecommunications	1,229	1.27%
Cape Fear Community College*	Education	1,141	1.18%
Corning, Inc.*	Optical Fiber	1,100	1.14%
City of Wilmington *	Government	985	1.02%
<b>Total</b>		<b>20,338</b>	<b>21.02%</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.**

*Manufacturing*

Corning Inc. operates an optical fiber plant in the City where ClearCurve® fiber cable and ClearCurve® multimode fiber are produced. On May 11, 2010, Corning announced it will manufacture a new optical fiber at the 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 island chains. Vascade EX2000 optical fiber is fully qualified and is being sampled and tested by submarine-system vendors around the world.

General Electric’s global headquarters for nuclear fuel is located in the County, outside of the City, and GE Hitachi Nuclear Energy has a presence in the County that specializes in uranium enrichment technology. In March 2012, the Nuclear Regulatory Commission (the “NRC”) issued its final technical safety evaluation report and environmental impact statement on a proposed laser-based uranium enrichment facility owned by GE Hitachi Global Laser Enrichment LLC. An adjudicatory hearing, held by the NRC’s Atomic and Safety Licensing Board, which solicits public comment, is to be held in July. The NRC could issue a license for the plant by the end of 2012.

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 to supply nuclear fuel and licensing services for a nuclear station in central New York.

In April 2012, GE Aviation was awarded a \$380 million contract to build GENx engines for nine Boeing 787s being purchased by Kenya Airways. Also in April 2012, GE Aviation received an order from Qantas for over \$2 billion to develop the rotating parts for the engines that will power 78 Airbus aircrafts to be delivered in 2016.



## *Research and Development*

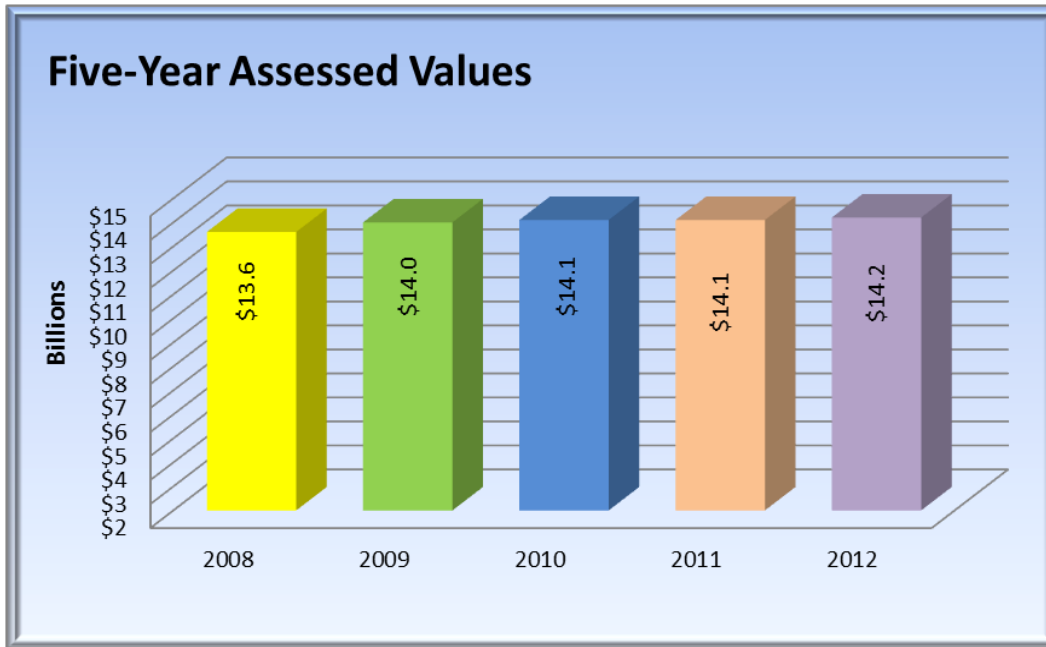
The world headquarters of Pharmaceutical Product Development, Inc. (“PPD”) is located in the City’s downtown area. PPD is a leading global contract research organization providing discovery, development and post-approval services as well as compound partnering programs for pharmaceutical, biotechnology, 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>R</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 began construction in the Spring of 2012. A 36,300 square foot office building is currently being reviewed by the City with construction anticipated to begin in early 2013. 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. In 2011 a multifamily development consisting of a total of 286 residential units, pool, and open space went under construction. The revised plan eliminates the proposed 33 townhomes and approximately 75,800 square feet of retail space. In September 2012, the City approved plans for the developer to construct Phase I of Carolina Bay @ Autumn Hall, which consists of 51 condominium units. Phase II of Carolina Bay @ Autumn Hall, a continuing care retirement community with 122 multi-family units and a 100 bed assisted living facility is currently being reviewed by City staff.

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. Staff is currently working with the developer to modify their approved plan. The modifications would include allowing the developer to construct a total of 2,790 residential units. It is anticipated City Council will review the modifications to the development plan in early 2013.

### *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 2011, travel and tourism generated \$425.8 million. This number represents a 6.2% increase from 2010 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 2011 amounted to \$39.2 million. Travel generated \$94.4 million in payroll in 2011 and provided more than 5,100 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 1.6% 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
Coming Inc.	\$ 221,664,276	1.56 %
Progress Energy (CP&L)	59,412,172	0.42
River Ventures LLC (PPD)	55,803,840	0.39
Centro Independence LLC (mall)	50,442,138	0.35
BellSouth Tel Co.	39,186,571	0.28
Mayfaire Retail LLC	34,739,297	0.24
GS II University Centre LLC	34,689,178	0.24
NNP IV Cape Fear River LLC	33,665,393	0.24
Wal Mart	31,024,704	0.22
Mayfaire Spe B LLC	29,903,505	0.21
	<u>\$ 590,531,074</u>	<u>4.15 %</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 5,200 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 \$1,239,827 for fiscal year ending June 30, 2012. This amount represents \$1,213,428 for operations and \$26,399 for capital. The City's operating subsidy for operations is approximately 16% 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 4,384,102 tons of cargo for the fiscal year ended June 30, 2012, an increase of 24.4% over 2011. 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 2011, the Airport served 805,511 passengers, a decrease of 16,429 or 2.0% over 2010. In calendar year 2012 through September the Airport saw an increase of 6,407 passengers or 1.07%. 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 six major cities: Atlanta, Charlotte, New York, Philadelphia, Washington DC 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 15<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 6<sup>th</sup> on its list of "up-and-coming" master's universities in the South. UNCW has been awarded the "Best in the Southeast" designation for the 9<sup>th</sup> year in a row from the *Princeton Review*. For the 4<sup>th</sup> 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 4<sup>th</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, 38 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 2012 enrollment of 13,145 full-time-equivalent undergraduate and graduate students.

**Cape Fear Community College (CFCC)** is the 6<sup>th</sup> 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 9,500 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. The adopted budget for Fiscal Year 2013 established a 5 cents property tax set aside which funds 80% debt service and 20% pay-go for the \$41.1 million of new tax-supported projects in the CIP.

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 2012 results that are built into the 2012-2013 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 twelve (12) months of operation in fiscal year 2012, SMG successfully hosted over 113 events, including nine convention groups.



Photo courtesy of  
© Mark Herboth Photography

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*

**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 2012 to increase the height of one of the buildings from 45 feet to 50 feet.

**Courtyard by Marriott**, a 124-room hotel, is still 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 one building 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. The Community College plans to construct a fine arts center, which is proposed to include a 1,500-seat auditorium. The City has approved these plans, but construction has not commenced. The total investment cost for all three projects is over \$100 million.

**Trader Joes**, a 13,500 square foot specialty grocery store was recently constructed at the intersection of S. College Road and Oleander Drive.

**Amberleigh Shores**, a 282-unit multifamily development, was approved by the City in July 2012. In January 2012 the City of Wilmington annexed the subject property into the City limits.



**Hotel Indigo**, a 10-story, 125-room hotel is currently being reviewed by City staff. This hotel is located in the central business district and is bounded by Hanover Street, Nutt Street, and North Front Street.

## 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 ended June 30, 2011. 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-nine 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, Chiemi Glazener and Katherine Dimopoulos for their efforts and contributions to the preparation of this report and Jennifer Isbell 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, 2011

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



*Linda C. Davidson*

President

*Jeffrey R. Egan*

Executive Director



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

**FINANCIAL SECTION TAB (FRONT)**

**FINANCIAL SECTION TAB (BACK)**



## 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, 2012, 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, 2012, 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 21, 2012 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.



Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and other required supplementary information on pages 3 through 12 and pages 95 through 98 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtain during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City of Wilmington, North Carolina. The combining and individual nonmajor fund financial statements and other schedules listed in the table of contents as other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and State awards is presented for additional analysis as required by OMB A-133 and the State Single Audit Implementation Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and other schedules listed as other supplementary information and the schedule of expenditures of federal and State awards are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City of Wilmington, North Carolina. The introductory section and statistical tables are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on it.

*McGladrey LLP*

Wilmington, North Carolina  
November 21, 2012

## 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, 2012. 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

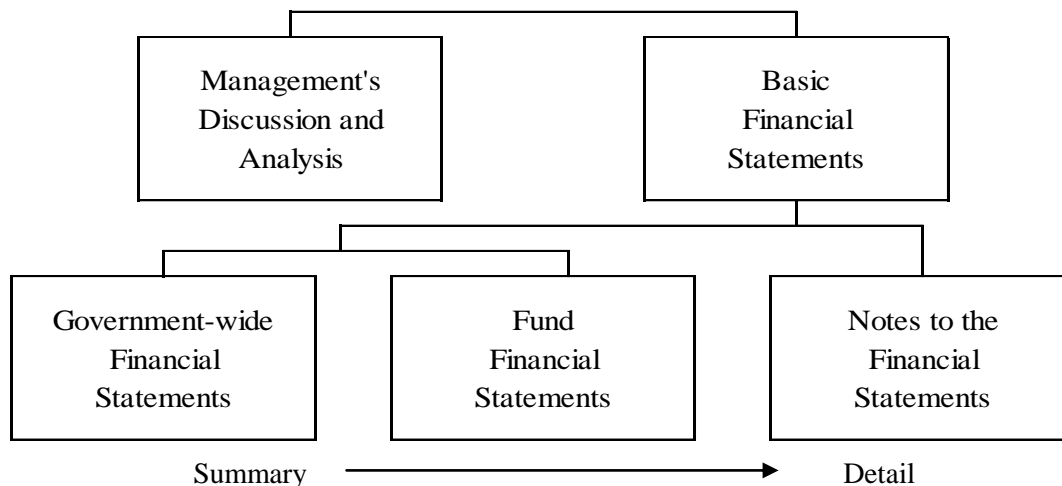
- The assets of the City of Wilmington exceeded its liabilities at the close of the fiscal year by \$315,905,278 (*net assets*).
- The government's total net assets increased by \$2,098,971, which includes a decrease of \$1,771,808 in the net assets of governmental activities offset by an increase of \$3,870,779 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 \$7,354,846 from the prior year to a total of \$99,868,673. Approximately 21.7% of this amount, or \$21,648,660, 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 \$23,791,938 or 34.3% of total general fund expenditures and 28.5% of total general fund expenditures including transfers for the fiscal year.
- The City of Wilmington's total long-term liabilities decreased by \$8,413,392 or 3.3% during the current fiscal year. Total long-term liabilities decreased for governmental activities by \$7,927,599 and decreased for the business-type activities by \$485,793.

### 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 fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. 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 - 94 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 95 of this report.

**Interdependence with Other Entities** – The City depends on financial resources flowing from, or associated with, both the Federal Government and the State of North Carolina. Because of this dependency, the City is subject to changes in specific flows in intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations.

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

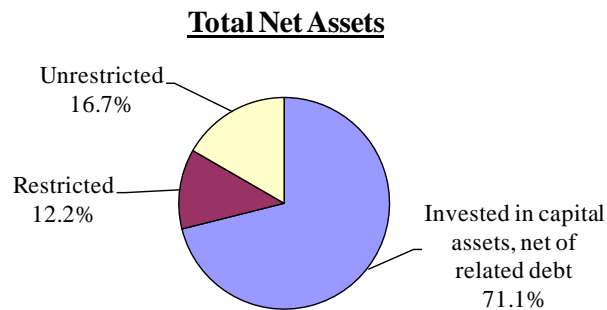
As noted earlier, net assets may serve over time as one useful indicator of a government’s financial condition. The assets of the City of Wilmington exceeded liabilities by \$315,905,278 as of June 30, 2012. The City’s net assets increased by \$2,098,971 for the fiscal year ended June 30, 2012.

A significant portion of the City of Wilmington’s net assets \$224,502,993 (71.1%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The City of Wilmington uses these capital assets to provide services to citizens; consequently those assets are not available for future spending. Although the City of Wilmington’s investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

An additional portion of the City of Wilmington’s net assets of \$38,571,825 (12.2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$52,830,460 (16.7%) is unrestricted and may be used to meet the City’s ongoing obligations to citizens and creditors. At the end of the current fiscal year the City of Wilmington was able to report positive balances in all three categories of net assets, both for the City as a whole, as well as for its separate governmental and business-type activities.

**Net Assets**  
**Figure 2**

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b>ASSETS:</b>						
Current and other assets	\$ 147,911,813	\$ 157,139,297	\$ 17,516,859	\$ 20,303,092	\$ 165,428,672	\$ 177,442,389
Capital assets	<u>360,050,445</u>	<u>359,119,211</u>	<u>49,969,341</u>	<u>43,116,991</u>	<u>410,019,786</u>	<u>402,236,202</u>
Total assets	<u>507,962,258</u>	<u>516,258,508</u>	<u>67,486,200</u>	<u>63,420,083</u>	<u>575,448,458</u>	<u>579,678,591</u>
<b>LIABILITIES:</b>						
Long-term liabilities	221,282,136	229,209,735	21,920,709	22,406,502	243,202,845	251,616,237
Current and other liabilities	<u>14,439,349</u>	<u>13,036,192</u>	<u>1,900,986</u>	<u>1,219,855</u>	<u>16,340,335</u>	<u>14,256,047</u>
Total liabilities	<u>235,721,485</u>	<u>242,245,927</u>	<u>23,821,695</u>	<u>23,626,357</u>	<u>259,543,180</u>	<u>265,872,284</u>
<b>NET ASSETS:</b>						
Invested in capital assets, net of related debt	194,247,449	196,686,945	30,255,544	22,487,707	224,502,993	219,174,652
Restricted	36,203,247	38,931,386	2,368,578	2,378,156	38,571,825	41,309,542
Unrestricted	<u>41,790,077</u>	<u>38,394,250</u>	<u>11,040,383</u>	<u>14,927,863</u>	<u>52,830,460</u>	<u>53,322,113</u>
Net assets	<u>\$ 272,240,773</u>	<u>\$ 274,012,581</u>	<u>\$ 43,664,505</u>	<u>\$ 39,793,726</u>	<u>\$ 315,905,278</u>	<u>\$ 313,806,307</u>



**Governmental activities.** Governmental activities decreased the City's net assets by \$1,771,808. Key elements of this decrease are as follows:

- Revenues related to governmental activities decreased by \$1,400,788 or 1.3% from the prior year. The largest decrease of \$7,403,685 was in capital grants and contributions and was mostly due to the one time capital contributions from developers in 2011.
- Expenses related to governmental activities increased by \$7,158,520 or 7.3% over the prior year. The three largest increases were in Transportation of \$2,019,565, Public Safety of \$1,995,890 and \$1,671,440 in General Government.



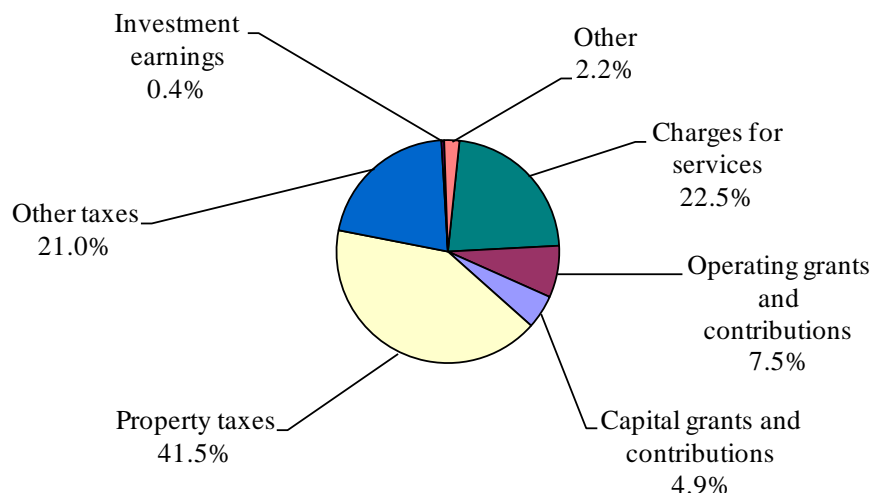
**Business-type activities.** Business-type activities increased the City of Wilmington's net assets by \$3,870,779. Key elements of the increase are as follows:

- Charges for services increased by \$1,459,562 or 7.9% over the prior year. The Storm water charges realized a 9.9% increase and Parking a 26.6% increase over the prior year.
- Expenses related to business-type activities increased by \$2,227,838 or 13.1% over the prior year. The two largest increases were in Solid Waste Management of \$753,521 and \$920,997 in Stormwater.

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 8,613,514	\$ 7,117,425	\$ 19,892,984	\$ 18,433,422	\$ 28,506,498	\$ 25,550,847
Operating grants and contributions	9,455,773	7,744,008	72,977	-	9,528,750	7,744,008
Capital grants and contributions	5,868,811	13,272,496	451,260	110,232	6,320,071	13,382,728
General revenues:						
Property taxes	52,713,699	52,445,946	-	-	52,713,699	52,445,946
Other taxes	26,642,829	24,649,375	-	-	26,642,829	24,649,375
Investment earnings	368,432	385,103	81,825	94,772	450,257	479,875
Other	2,748,034	2,197,527	3,260	69,282	2,751,294	2,266,809
Total revenues	<u>106,411,092</u>	<u>107,811,880</u>	<u>20,502,306</u>	<u>18,707,708</u>	<u>126,913,398</u>	<u>126,519,588</u>
<b>Expenses:</b>						
General government	20,114,233	18,442,793	-	-	20,114,233	18,442,793
Public safety	44,197,292	42,201,402	-	-	44,197,292	42,201,402
Transportation	14,764,044	12,744,479	-	-	14,764,044	12,744,479
Economic and physical development	6,200,611	5,843,970	-	-	6,200,611	5,843,970
Environmental Protection	-	500	-	-	-	500
Culture and recreation	9,049,044	7,727,790	-	-	9,049,044	7,727,790
Transit system	1,242,136	1,427,915	-	-	1,242,136	1,427,915
Interest and other charges	9,974,724	9,994,715	-	-	9,974,724	9,994,715
Solid waste management	-	-	8,348,911	7,595,390	8,348,911	7,595,390
Storm water management	-	-	6,943,112	6,022,115	6,943,112	6,022,115
Parking facilities	-	-	2,694,467	2,319,874	2,694,467	2,319,874
Golf	-	-	1,285,853	1,107,126	1,285,853	1,107,126
Total expenses	<u>105,542,084</u>	<u>98,383,564</u>	<u>19,272,343</u>	<u>17,044,505</u>	<u>124,814,427</u>	<u>115,428,069</u>
Increase in net assets before transfers	869,008	9,428,316	1,229,963	1,663,203	2,098,971	11,091,519
Transfers from (to) other funds	<u>(2,640,816)</u>	<u>636,607</u>	<u>2,640,816</u>	<u>(636,607)</u>	<u>-</u>	<u>-</u>
Increase in net assets	<u>(1,771,808)</u>	<u>10,064,923</u>	<u>3,870,779</u>	<u>1,026,596</u>	<u>2,098,971</u>	<u>11,091,519</u>
Net assets at beginning 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>
Net assets at end of year	<u>\$ 272,240,773</u>	<u>\$ 274,012,581</u>	<u>\$ 43,664,505</u>	<u>\$ 39,793,726</u>	<u>\$ 315,905,278</u>	<u>\$ 313,806,307</u>

### Total Revenues



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

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

**Governmental Funds.** The focus of the 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 \$23,791,938, a 37.1% increase over the prior year; while total fund balance was \$36,891,610, an 18.9% increase over the prior year. The City Council has determined that the City should maintain an unassigned fund balance of 15-20% of the operating budget in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the City. The City currently has an unassigned fund balance of 27.0% of the operating budget, while total fund balance represents 41.9% of the same amount. 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 (not including transfers). Unassigned fund balance represents 34.3% of total General Fund expenditures, while total fund balance represents 53.2% of that same amount.

At June 30, 2012, the governmental funds of the City of Wilmington reported a combined fund balance of \$99,868,673, a 6.9% decrease (\$7,354,846) from the prior year. The General Fund, Special Purpose Fund, Streets and Sidewalks Fund, Building Improvements Fund, Debt Service Fund, and nonmajor special revenue and capital project funds are included in this combined amount.

The General Fund realized a \$5.9 million increase mainly due to expenditure reductions discussed in the General Fund Budgetary Highlights section. This increase in total fund balance in the governmental funds was offset by the decreases in the Streets and Sidewalks Fund and Building Improvements Fund of \$6.2 million and \$2.6 million, respectively due to expenditures related to debt proceeds realized in prior years; and a \$3.4 million decrease in the Special Purpose Fund mainly due to the operations of the Convention Center. Additionally, the Debt Service Fund had a decrease of \$961,693 and the total non-major funds had an increase of \$44,797.

**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 \$3,028,352 for the fiscal year. This increase was mainly due to an increase in sales tax receipts of \$906,376, Ad Valorem taxes of \$831,477, ABC revenue of \$267,121, Sales and Services of \$640,260 and Privilege Licenses of \$127,895.

Expenditures (excluding transfers) in the General Fund were \$4,621,624 less than the \$73,993,209 budget. In response to the economy the City froze hiring and implemented health care changes that shifted more costs to the employees, both were major factors in the City being able to contain expenditure levels below the authorized budget.

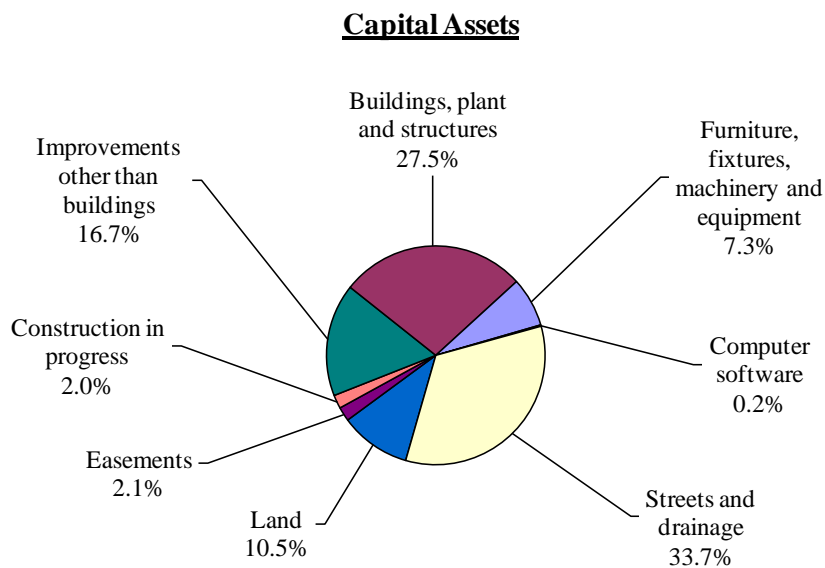
**Proprietary Funds.** The City of Wilmington’s proprietary funds provide the same type of information found in the business-type activities of the government-wide statements but in more detail. The major enterprise funds are the Solid Waste Management Fund, Storm Water Management Fund and Parking Facilities Fund. Unrestricted net assets (deficit) of the Solid Waste Management Fund, Storm Water Management Fund and the Parking Facilities Fund at the end of the fiscal year amounted to \$3,513,191, \$6,320,922, and (\$246,668), respectively. The unrestricted net assets of the Golf nonmajor proprietary fund totaled \$1,452,938.

### **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, 2012 was \$410,019,786 (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 Northern Downtown Streetscape and various Streets, Sidewalks and Pedestrian improvements which was responsible for \$9,451,968 of the decrease in construction in progress and related increase in Streets and Drainage.
- An increase of \$4,396,807 in land for business-type activities represented the largest increase and was primarily comprised of the purchase of the Water Street Deck property. Additionally, the next largest increase of \$2,784,670 in improvements other than buildings was primarily comprised of the completion of various storm water improvements throughout the City.



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

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 50,996,986	\$ 53,586,818	\$ 7,469,555	\$ 3,072,748	\$ 58,466,541	\$ 56,659,566
Easements	11,002,966	10,439,612	666,176	358,581	11,669,142	10,798,193
Construction in progress	<u>8,309,950</u>	<u>17,057,398</u>	<u>3,135,858</u>	<u>3,386,981</u>	<u>11,445,808</u>	<u>20,444,379</u>
Total non-depreciable assets	<u>70,309,902</u>	<u>81,083,828</u>	<u>11,271,589</u>	<u>6,818,310</u>	<u>81,581,491</u>	<u>87,902,138</u>
Improvements other than buildings	46,362,020	42,002,073	46,176,909	43,392,239	92,538,929	85,394,312
Buildings, plant and structures	139,410,000	132,422,975	14,835,851	13,976,435	154,245,851	146,399,410
Furniture, fixtures, machinery and equipment	39,536,717	38,350,319	1,094,961	1,016,584	40,631,678	39,366,903
Computer software	1,199,648	1,180,875	-	-	1,199,648	1,180,875
Streets and drainage	<u>188,743,815</u>	<u>178,584,681</u>	<u>-</u>	<u>-</u>	<u>188,743,815</u>	<u>178,584,681</u>
Total assets being depreciated	415,252,200	392,540,923	62,107,721	58,385,258	477,359,921	450,926,181
Accumulated depreciation	<u>(125,511,657)</u>	<u>(114,505,540)</u>	<u>(23,409,969)</u>	<u>(22,086,577)</u>	<u>(148,921,626)</u>	<u>(136,592,117)</u>
Total capital assets being depreciated, net	<u>289,740,543</u>	<u>278,035,383</u>	<u>38,697,752</u>	<u>36,298,681</u>	<u>328,438,295</u>	<u>314,334,064</u>
Total capital assets, net	<u>\$ 360,050,445</u>	<u>\$ 359,119,211</u>	<u>\$ 49,969,341</u>	<u>\$ 43,116,991</u>	<u>\$ 410,019,786</u>	<u>\$ 402,236,202</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, 2012, the City of Wilmington had total bonded debt outstanding of \$45,725,000. Of this amount, \$33,565,000 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, 2012 of the former water and sewer fund are \$8,200,000.

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
General obligation bonds	\$ 33,565,000	\$ 37,890,000	\$ -	\$ -	\$ 33,565,000	\$ 37,890,000
Revenue bonds	-	-	12,160,000	12,625,000	12,160,000	12,625,000
<b>Total</b>	<b>\$ 33,565,000</b>	<b>\$ 37,890,000</b>	<b>\$ 12,160,000</b>	<b>\$ 12,625,000</b>	<b>\$ 45,725,000</b>	<b>\$ 50,515,000</b>

The City of Wilmington's total bonded debt decreased by \$4,790,000 during the past fiscal year. At June 30, 2012, 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 \$1,139,812,022.

The City's total debt decreased by \$13,972,068 (5.95%) during the past fiscal year, primarily due to the \$44,667,068 of principal retirements in general obligation, revenue bonds, installment obligations and other long-term obligations. These retirements were offset by the issuance of \$30,695,000 of limited obligation bonds to refund multiple outstanding obligations. \$2,455,000 and \$10,310,000 of the refunding bonds were issued to currently refund \$2,612,500 of Series 2001 and \$11,410,000 of Series 2008D installment purchase agreements, respectively. \$8,200,000 and \$9,730,000 of the refunding bonds were issued to provide resources to purchase U.S. Treasury State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$8,780,000 of Series 2003A and \$9,610,000 of Series 2004 Certificates of Participation, respectively.

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
General obligation bonds	\$ 33,565,000	\$ 37,890,000	\$ -	\$ -	\$ 33,565,000	\$ 37,890,000
Revenue bonds	-	-	12,160,000	12,625,000	12,160,000	12,625,000
Installment Obligations	152,918,750	144,412,828	6,971,250	7,892,172	159,890,000	152,305,000
Other Long term obligations	15,312,750	32,079,818	-	-	15,312,750	32,079,818
<b>Total</b>	<b>\$ 201,796,500</b>	<b>\$ 214,382,646</b>	<b>\$ 19,131,250</b>	<b>\$ 20,517,172</b>	<b>\$ 220,927,750</b>	<b>\$ 234,899,818</b>

Additional information on the City of Wilmington's long-term debt can be found in note 3 on pages 74-85 of this report.

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, 2012 of the former groundwater fund are \$14,530,000.



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

The following key economic indicators reflect the conservative growth projections:

- The City of Wilmington's unemployment rate of 8.6% at June 30, 2012 was below the State average of 9.9% and slightly above the national average of 8.4%.
- Increases in construction were evident as the building permits valued at \$181,671,677 in fiscal year 2012 were \$20,885,826 more than the permitted values in fiscal year 2011.
- Sales tax receipts (county-wide) ended the year up by 12.3% 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 6.6% increase was projected for 2013.

All of these factors were included in preparing the City of Wilmington's budget for the 2013 fiscal year.

## **Budget Highlights for the Fiscal Year Ending June 30, 2013**

**Governmental Activities.** The budget includes a tax rate of 45 cents per \$100 of assessed valuation. Of this rate, 40 cents per \$100 valuation was adopted for General Fund operations and 5 cents per \$100 valuation was earmarked for an 80/20 Debt/Pay-Go Capital Debt Plan and is restricted in the Debt Service Fund. Sales tax revenue was budgeted 11% higher or approximately \$1.6 million over the previous year's budget. No appropriation of fund balance was budgeted for FY 2013. The budgeted expenditures, excluding transfers, in the General Fund are expected to increase by \$1.8 million from the final 2011-12 General Fund budget, or 2.4%, to \$75,801,845. Part of this increase will fund 13 COPS Grant officers for six months, pay adjustments to alleviate pay compression and across the board increases for all full-time employees, restoration of 1% in deferred compensation contribution to begin mid-year, and an increase of approximately \$1.0 million in health insurance.

**Business – type Activities.** Storm water fees increased by 5.9% to \$6.09 per month per residence - there were no increases in Solid Waste fees. Expenditures in the Parking Facilities Fund include \$191,910 in funding for parking facility light and equipment replacement.

## **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. You can also call 910-341-7822, visit our website [www.wilmingtonnc.gov](http://www.wilmingtonnc.gov) or send an email to [finance@wilmingtonnc.gov](mailto:finance@wilmingtonnc.gov).

## **BASIC FINANCIAL STATEMENTS**



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

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Net Assets**

**June 30, 2012**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 62,550,561	\$ 14,081,705	\$ 76,632,266	\$ 46,023
Taxes receivable, net	1,402,771	-	1,402,771	-
Accounts receivable, net	1,095,584	2,549,478	3,645,062	13,478
Other receivables	674,276	15,369	689,645	-
Internal balances	330,368	(330,368)	-	-
Due from fiduciary funds	24,465	-	24,465	-
Due from other governments	11,505,119	617,507	12,122,626	462,776
Inventories	604,077	90,387	694,464	88,171
Assets held for resale	71,749	-	71,749	-
Deferred charges, net	2,038,995	329,367	2,368,362	-
Deferred outflow of resources	555,134	-	555,134	-
Notes receivable	16,062,612	-	16,062,612	-
Prepays	1,225,755	155,352	1,381,107	-
Restricted assets:				
Cash and cash equivalents	22,106,071	8,062	22,114,133	-
Other receivables	4,472	-	4,472	-
Due from other governments	4,620,787	-	4,620,787	-
Due from management company	309,017	-	309,017	-
Long-term receivables:				
Due within one year	3,870,000	-	3,870,000	-
Due in more than one year	18,860,000	-	18,860,000	-
Capital assets:				
Land, easements and construction in progress	70,309,902	11,271,589	81,581,491	2,905,692
Other capital assets, net of accumulated depreciation	289,740,543	38,697,752	328,438,295	8,125,772
<b>Total assets</b>	<b>507,962,258</b>	<b>67,486,200</b>	<b>575,448,458</b>	<b>11,641,912</b>
<b>LIABILITIES</b>				
Accounts payable	2,209,485	1,148,481	3,357,966	676,721
Due to other governments	2,028,582	15	2,028,597	-
Accrued liabilities	6,162,085	579,434	6,741,519	73,136
Customer and escrow deposits	460,323	119,105	579,428	-
Unearned revenues	31,130	53,951	85,081	-
Derivative instrument - interest rate swap	555,134	-	555,134	-
Restricted liabilities:				
Accounts payable	1,865,544	-	1,865,544	-
Accrued liabilities	71,017	-	71,017	-
Unearned revenues	1,056,049	-	1,056,049	-
Long-term liabilities:				
Due within one year	16,913,354	1,308,362	18,221,716	152,701
Due in more than one year	204,368,782	20,612,347	224,981,129	-
<b>Total liabilities</b>	<b>235,721,485</b>	<b>23,821,695</b>	<b>259,543,180</b>	<b>902,558</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	194,247,449	30,255,544	224,502,993	11,031,464
Restricted for:				
Stabilization by State statute	10,454,446	-	10,454,446	-
Community development housing loans	16,704,225	-	16,704,225	-
Convention center facility	7,976,893	-	7,976,893	-
Capital projects	-	2,368,578	2,368,578	-
Public safety	840,047	-	840,047	-
Transportation	28,992	-	28,992	-
Economic and physical development	115,304	-	115,304	-
Cultural and recreational	83,340	-	83,340	-
Unrestricted (deficiency)	41,790,077	11,040,383	52,830,460	(292,110)
<b>Net assets</b>	<b>\$ 272,240,773</b>	<b>\$ 43,664,505</b>	<b>\$ 315,905,278</b>	<b>\$10,739,354</b>

See notes to financial statements.

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Activities**

**Year Ended June 30, 2012**

<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	\$ 20,114,233	\$ 2,928,020	\$ 128,374	\$ 695,597
Public safety	44,197,292	1,317,184	1,755,643	1,049,595
Transportation	14,764,044	1,841,929	3,328,770	2,493,706
Economic and physical development	6,200,611	1,798,487	1,766,810	-
Environmental protection	-	58,679	1,515	-
Cultural and recreational	9,049,044	669,215	2,870	1,629,913
Transit system	1,242,136	-	-	-
Hurricane disaster recovery	-	-	864,616	-
Interest and other charges	9,974,724	-	1,607,175	-
Total governmental activities	<u>105,542,084</u>	<u>8,613,514</u>	<u>9,455,773</u>	<u>5,868,811</u>
Business-type activities:				
Solid waste management	8,348,911	8,272,400	72,977	-
Storm water management	6,943,112	7,815,701	-	451,260
Parking facilities	2,694,467	2,577,363	-	-
Golf	1,285,853	1,227,520	-	-
Total business-type activities	<u>19,272,343</u>	<u>19,892,984</u>	<u>72,977</u>	<u>451,260</u>
Total primary government	<u>\$ 124,814,427</u>	<u>\$ 28,506,498</u>	<u>\$ 9,528,750</u>	<u>\$ 6,320,071</u>
Component unit	<u>\$ 9,266,626</u>	<u>\$ 2,604,900</u>	<u>\$ 3,431,208</u>	<u>\$ 451,401</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
\$ (16,362,242)	\$ -	\$ (16,362,242)	\$ -
(40,074,870)	-	(40,074,870)	-
(7,099,639)	-	(7,099,639)	-
(2,635,314)	-	(2,635,314)	-
60,194	-	60,194	-
(6,747,046)	-	(6,747,046)	-
(1,242,136)	-	(1,242,136)	-
864,616	-	864,616	-
(8,367,549)	-	(8,367,549)	-
<u>(81,603,986)</u>	<u>-</u>	<u>(81,603,986)</u>	<u>-</u>
-	(3,534)	(3,534)	-
-	1,323,849	1,323,849	-
-	(117,104)	(117,104)	-
<u>-</u>	<u>(58,333)</u>	<u>(58,333)</u>	<u>-</u>
-	1,144,878	1,144,878	-
<u>(81,603,986)</u>	<u>1,144,878</u>	<u>(80,459,108)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,779,117)</u>
52,713,699	-	52,713,699	-
2,470,357	-	2,470,357	-
1,778,549	-	1,778,549	-
-	-	-	1,213,428
-	-	-	132,939
16,543,702	-	16,543,702	-
5,993,214	-	5,993,214	-
1,425,834	-	1,425,834	-
209,722	-	209,722	-
368,432	81,825	450,257	34
969,485	3,260	972,745	71,561
<u>82,472,994</u>	<u>85,085</u>	<u>82,558,079</u>	<u>1,417,962</u>
<u>(2,640,816)</u>	<u>2,640,816</u>	<u>-</u>	<u>-</u>
<u>79,832,178</u>	<u>2,725,901</u>	<u>82,558,079</u>	<u>1,417,962</u>
(1,771,808)	3,870,779	2,098,971	(1,361,155)
<u>274,012,581</u>	<u>39,793,726</u>	<u>313,806,307</u>	<u>12,100,509</u>
<u>\$ 272,240,773</u>	<u>\$ 43,664,505</u>	<u>\$ 315,905,278</u>	<u>\$ 10,739,354</u>



**CITY OF WILMINGTON, NORTH CAROLINA**

**Balance Sheet -  
Governmental Funds**

**June 30, 2012**

	General Fund	Special Purpose Fund	Streets and Sidewalks Fund
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 33,648,649	\$ 405,456	\$ 6,664,503
Taxes receivable, net	1,402,771	-	-
Accounts receivable, net	935,521	-	-
Other receivables	590,476	-	3,695
Due from other funds	876,495	-	-
Due from other governments	7,997,247	433,138	1,076,494
Assets held for resale	-	-	-
Notes receivable	247,620	98,467	-
Inventories	452,700	-	-
Prepays	1,192,526	-	-
Restricted assets:			
Cash and cash equivalents	-	8,078,220	8,722,411
Other receivables	-	4,472	-
Due from management company	-	309,017	-
Due from other governments	-	584,847	-
Total assets	<u>\$ 47,344,005</u>	<u>\$ 9,913,617</u>	<u>\$ 16,467,103</u>
 <b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 528,580	\$ 32,586	\$ 528,797
Due to other funds	-	-	-
Due to other governments	2,028,582	-	-
Accrued liabilities	5,053,462	-	-
Customer and escrow deposits	244,781	-	-
Deferred revenues	2,568,891	73,698	-
Unearned revenue	28,099	-	-
Restricted liabilities:			
Accounts payable	-	338,646	1,227,653
Accrued liabilities	-	71,017	-
Unearned revenue	-	57,411	998,638
Total liabilities	<u>10,452,395</u>	<u>573,358</u>	<u>2,755,088</u>

Building Improvements Fund	Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
\$ 6,423,511	\$ 5,488,831	\$ 2,649,507	\$ 55,280,457
-	-	-	1,402,771
1,915	-	-	937,436
3,502	2,821	69,925	670,419
256,874	-	-	1,133,369
68,595	28,469	1,901,176	11,505,119
-	-	71,749	71,749
-	-	15,716,525	16,062,612
-	-	-	452,700
-	-	12,415	1,204,941
5,263,331	42,109	-	22,106,071
-	-	-	4,472
-	-	-	309,017
-	-	4,035,940	4,620,787
<u>\$ 12,017,728</u>	<u>\$ 5,562,230</u>	<u>\$ 24,457,237</u>	<u>\$ 115,761,920</u>
\$ 156,520	\$ 6,093	\$ 599,455	\$ 1,852,031
-	-	778,536	778,536
-	-	-	2,028,582
-	-	30,875	5,084,337
-	-	215,542	460,323
1,915	-	21,194	2,665,698
-	3,031	-	31,130
221,475	31,258	46,512	1,865,544
-	-	-	71,017
-	-	-	1,056,049
<u>379,910</u>	<u>40,382</u>	<u>1,692,114</u>	<u>15,893,247</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**June 30, 2012**

	<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	\$ 452,700	\$ -	\$ -
Prepays	1,192,526	-	-
Restricted:			
Stabilization by State statute	10,454,446	-	6,977,404
Community development loans	-	98,467	-
Convention center	-	7,976,893	-
Capital projects	-	-	6,496,120
Debt service	-	-	-
Public safety	-	733,447	-
Transportation	-	28,992	-
Economic and physical development	-	115,304	-
Cultural and recreational	-	83,340	-
Committed:			
Capital projects	-	-	238,491
Debt service	-	-	-
Public safety	-	54,154	-
Transportation	-	124,313	-
Economic and physical development	-	164,260	-
Cultural and recreational	-	2,048	-
Assigned:			
Self-insurance	1,000,000	-	-
Unassigned (deficit):			
Unassigned (deficit), reported in:	23,791,938	(40,959)	-
Nonmajor special revenue funds	-	-	-
Nonmajor capital projects funds	-	-	-
Total fund balances	<u>36,891,610</u>	<u>9,340,259</u>	<u>13,712,015</u>
Total liabilities and fund balances	<u>\$ 47,344,005</u>	<u>\$ 9,913,617</u>	<u>\$ 16,467,103</u>

Building Improvements Fund	Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 452,700
-	-	12,415	1,204,941
848,983	31,290	7,784,624	26,096,747
-	-	16,605,758	16,704,225
-	-	-	7,976,893
5,041,856	-	-	11,537,976
-	10,851	-	10,851
-	-	106,600	840,047
-	-	-	28,992
-	-	-	115,304
-	-	-	83,340
5,746,979	-	358,045	6,343,515
-	5,479,707	-	5,479,707
-	-	-	54,154
-	-	-	124,313
-	-	-	164,260
-	-	-	2,048
-	-	-	1,000,000
-	-	-	23,750,979
-	-	(1,801,401)	(1,801,401)
-	-	(300,918)	(300,918)
<u>11,637,818</u>	<u>5,521,848</u>	<u>22,765,123</u>	<u>99,868,673</u>
<u>\$ 12,017,728</u>	<u>\$ 5,562,230</u>	<u>\$ 24,457,237</u>	<u>\$ 115,761,920</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**June 30, 2012**

Total fund balances - governmental funds	\$ 99,868,673
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.	357,608,464
Long-term receivables are not available to pay for current expenditures and, therefore, are not reported in the funds.	22,730,000
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.	9,390,295
Liabilities for earned but deferred revenues in fund statements.	2,665,698
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>(220,022,357)</u>
Net assets - governmental activities	<u>\$ 272,240,773</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, 2012**

	General Fund	Special Purpose Fund	Streets and Sidewalks Fund
Revenues:			
Ad valorem taxes	\$ 52,869,871	\$ -	\$ -
Room occupancy tax	-	2,470,357	-
Other taxes	24,172,472	-	-
Unrestricted intergovernmental	1,585,367	-	-
Restricted intergovernmental	4,151,856	2,377,917	638,679
Licenses and permits	2,534,736	-	-
Sales and services	2,916,928	1,972,007	-
Fines and forfeits	175,075	-	-
Investment earnings	163,467	60,411	48,224
Donations	-	4,385	28,490
Miscellaneous	606,324	920,941	-
Total revenues	<u>89,176,096</u>	<u>7,806,018</u>	<u>715,393</u>
Expenditures:			
Current:			
General government	16,925,559	95,653	-
Public safety	38,284,090	2,408,829	-
Transportation	6,838,905	1,411,632	7,449,784
Economic and physical development	76,642	3,598,439	-
Cultural and recreational	6,127,218	9,782	1,074,973
Transit system	1,215,737	-	-
Debt service:			
Principal retirement	-	1,425,000	-
Interest and other charges	-	2,802,715	-
Total expenditures	<u>69,468,151</u>	<u>11,752,050</u>	<u>8,524,757</u>
Excess (deficiency) of revenues over (under) expenditures	<u>19,707,945</u>	<u>(3,946,032)</u>	<u>(7,809,364)</u>
Other financing sources (uses):			
Transfers from other funds	-	517,692	1,564,654
Transfers to other funds	(13,896,703)	(9,539)	-
Issuance of refunding installment obligations	-	-	-
Premium on refunding installment obligations	-	-	-
Payment to refund outstanding installment obligations	-	-	-
Payment to refund outstanding other long-term obligations	-	-	-
Total other financing sources (uses)	<u>(13,896,703)</u>	<u>508,153</u>	<u>1,564,654</u>
Net change in fund balances	5,811,242	(3,437,879)	(6,244,710)
Fund balances at beginning of year	31,040,098	12,778,138	19,956,725
Change in reserve for inventories	40,270	-	-
Fund balances at end of year	<u>\$ 36,891,610</u>	<u>\$ 9,340,259</u>	<u>\$ 13,712,015</u>

Building Improvements Fund	Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 52,869,871
-	-	-	2,470,357
-	-	-	24,172,472
-	-	-	1,585,367
695,597	5,477,175	3,874,345	17,215,569
-	-	-	2,534,736
-	-	-	4,888,935
-	-	-	175,075
36,182	20,135	6,335	334,754
-	-	245,167	278,042
<u>57,194</u>	<u>-</u>	<u>115,500</u>	<u>1,699,959</u>
<u>788,973</u>	<u>5,497,310</u>	<u>4,241,347</u>	<u>108,225,137</u>
2,156,730	-	200,485	19,378,427
2,181,462	-	862,273	43,736,654
-	-	6,169	15,706,490
298,434	-	1,249,221	5,222,736
12,821	-	2,604,466	9,829,260
26,399	-	-	1,242,136
-	9,104,457	-	10,529,457
<u>-</u>	<u>7,408,351</u>	<u>-</u>	<u>10,211,066</u>
<u>4,675,846</u>	<u>16,512,808</u>	<u>4,922,614</u>	<u>115,856,226</u>
<u>(3,886,873)</u>	<u>(11,015,498)</u>	<u>(681,267)</u>	<u>(7,631,089)</u>
1,280,000	9,334,832	990,996	13,688,174
-	-	(264,932)	(14,171,174)
-	24,673,750	-	24,673,750
-	3,044,534	-	3,044,534
-	(12,976,827)	-	(12,976,827)
<u>-</u>	<u>(14,022,484)</u>	<u>-</u>	<u>(14,022,484)</u>
<u>1,280,000</u>	<u>10,053,805</u>	<u>726,064</u>	<u>235,973</u>
(2,606,873)	(961,693)	44,797	(7,395,116)
14,244,691	6,483,541	22,720,326	107,223,519
<u>-</u>	<u>-</u>	<u>-</u>	<u>40,270</u>
<u>\$ 11,637,818</u>	<u>\$ 5,521,848</u>	<u>\$ 22,765,123</u>	<u>\$ 99,868,673</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, 2012**

Net change in fund balances - total governmental funds	\$ (7,395,116)
Amounts reported for governmental activities in the statement of activities are different because:	
Change in fund balance due to change in reserve for inventory	40,270
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.	1,519,626
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.	(175,532)
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.	6,125,707
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.	(2,567,647)
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.	920,118
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>(239,234)</u>
Change in net assets - governmental activities	<u>\$ (1,771,808)</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, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Ad valorem tax	\$ 52,038,394	\$ 52,038,394	\$ 52,869,871	\$ 831,477
Local option sales tax	15,054,566	15,637,326	16,543,702	906,376
Franchise tax	6,464,778	6,464,778	5,993,214	(471,564)
Video programming tax	1,419,788	1,419,788	1,425,834	6,046
Rental vehicle tax	136,249	136,249	209,722	73,473
Unrestricted intergovernmental	1,328,088	1,328,088	1,585,367	257,279
Restricted intergovernmental	3,211,384	3,952,384	4,151,856	199,472
Licenses and permits	2,452,882	2,452,882	2,534,736	81,854
Sales and services	2,121,968	2,276,668	2,916,928	640,260
Fines and forfeits	78,700	78,700	175,075	96,375
Interest earnings	109,052	110,418	163,467	53,049
Miscellaneous	171,000	252,069	606,324	354,255
Total revenues	<u>84,586,849</u>	<u>86,147,744</u>	<u>89,176,096</u>	<u>3,028,352</u>
Expenditures:				
General Government	11,572,357	12,911,385	11,489,427	1,421,958
Public Safety	38,655,542	39,180,882	38,284,090	896,792
Transportation	13,985,800	14,025,393	12,255,113	1,770,280
Cultural and Recreational	6,594,334	6,627,569	6,127,218	500,351
Transit System	1,247,980	1,247,980	1,215,737	32,243
Total expenditures	<u>72,056,013</u>	<u>73,993,209</u>	<u>69,371,585</u>	<u>4,621,624</u>
Excess of revenues over expenditures	<u>12,530,836</u>	<u>12,154,535</u>	<u>19,804,511</u>	<u>7,649,976</u>
Other financing sources (uses):				
Transfers to other funds	(13,740,118)	(14,047,467)	(13,993,269)	54,198
Appropriated fund balance	1,209,282	1,892,932	-	(1,892,932)
Total other financing uses	<u>(12,530,836)</u>	<u>(12,154,535)</u>	<u>(13,993,269)</u>	<u>(1,838,734)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	5,811,242	<u>\$ 5,811,242</u>
Fund balance at beginning of year			31,040,098	
Change in reserve for inventories			40,270	
Fund balance at end of year			<u>\$ 36,891,610</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			96,566	
General government expenditures			(19,924)	
Economic and physical development expenditures			(76,642)	
Fund balance at beginning of year			-	
Fund balance at end of year			<u>\$ 36,891,610</u>	

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Net Assets -  
Proprietary Funds**

**June 30, 2012**

	<b>Enterprise Funds</b>		
	<u>Solid Waste Management Fund</u>	<u>Storm Water Management Fund</u>	<u>Parking Facilities Fund</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 3,187,266	\$ 8,971,290	\$ 226,337
Accounts receivable:			
Customers, net	1,466,270	1,078,850	4,358
Other receivables	1,782	11,797	880
Due from other governments	155,507	462,000	-
Inventory of materials and supplies	-	65,530	-
Prepays	71,161	68,693	190
Total current assets	<u>4,881,986</u>	<u>10,658,160</u>	<u>231,765</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	<u>-</u>	<u>-</u>	<u>8,062</u>
Capital assets:			
Land	-	856,036	6,504,126
Easements	-	666,176	-
Improvements other than buildings	-	45,385,134	-
Buildings, plant and structures	-	1,202,630	13,147,873
Furniture, fixtures, machinery and equipment	18,698	382,575	344,163
Construction in progress	-	3,135,858	-
Less accumulated depreciation	<u>(13,479)</u>	<u>(16,063,700)</u>	<u>(6,207,168)</u>
Total capital assets, net of accumulated depreciation	<u>5,219</u>	<u>35,564,709</u>	<u>13,788,994</u>
Other assets:			
Deferred charges, net	<u>-</u>	<u>258,163</u>	<u>71,204</u>
Total noncurrent assets	<u>5,219</u>	<u>35,822,872</u>	<u>13,868,260</u>
Total assets	<u>4,887,205</u>	<u>46,481,032</u>	<u>14,100,025</u>

Nonmajor Golf Fund	Total	Internal Service Funds
\$ 1,696,812	\$ 14,081,705	\$ 7,270,104
-	2,549,478	158,148
910	15,369	3,857
-	617,507	-
24,857	90,387	151,377
15,308	155,352	20,814
<u>1,737,887</u>	<u>17,509,798</u>	<u>7,604,300</u>
-	8,062	-
109,393	7,469,555	-
-	666,176	-
791,775	46,176,909	-
485,348	14,835,851	-
349,525	1,094,961	18,994,835
-	3,135,858	-
<u>(1,125,622)</u>	<u>(23,409,969)</u>	<u>(16,552,853)</u>
<u>610,419</u>	<u>49,969,341</u>	<u>2,441,982</u>
-	329,367	-
<u>610,419</u>	<u>50,306,770</u>	<u>2,441,982</u>
<u>2,348,306</u>	<u>67,816,568</u>	<u>10,046,282</u>



**CITY OF WILMINGTON, NORTH CAROLINA**

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

**June 30, 2012**

	<b>Enterprise Funds</b>		
	Solid Waste Management Fund	Storm Water Management Fund	Parking Facilities Fund
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable:			
Trade	\$ 224,368	\$ 59,533	\$ 99,661
Contracts and retainage	-	736,172	199
Due to other funds	-	-	330,368
Due to other governments	-	-	15
Accrued liabilities:			
Personnel costs	298,872	179,905	7,371
Interest	-	51,537	2,793
Current portion of long-term liabilities:			
Bonds payable	-	480,000	-
Installment obligations	-	75,000	386,750
Accrued vacation and sick leave	131,772	177,697	8,270
Customer and escrow deposits	-	119,105	-
Unearned revenues	-	-	-
Total current liabilities	655,012	1,878,949	835,427
Noncurrent liabilities:			
Noncurrent portion of long-term liabilities:			
Bonds payable	-	12,115,833	-
Installment obligations	-	933,061	6,060,582
Accrued vacation and sick leave	55,041	74,224	3,455
Accrued other postemployment benefits	658,742	570,487	26,301
Total noncurrent liabilities	713,783	13,693,605	6,090,338
Total liabilities	1,368,795	15,572,554	6,925,765
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	5,219	22,218,978	7,420,928
Restricted for:			
Capital projects	-	2,368,578	-
Unrestricted	3,513,191	6,320,922	(246,668)
Net assets	\$ 3,518,410	\$ 30,908,478	\$ 7,174,260

Nonmajor Golf Fund	Total	Internal Service Funds
\$ 28,548	\$ 412,110	\$ 357,454
-	736,371	-
-	330,368	-
-	15	-
38,956	525,104	67,422
-	54,330	-
-	480,000	-
-	461,750	-
48,873	366,612	57,113
-	119,105	-
<u>53,951</u>	<u>53,951</u>	<u>-</u>
<u>170,328</u>	<u>3,539,716</u>	<u>481,989</u>
-	12,115,833	-
-	6,993,643	-
15,594	148,314	37,405
<u>99,027</u>	<u>1,354,557</u>	<u>136,593</u>
<u>114,621</u>	<u>20,612,347</u>	<u>173,998</u>
<u>284,949</u>	<u>24,152,063</u>	<u>655,987</u>
610,419	30,255,544	2,441,982
-	2,368,578	-
<u>1,452,938</u>	<u>11,040,383</u>	<u>6,948,313</u>
<u>\$ 2,063,357</u>	<u>\$ 43,664,505</u>	<u>\$ 9,390,295</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2012**

	<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	\$ 8,229,984	\$ 7,748,266	\$ 2,577,363
Other operating revenues	42,416	67,435	-
Total operating revenues	<u>8,272,400</u>	<u>7,815,701</u>	<u>2,577,363</u>
Operating expenses:			
Salaries, employee benefits and other personnel costs	3,845,839	2,941,319	125,466
Materials and fuels consumed	2,288,515	418,667	1,287
Services	965,241	688,272	1,145,285
Utilities	7,287	29,151	49,589
Depreciation	3,190	740,416	554,440
Amortization	-	12,763	6,974
Other operating expenses	<u>1,238,839</u>	<u>1,631,568</u>	<u>243,839</u>
Total operating expenses	<u>8,348,911</u>	<u>6,462,156</u>	<u>2,126,880</u>
Operating income (loss)	<u>(76,511)</u>	<u>1,353,545</u>	<u>450,483</u>
Nonoperating revenues (expenses):			
Investment earnings	16,359	46,671	10,299
Restricted intergovernmental	72,977	-	-
Interest and other charges	-	(480,956)	(314,263)
Gain (loss) on disposal of capital assets, net	<u>-</u>	<u>-</u>	<u>(253,324)</u>
Total nonoperating revenues (expenses)	<u>89,336</u>	<u>(434,285)</u>	<u>(557,288)</u>
Income (loss) before capital contributions and transfers	12,825	919,260	(106,805)
Capital contributions	-	451,260	2,637,816
Transfers from other funds	<u>-</u>	<u>-</u>	<u>3,000</u>
Change in net assets	12,825	1,370,520	2,534,011
Net assets at beginning of year	<u>3,505,585</u>	<u>29,537,958</u>	<u>4,640,249</u>
Net assets at end of year	<u>\$ 3,518,410</u>	<u>\$ 30,908,478</u>	<u>\$ 7,174,260</u>

Nonmajor Golf Fund	Total	Internal Service Funds
\$ 1,226,821	\$ 19,782,434	\$ 4,897,545
699	110,550	35,321
1,227,520	19,892,984	4,932,866
663,393	7,576,017	893,508
262,780	2,971,249	16,111
26,759	2,825,557	869,378
34,470	120,497	5,020
68,647	1,366,693	1,439,174
-	19,737	1,080
229,804	3,344,050	1,488,840
1,285,853	18,223,800	4,713,111
(58,333)	1,669,184	219,755
8,496	81,825	33,678
-	72,977	-
-	(795,219)	(14,331)
3,260	(250,064)	183,684
11,756	(890,481)	203,031
(46,577)	778,703	422,786
-	3,089,076	17,332
-	3,000	480,000
(46,577)	3,870,779	920,118
2,109,934	39,793,726	8,470,177
\$ 2,063,357	\$ 43,664,505	\$ 9,390,295

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Cash Flows -  
Proprietary Funds**

**Year Ended June 30, 2012**

	<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	\$ 8,187,932	\$ 5,954,668	\$ 2,500,326
Receipts from interfund services provided	31,290	1,724,364	-
Payments to suppliers	(3,495,655)	(2,159,982)	(1,421,635)
Payments to or on behalf of employees	(3,539,075)	(2,704,520)	(115,536)
Payments for interfund services used	<u>(926,860)</u>	<u>(577,821)</u>	<u>(7,952)</u>
Net cash provided by operating activities	<u>257,632</u>	<u>2,236,709</u>	<u>955,203</u>
Cash flows from noncapital and related financing activities:			
Advances from other funds	-	-	330,368
Transfers from other funds	-	-	3,000
Restricted Intergovernmental	<u>72,415</u>	<u>-</u>	<u>-</u>
Net cash provided by noncapital and related financing activities	<u>72,415</u>	<u>-</u>	<u>333,368</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	-	(2,546,991)	(2,279,353)
Proceeds from refunding installment obligations	-	-	6,825,688
Payment to refund outstanding installment obligations	-	-	(6,732,513)
Principal payments on bonds	-	(465,000)	-
Principal payments on installment obligations	-	(75,000)	(401,431)
Principal payments on other long-term obligations	-	-	-
Interest and other charges	-	(490,542)	(337,727)
Issuance costs on refunding installment obligations	-	-	(71,204)
Proceeds from sale of capital assets	-	-	-
Capital contributions	<u>-</u>	<u>97,644</u>	<u>-</u>
Net cash used in capital and related financing activities	<u>-</u>	<u>(3,479,889)</u>	<u>(2,996,540)</u>
Cash flows from investing activities:			
Investment earnings	<u>16,353</u>	<u>48,044</u>	<u>10,585</u>
Net increase (decrease) in cash and cash equivalents	346,400	(1,195,136)	(1,697,384)
Cash and cash equivalents at beginning of year	<u>2,840,866</u>	<u>10,166,426</u>	<u>1,931,783</u>
Cash and cash equivalents at end of year	<u>\$ 3,187,266</u>	<u>\$ 8,971,290</u>	<u>\$ 234,399</u>
Reconciliation to combining balance sheet:			
Cash and cash equivalents	\$ 3,187,266	\$ 8,971,290	\$ 226,337
Restricted cash and cash equivalents	<u>-</u>	<u>-</u>	<u>8,062</u>
Total cash and cash equivalents	<u>\$ 3,187,266</u>	<u>\$ 8,971,290</u>	<u>\$ 234,399</u>

Nonmajor Golf Fund	Total	Internal Service Funds
\$ 1,214,830	\$ 17,857,756	\$ 223,980
-	1,755,654	4,573,173
(531,601)	(7,608,873)	(2,192,739)
(597,989)	(6,957,120)	(819,019)
<u>(19,461)</u>	<u>(1,532,094)</u>	<u>(8,675)</u>
<u>65,779</u>	<u>3,515,323</u>	<u>1,776,720</u>
-	330,368	-
-	3,000	480,000
<u>-</u>	<u>72,415</u>	<u>-</u>
<u>-</u>	<u>405,783</u>	<u>480,000</u>
(32,972)	(4,859,316)	(796,866)
-	6,825,688	-
-	(6,732,513)	-
-	(465,000)	-
-	(476,431)	-
-	-	(783,680)
-	(828,269)	(16,714)
-	(71,204)	-
3,260	3,260	196,168
<u>-</u>	<u>97,644</u>	<u>-</u>
<u>(29,712)</u>	<u>(6,506,141)</u>	<u>(1,401,092)</u>
<u>8,592</u>	<u>83,574</u>	<u>33,671</u>
44,659	(2,501,461)	889,299
<u>1,652,153</u>	<u>16,591,228</u>	<u>6,380,805</u>
<u>\$ 1,696,812</u>	<u>\$ 14,089,767</u>	<u>\$ 7,270,104</u>
\$ 1,696,812	\$ 14,081,705	\$ 7,270,104
-	8,062	-
<u>\$ 1,696,812</u>	<u>\$ 14,089,767</u>	<u>\$ 7,270,104</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2012**

	<b>Enterprise Funds</b>		
	Solid Waste Management Fund	Storm Water Management Fund	Parking Facilities Fund
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ (76,511)	\$ 1,353,545	\$ 450,483
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	3,190	753,179	561,414
Changes in assets and liabilities:			
Accounts receivable	(53,178)	(74,188)	(77,037)
Due from other governments	-	(62,481)	-
Inventory of materials and supplies	-	18,422	-
Prepays	12,081	3,439	-
Accounts payable and accrued liabilities	179,918	24,568	10,929
Accrued vacation and sick leave	(12,515)	8,175	302
Accrued other postemployment benefits	204,647	212,050	9,112
Deferred revenues	-	-	-
Net cash provided by operating activities	\$ 257,632	\$ 2,236,709	\$ 955,203
Noncash investing, capital and financing activities:			
Capital assets acquired on account	\$ -	\$ 482,759	\$ -
Disposal of capital assets	-	-	(253,324)
Capital contributions from developers	-	61,419	-
Capital contributions receivable	-	292,197	-
Donation of capital assets to governmental funds	-	-	-
Capital contributions from governmental funds	-	-	2,637,816
Net effect of noncash activities	\$ -	\$ 836,375	\$ 2,384,492



Nonmajor Golf Fund	Total	Internal Service Funds
\$ (58,333)	\$ 1,669,184	\$ 219,755
68,647	1,386,430	1,440,254
-	(204,403)	(135,713)
-	(62,481)	-
(12,693)	5,729	(36,776)
(125)	15,395	1,170
20,995	236,410	235,642
17,625	13,587	10,152
42,353	468,162	42,236
(12,690)	(12,690)	-
<u>\$ 65,779</u>	<u>\$ 3,515,323</u>	<u>\$ 1,776,720</u>
\$ -	\$ 482,759	\$ 49,068
-	(253,324)	-
-	61,419	-
-	292,197	-
-	-	(12,484)
-	2,637,816	17,332
<u>\$ -</u>	<u>\$ 3,220,867</u>	<u>\$ 53,916</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**June 30, 2012**

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,566,959	\$ 405,242
Other receivables	<u>623</u>	<u>147</u>
Total assets	<u>1,567,582</u>	<u>405,389</u>
<b>LIABILITIES</b>		
Accounts payable	675	-
Due to General Fund	24,465	-
Escrow funds and deposits	<u>-</u>	<u>405,389</u>
Total liabilities	<u>25,140</u>	<u>405,389</u>
<b>NET ASSETS</b>		
Assets held in trust for pension and other postemployment benefits	<u>\$ 1,542,442</u>	<u>\$ -</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2012**

	<u>Pension Trust Funds</u>
Additions:	
Contributions:	
Employer	\$ 1,710,287
Plan members	<u>250,109</u>
Total contributions	1,960,396
Investment earnings	<u>5,827</u>
Total additions	<u>1,966,223</u>
Deductions:	
Benefit payments	1,894,589
Administrative expense	<u>117,931</u>
Total deductions	<u>2,012,520</u>
Change in net assets	(46,297)
Net assets at beginning of year	<u>1,588,739</u>
Net assets at end of year	<u>\$ 1,542,442</u>

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# **CITY OF WILMINGTON, NORTH CAROLINA**

## **Notes to Financial Statements June 30, 2012**

### **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 108,337. 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, 2012

### 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, 2012 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, 2012

### 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.** Although the Special Purpose Fund does not meet criteria to be a major fund, the City has determined that the fund is qualitatively material to the users of the financial statements. This 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 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 is consolidated in the Special Purpose Fund.

**Streets and Sidewalks Fund.** 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, 2012

### 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. Maturing principal and interest on obligations issued to fund the construction of the Wilmington Convention Center are serviced by the Convention Center Fund. 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, 2012

### 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 and debt principal payments 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 2011 through February 2012 apply to the fiscal year ended June 30, 2012. 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, 2012

### 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, CDBG/Home Administration Fund, enterprise funds and the Authority. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for capital projects funds, including the enterprise capital projects funds which are consolidated with the enterprise operating funds for reporting purposes. Additionally, project ordinances are adopted for special revenue funds, excluding the CDBG/Home Administration Fund as noted previously. Budgets are not adopted for special revenue loan funds and the Firemen's Relief Fund 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, 2012

### 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 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

Unspent donations and grants received in advance are classified as restricted assets because they are restricted to the capital projects for which the funds were collected. 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. A portion of the occupancy tax collected has been advanced to the management company of the Wilmington Convention Center and is 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, 2011. For collection purposes, taxes receivable are written off at the end of ten years in accordance with North Carolina General Statutes.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2012

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

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

##### ALLOWANCES FOR DOUBTFUL ACCOUNTS

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

##### INVENTORIES 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, 2012, a total of \$167,533 was capitalized in the Storm Water Management Fund.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2012

### 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	40 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, 2012

### 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 cannot 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, 2012 the Authority recorded a liability of \$152,701 for unused vacation benefits for employees of the management company and the Authority. The Authority's vacation policy provides 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, 2012

### 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, 2012:

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, 2012:

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.

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.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued)

June 30, 2012

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

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

##### FUND BALANCES (continued)

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, unspent donations and an unspent grant received in advance.

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 transportation - portion of fund balance that is restricted by revenue source for certain pedestrian improvements.

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, 2012:

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.

Committed for public safety - portion of fund balance committed by City Council to provide matching funds for future public safety grant opportunities.



# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2012

### 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 to support projects that provide cultural and recreational enhancement opportunities.

Assigned fund balance - This classification includes amounts that the City intends to use for specific purposes. Assignments of fund balance are authorized by City Council. The following are the City's assigned fund balances as of June 30, 2012:

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.

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, 2012.

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, 2012, 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, 2012

### 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	\$ 33,565,000
Installment obligations	152,918,750
Unamortized issuance costs, premiums and similar items	2,864,126
Accrued interest payable	1,010,327
Other long-term obligations	15,312,750
Accrued vacation and sick leave	5,740,905
Accrued other postemployment benefits	8,070,092
Net pension obligation	<u>540,407</u>
	<u>\$ 220,022,357</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	\$ 13,033,805
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.	1,856,262
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.	(2,642,664)
The net book value of capital assets disposed decreases net assets in the statement of activities, but does not appear in governmental funds because they are not financial resources.	(56,838)
Depreciation expense	<u>(10,670,939)</u>
	<u>\$ 1,519,626</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2012

### 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 refunding installment obligations	\$ (24,673,750)
Issuance costs (to be amortized over the life of the obligation)	322,093
Issuance premium (to be amortized over the life of the obligation)	(3,044,534)
Principal payments:	
Bonds payable	1,340,000
Installment obligations	3,358,569
Refunded installment obligations	12,976,827
Other long-term obligations	1,960,888
Refunded other long-term obligations	14,022,484
Amortization of issuance costs, premiums and similar items	<u>(136,870)</u>
	<u>\$ 6,125,707</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	\$ (116,486)
Accrued other postemployment benefits	(2,516,611)
Accrued interest payable	<u>65,450</u>
	<u>\$ (2,567,647)</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2012

### 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 statewide 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 and the Authority 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 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, 2012, the City's deposits had a carrying amount of \$61,052,210 and a bank balance of \$62,667,300. Of the bank balance, \$1,125,399 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. Cash on hand at June 30, 2012, was \$44,256.

At June 30, 2012, the Authority's deposits had a carrying amount of \$44,042 and a bank balance of \$206,500. Of the bank balance, \$206,500 was covered by federal depository insurance. The Authority's cash on hand at June 30, 2012 consisted of various petty cash funds totaling \$1,138.

At June 30, 2012, 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	\$ 15,074,074	\$ 15,074,074	\$ -	\$ -
U.S. Government Agencies	<u>24,548,060</u>	<u>-</u>	<u>10,518,580</u>	<u>14,029,480</u>
Total investments	<u>\$ 39,622,134</u>	<u>\$ 15,074,074</u>	<u>\$ 10,518,580</u>	<u>\$ 14,029,480</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2012

### 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, 2012 is 3.5 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 \$7,009,360 have been called.

##### Credit Risk

The City has no formal policy on managing credit risk. As of June 30, 2012, 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 7.6%, 12.6%, 22.8% and 19.0%, respectively, of the City's total investments.

At June 30, 2012, the Authority's investments consisted of \$843 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, 2012

### 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, 2012, were as follows:

	Taxes	Accounts	Other Governments	Notes	Restricted	Other	Total
General Fund	\$ 2,312,354	\$ 935,521	\$ 7,997,247	\$ 247,620	\$ -	\$ 590,476	\$ 12,083,218
Special Purpose Fund Streets and Sidewalks Fund	-	-	433,138	98,467	898,336	-	1,429,941
Building Improvements Fund	-	-	1,076,494	-	-	3,695	1,080,189
Debt Service Fund Nonmajor Governmental Funds	-	1,915	68,595	-	-	3,502	74,012
Internal Service Funds	-	-	28,469	-	-	2,821	31,290
	<u>-</u>	<u>158,148</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,857</u>	<u>162,005</u>
Total receivables	2,312,354	1,095,584	11,505,119	16,062,612	4,934,276	674,276	36,584,221
Allowance for doubtful accounts	<u>(909,583)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(909,583)</u>
Total governmental activities	<u>\$ 1,402,771</u>	<u>\$ 1,095,584</u>	<u>\$ 11,505,119</u>	<u>\$ 16,062,612</u>	<u>\$ 4,934,276</u>	<u>\$ 674,276</u>	<u>\$ 35,674,638</u>

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

Local government sales and use taxes	\$ 4,392,014
Franchise tax	1,420,572
Video programming sales tax	382,598
PEG channel support	8,264
Refund of sales and use tax paid	588,915
ABC revenues	233,343
Due from other governments - Expended parks development bonds issued by New Hanover County	360,865
Other grants and reimbursements	4,118,548
	<u>\$ 11,505,119</u>

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

Due from management company for convention center	\$ 309,017
Interest on room occupancy tax	4,472
Due from other governments - Room occupancy tax	584,847
Due from other governments - Unexpended parks development bonds issued by New Hanover County	4,035,940
	<u>\$ 4,934,276</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2012

### 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, 2012 is as follows:

	General obligation bonds	Installment obligations	Total
Long-term receivable	\$ 8,200,000	\$ 14,530,000	\$ 22,730,000

Receivables for business-type activities at the government-wide level at June 30, 2012, were as follows:

	Accounts	Other Governments	Other	Total
Solid Waste Management Fund	\$ 2,143,698	\$ 155,507	\$ 1,782	\$ 2,300,987
Storm Water Management Fund	1,373,249	462,000	11,797	1,847,046
Parking Facilities Fund	4,358	-	880	5,238
Nonmajor Golf Fund	-	-	910	910
Total receivables	3,521,305	617,507	15,369	4,154,181
Allowance for doubtful accounts	(971,827)	-	-	(971,827)
Total business-type activities	\$ 2,549,478	\$ 617,507	\$ 15,369	\$ 3,182,354

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

Refund of sales and use tax paid	\$ 46,387
Solid waste disposal tax	16,789
Cape Fear Public Utility Authority	262,134
Other grants and reimbursements	292,197
	\$ 617,507

The amount due from other governments for the Authority as of June 30, 2012 consists of the following:

State operating grant revenues	\$ 34,995
Federal operating grant revenues	228,915
Local government sales and use taxes	36,664
Other local government receivables	162,202
	\$ 462,776

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2012

### 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, 2012, was as follows:

	July 1, 2011	Increases	Decreases	Transfers	June 30, 2012
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 53,586,818	\$ 6,975	\$ -	\$ (2,596,807)	\$ 50,996,986
Easements	10,439,612	563,354	-	-	11,002,966
Construction in progress	17,057,398	4,609,702	-	(13,357,150)	8,309,950
Total capital assets not being depreciated	81,083,828	\$ 5,180,031	\$ -	\$ (15,953,957)	70,309,902
Capital assets being depreciated:					
Improvements other than buildings	42,002,073	\$ 1,642,897	\$ -	\$ 2,717,050	46,362,020
Buildings, plant and structures	132,422,975	3,177,829	(140,134)	3,949,330	139,410,000
Furniture, fixtures, machinery and equipment	38,350,319	2,165,658	(1,020,700)	41,440	39,536,717
Computer software	1,180,875	18,773	-	-	1,199,648
Streets and drainage	178,584,681	3,550,813	-	6,608,321	188,743,815
Total capital assets being depreciated	392,540,923	\$ 10,555,970	\$ (1,160,834)	\$ 13,316,141	415,252,200
Less accumulated depreciation for:					
Improvements other than buildings	8,291,601	\$ 2,000,957	\$ -	\$ -	10,292,558
Buildings, plant and structures	21,304,873	3,336,825	(83,296)	-	24,558,402
Furniture, fixtures, machinery and equipment	32,003,978	3,044,986	(1,020,700)	-	34,028,264
Computer software	434,607	181,905	-	-	616,512
Streets and drainage	52,470,481	3,545,440	-	-	56,015,921
Total accumulated depreciation	114,505,540	\$ 12,110,113	\$ (1,103,996)	\$ -	125,511,657
Total capital assets being depreciated, net	278,035,383				289,740,543
Governmental activities capital assets, net	\$ 359,119,211				\$ 360,050,445

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

General government	\$ 1,239,591
Public safety	2,399,051
Transportation	3,776,754
Economic and physical development	1,254,801
Cultural and recreational	2,000,742
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	1,439,174
	\$ 12,110,113



# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2012

### 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, 2012, was as follows:

	July 1, 2011	Increases	Decreases	Transfers	June 30, 2012
Solid waste:					
Capital assets being depreciated:					
Furniture, fixtures, machinery and equipment	\$ 18,698	\$ -	\$ -	\$ -	\$ 18,698
Less accumulated depreciation for:					
Furniture, fixtures, machinery and equipment	10,289	\$ 3,190	\$ -	\$ -	13,479
Solid waste capital assets, net	8,409				5,219
Storm water:					
Capital assets not being depreciated:					
Land	856,036	\$ -	\$ -	\$ -	856,036
Easements	358,581	307,595	-	-	666,176
Construction in progress	3,133,657	825,540	-	(823,339)	3,135,858
Total capital assets not being depreciated	4,348,274	\$ 1,133,135	\$ -	\$ (823,339)	4,658,070
Capital assets being depreciated:					
Improvements other than buildings	42,627,663	\$ 1,934,132	\$ -	\$ 823,339	45,385,134
Buildings, plant and structures	1,202,630	-	-	-	1,202,630
Furniture, fixtures, machinery and equipment	358,673	23,902	-	-	382,575
Total capital assets being depreciated	44,188,966	\$ 1,958,034	\$ -	\$ 823,339	46,970,339
Less accumulated depreciation for:					
Improvements other than buildings	14,991,060	\$ 673,695	\$ -	\$ -	15,664,755
Buildings, plant and structures	74,844	30,066	-	-	104,910
Furniture, fixtures, machinery and equipment	257,380	36,655	-	-	294,035
Total accumulated depreciation	15,323,284	\$ 740,416	\$ -	\$ -	16,063,700
Total capital assets being depreciated, net	28,865,682				30,906,639
Storm water capital assets, net	33,213,956				35,564,709

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2012

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

#### A. ASSETS (continued)

##### CAPITAL ASSETS (continued)

	July 1, 2011	Increases	Decreases	Transfers	June 30, 2012
Parking facilities:					
Capital assets not being depreciated:					
Land	\$ 2,107,319	\$ 1,800,000	\$ -	\$ 2,596,807	\$ 6,504,126
Construction in progress	<u>253,324</u>	<u>-</u>	<u>(253,324)</u>	<u>-</u>	<u>-</u>
Total capital assets not being depreciated	<u>2,360,643</u>	<u>\$ 1,800,000</u>	<u>\$ (253,324)</u>	<u>\$ 2,596,807</u>	<u>6,504,126</u>
Capital assets being depreciated:					
Buildings, plant and structures	12,288,457	\$ 818,407	\$ -	\$ 41,009	13,147,873
Furniture, fixtures, machinery and equipment	<u>252,160</u>	<u>92,003</u>	<u>-</u>	<u>-</u>	<u>344,163</u>
Total capital assets being depreciated	<u>12,540,617</u>	<u>\$ 910,410</u>	<u>\$ -</u>	<u>\$ 41,009</u>	<u>13,492,036</u>
Less accumulated depreciation for:					
Buildings, plant and structures	5,526,847	\$ 509,160	\$ -	\$ -	6,036,007
Furniture, fixtures, machinery and equipment	<u>125,881</u>	<u>45,280</u>	<u>-</u>	<u>-</u>	<u>171,161</u>
Total accumulated depreciation	<u>5,652,728</u>	<u>\$ 554,440</u>	<u>\$ -</u>	<u>\$ -</u>	<u>6,207,168</u>
Total capital assets being depreciated, net	<u>6,887,889</u>				<u>7,284,868</u>
Parking facilities capital assets, net	<u>9,248,532</u>				<u>13,788,994</u>
Golf:					
Capital assets not being depreciated:					
Land	<u>109,393</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>109,393</u>
Capital assets being depreciated:					
Improvements other than buildings	764,576	\$ 27,199	\$ -	\$ -	791,775
Buildings, plant and structures	485,348	-	-	-	485,348
Furniture, fixtures, machinery and equipment	<u>387,053</u>	<u>5,773</u>	<u>(43,301)</u>	<u>-</u>	<u>349,525</u>
Total capital assets being depreciated	<u>1,636,977</u>	<u>\$ 32,972</u>	<u>\$ (43,301)</u>	<u>\$ -</u>	<u>1,626,648</u>
Less accumulated depreciation for:					
Improvements other than buildings	622,992	\$ 23,808	\$ -	\$ -	646,800
Buildings, plant and structures	172,276	10,134	-	-	182,410
Furniture, fixtures, machinery and equipment	<u>305,008</u>	<u>34,705</u>	<u>(43,301)</u>	<u>-</u>	<u>296,412</u>
Total accumulated depreciation	<u>1,100,276</u>	<u>\$ 68,647</u>	<u>\$ (43,301)</u>	<u>\$ -</u>	<u>1,125,622</u>
Total capital assets being depreciated, net	<u>536,701</u>				<u>501,026</u>
Golf capital assets, net	<u>646,094</u>				<u>610,419</u>
Business-type activities capital assets, net	<u>\$ 43,116,991</u>				<u>\$ 49,969,341</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2012

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

#### A. ASSETS (continued)

#### CAPITAL ASSETS (continued)

#### COMMITMENTS FOR CAPITAL PROJECTS

At June 30, 2012, the City has commitments for active projects as follows:

	Spent to date	Remaining commitment
Governmental funds:		
Capital projects	\$ 17,704,949	\$ 11,470,624
Enterprise funds:		
Storm Water capital projects	\$ 4,088,075	\$ 1,041,272
Parking Facilities capital projects	4,882	26,006
Total enterprise funds	\$ 4,092,957	\$ 1,067,278

#### DISCRETELY PRESENTED COMPONENT UNIT

Activity for the Cape Fear Public Transportation Authority for the year ended June 30, 2012, is as follows:

	June 30, 2011	Increases	Decreases	June 30, 2012
Capital assets not being depreciated:				
Land	\$ 2,389,453	\$ 327,951	\$ -	\$ 2,717,404
Construction in progress	4,838	183,450	-	188,288
Total capital assets not being depreciated	2,394,291	\$ 511,401	\$ -	2,905,692
Capital assets being depreciated:				
Buildings and improvements	5,428,224	\$ -	\$ -	5,428,224
Furniture, fixtures, machinery and equipment	12,155,097	-	(391,522)	11,763,575
Total capital assets being depreciated	17,583,321	\$ -	\$ (391,522)	17,191,799
Less accumulated depreciation for:				
Buildings and improvements	561,522	\$ 164,986	\$ -	726,508
Furniture, fixtures, machinery and equipment	7,591,134	1,139,907	(391,522)	8,339,519
Total accumulated depreciation	8,152,656	\$ 1,304,893	\$ (391,522)	9,066,027
Total capital assets being depreciated, net	9,430,665			8,125,772
Authority capital assets, net	\$ 11,824,956			\$ 11,031,464

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2012

### 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) 707-0500.

*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 6.88% and 7.05%, 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, 2012, 2011, and 2010 were \$3,045,064, \$2,772,747, and \$2,035,533, respectively. Contributions by the Authority to LGERS for the years ended June 30, 2012, 2011, and 2010 were \$67,353, \$33,190, and \$10,007, 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, 2011, the date of the latest actuarial valuation, the Separation Allowance's membership consisted of:

Retirees currently receiving benefits	17
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>256</u>
Total	<u><u>273</u></u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2012

### 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 1.93% of annual covered payroll. There were no contributions made by employees. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are paid by the City.

The annual required contribution for the current fiscal year was determined as part of the December 31, 2010 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 4.25% to 7.85% per year. The inflation component was 3%. 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, 2010 was 20 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	\$ 492,142
Interest on net pension obligation	15,059
Adjustment to annual required contribution	<u>(17,967)</u>
Annual pension cost	489,234
Contributions made	<u>(250,000)</u>
Change in net pension obligation	239,234
Net pension obligation, beginning of year	<u>301,173</u>
Net pension obligation, end of year	<u>\$ 540,407</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2012

### 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)

*Annual Pension Cost and Net Pension Obligation. (continued)*

#### Three Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
June 30, 2010	\$ 378,507	66.05 %	\$ (10,095)
June 30, 2011	561,268	44.54	301,173
June 30, 2012	489,234	51.10	540,407

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

As of December 31, 2011, the most recent actuarial valuation date, the plan was 20.24% funded. The actuarial accrued liability for benefits was \$5,344,760, and the actuarial value of assets was \$1,082,005, resulting in an unfunded actuarial liability (UAAL) of \$4,262,755. The covered payroll (annual payroll of active employees covered by the plan) was \$12,940,528, and the ratio of the UAAL to the covered payroll was 32.94%.

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 in the Pension Trust Funds as Fiduciary Funds in the Basic Financial Statements as of and for the year ended June 30, 2012:

#### Statement of Net Assets

<b>Assets</b>	
Cash and cash equivalents	\$ 1,184,809
Other receivables	<u>623</u>
Total assets	<u>\$ 1,185,432</u>
<b>Net Assets</b>	
Assets held in trust for pension benefits	<u>\$ 1,185,432</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2012

### 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>5,616</u>
Total additions	<u>255,616</u>
<b>Deductions</b>	
Benefits	<u>274,960</u>
Change in net assets	(19,344)
Net assets at beginning of year	<u>1,204,776</u>
<b>Net Assets at end of year</b>	<u>\$ 1,185,432</u>

#### 3. Supplemental Retirement Income Plan

*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, 2012, the City's required contribution was \$654,041 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.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2012

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

#### B. LIABILITIES (continued)

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

#### 3. Supplemental Retirement Income Plan (continued)

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

Employer contributions to the Supplemental Retirement Income Plan, excluding required contributions for law enforcement officers, totaled \$684,179 for the year ended June 30, 2012. Employee contributions to this plan, including law enforcement officers, included in salary expense for the year ended June 30, 2012, were \$915,517.

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 \$10,286 and employee contributions were \$12,911 for the year ended June 30, 2012.

#### 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 specified healthcare benefits to eligible retirees through its medical self-insurance program as a single-employer defined benefit other post employment 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, 2012

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

#### B. LIABILITIES (continued)

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

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

##### *Plan Description. (continued)*

Membership of the plan consisted of the following at December 31, 2011, the date of the latest actuarial valuation:

	General Employees	Firefighters	Law Enforcement Officers
Retirees and dependents receiving benefits	67	41	35
Terminated plan members entitled to but not yet receiving benefits	-	-	-
Active plan members	484	187	253
Total	551	228	288

*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, 2012 active employee contribution requirements range from \$120 to \$516 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, 2012

### 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, 2011.

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 initially elected to fund the healthcare benefits on a pay as you go basis; however, during the fiscal year-ended June 30, 2009, the City established an irrevocable trust for these benefits at First Citizens Bank and prefunded an additional amount to partially pay the future cost of coverage for benefits. The current annual required contribution is 10.82% of annual covered payroll. For the current year, the City contributed \$1,460,287 or 3.44% of annual covered payroll for current premiums. The City of Wilmington is self-insured. Contributions of \$250,109 were made by retirees 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, 2012

### 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.

*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	\$ 4,589,269
Interest on net OPEB obligation	261,369
Adjustment to annual required contribution	<u>(363,342)</u>
Annual OPEB cost	4,487,296
Contributions made	<u>(1,460,287)</u>
Change in net OPEB obligation	3,027,009
Net OPEB obligation, beginning of year	<u>6,534,233</u>
Net OPEB obligation, end of year	<u>\$ 9,561,242</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2012

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

#### B. LIABILITIES (continued)

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

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

##### *Annual OPEB Cost and Net OPEB Obligation. (continued)*

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the healthcare plan and the net OPEB obligation for 2012, 2011 and 2010 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, 2010	\$ 3,616,675	32.00 %	\$ 4,063,434
June 30, 2011	3,814,829	35.00	6,534,233
June 30, 2012	4,487,296	32.50	9,561,242

*Funded Status and Funding Progress.* As of December 31, 2011, the most recent actuarial valuation date, the plan was funded 0.74%. The actuarial liability for benefits was \$51,973,292 and the actuarial value of assets was \$383,354 resulting in an unfunded actuarial accrued liability (UAAL) of \$51,589,938. The covered payroll (annual payroll of active employees covered by the plan) was \$42,411,075, and the ratio of the UAAL to the covered payroll was 121.6%.

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, 2011 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 9.50% decreasing to 5.00% annually. The investment rate included a 3.00% inflation assumption. The UAAL is being amortized as a level dollar amount on an open basis. The remaining amortization period at December 31, 2011, was 30 years.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2012

### 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 in the Pension Trust Funds as Fiduciary Funds in the Basic Financial Statements as of and for the year ended June 30, 2012:

#### Statement of Net Assets

<b>Assets</b>	
Cash and cash equivalents	\$ 382,150
<b>Liabilities</b>	
Accounts payable	675
Due to General Fund	24,465
Total liabilities	25,140
<b>Net Assets</b>	
Assets held in trust for other postemployment benefits	\$ 357,010

#### Statement of Changes in Net Assets

<b>Additions</b>	
Contributions:	
Employer	\$ 1,460,287
Plan members	250,109
Total contributions	1,710,396
Investment earnings	211
Total additions	1,710,607
<b>Deductions</b>	
Benefits	1,619,629
Administrative expense	117,931
Total deductions	1,737,560
Change in net assets	(26,953)
Net assets at beginning of year	383,963
<b>Net Assets at end of year</b>	<b>\$ 357,010</b>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued)

June 30, 2012

### 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, 2012, were \$200,356 that was matched by the City.

Employer contributions to the 457 Deferred Compensation Plan totaled \$957,268 for the year ended June 30, 2012. 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, 2012, were \$451,510.

##### OTHER EMPLOYMENT BENEFITS

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, 2012, the City made contributions to the State for death benefits of \$18,313. 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, 2012

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

#### B. LIABILITIES (continued)

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

#### OTHER EMPLOYMENT BENEFITS (continued)

The City has elected to provide additional group-term life insurance benefits to employees for benefit eligible positions. The City provides Basic Life Insurance which includes an Accidental Death and Dismemberment provision. All full-time active employees are eligible for this benefit after the eligibility waiting period. The coverage is effective the first of the month following 60 days of employment. Lump sum death benefit payments to beneficiaries are equal to the employee's annual salary rounded to the next higher \$1,000, if not already a multiple of \$1,000, subject to a maximum benefit of \$150,000. However, in no event will the basic amount of life insurance be less than \$10,000. All death benefits are made by the insurance provider. The City has no liability beyond the payment of monthly premiums. For the fiscal year ended June 30, 2012, the City paid \$91,070 to the insurance provider for death benefit premiums for all eligible employees. Life insurance benefits in excess of \$50,000 are considered taxable to the employee as a fringe benefit.

#### DEFERRED/UNEARNED REVENUES

The balance in deferred/unearned revenues at June 30, 2012 is summarized as follows:

	Deferred Revenue				Unearned Revenue		
	General Fund	Special Purpose Fund	Building Improvements Fund	Nonmajor Governmental Funds	Governmental Activities (Unrestricted)	Governmental Activities (Restricted)	Business-type Activities
Taxes receivable, net	\$ 1,402,771	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes receivable	247,620	-	-	21,194	-	-	-
Accounts receivable	918,500	73,698	1,915	-	-	-	-
Prepaid convention center capital contribution from management company - restricted	-	-	-	-	-	50,000	-
Prepaid golf course green fees	-	-	-	-	-	-	53,951
Prepaid property taxes	-	-	-	-	27,284	-	-
Prepaid motor vehicle licenses	-	-	-	-	3,846	-	-
Intergovernmental grant advances	-	-	-	-	-	1,006,049	-
	<u>\$ 2,568,891</u>	<u>\$ 73,698</u>	<u>\$ 1,915</u>	<u>\$ 21,194</u>	<u>\$ 31,130</u>	<u>\$ 1,056,049</u>	<u>\$ 53,951</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2012

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES

##### General Obligation Bonds

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

General obligation bonds outstanding at June 30, 2012 are comprised of the following issues:

	<u>Governmental activities</u>
\$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 \$2,945,000 through June 1, 2015; variable rate semiannual interest payments due June 1 and December 1.	\$ 8,200,000
\$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 3.25 to 3.875 percent.	1,530,000
\$5,605,000 General Obligation Bonds, Series 2008A issued for streets and highways; principal payments due annually on September 1 in installments of \$280,000 through September 1, 2028; semiannual interest payments due March 1 and September 1 with rates from 3.50 to 4.25 percent.	4,760,000
\$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.	7,650,000
\$3,660,000 Public Improvements Bonds, Series 2011A issued for streets, highways, sidewalks and bridge improvements; principal payments due annually on July 1 in installments ranging from \$150,000 to \$195,000 beginning July 1, 2013 through July 1, 2031; semiannual interest payments due January 1 and July 1 with rates from 2.00 to 4.00 percent.	3,660,000



# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2012

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

#### General Obligation Bonds (continued)

	Governmental activities
\$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 2.00 to 3.00 percent.	\$ 2,765,000
\$5,000,000 Public Improvements Bonds; Series 2011C General Obligation Bonds issued for streets, highways and sidewalks; principal payments due July 1 in installments ranging from \$230,000 to \$265,000 beginning July 1, 2013 through July 1, 2031; semiannual interest payments due January 1 and July 1 with rates from 2.00 to 4.00 percent.	<u>5,000,000</u>
Serviced by Debt Service Fund	<u>\$ 33,565,000</u>

Annual debt service requirements to maturity for general obligation bonds at June 30, 2012 are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
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	1,865,000	660,044
2018-2022	6,510,000	2,535,482
2023-2027	5,950,000	1,380,306
2028-2032	3,760,000	292,050
	<u>\$ 33,565,000</u>	<u>\$ 8,694,258</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, 2012 of the former water and sewer fund are \$8,200,000.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2012

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

##### Revenue Bonds

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

Revenue bonds outstanding at June 30, 2012 are comprised of the following individual issue:

	Business-type activities
\$14,035,000 Storm Water Fee Revenue Bonds, Series 2007 issued for storm water system improvements and to refund \$3,130,000 of outstanding Series 1997A Public Improvements Bonds; principal installments due annually on June 1 in varying amounts from \$445,000 to \$725,000 through June 1, 2033; semiannual interest payments due June 1 and December 1 a fixed rate of 5.00 percent; serviced by the Storm Water Management Fund.	<u>\$ 12,160,000</u>

The City has pledged storm water fee customer revenues, net of specified operating expenses, to pay the storm water fee revenue bonds. The bonds are payable solely from storm water fee customer net revenues. Related principal and interest paid for the current year are \$1,057,894 or 49% of available net revenues of \$2,153,395.

Certain covenants are contained in the revenue bond order. The City was in compliance with the covenants during the fiscal year ended June 30, 2012. The revenue coverage calculation as of June 30, 2012 is as follows:

Revenues (1)		
Operating revenues	\$ 7,748,266	
Other operating revenue	67,435	
Investment earnings	46,671	\$ 7,862,372
Current Expenses (2)		
Operating expenses	6,462,156	
Less depreciation	(740,416)	
Less amortization	(12,763)	5,708,977
Revenues available for debt service		2,153,395
Principal and interest requirements (3)		
Revenue bonds (at 120%)	1,263,757	
Other indebtedness (at 100%)	120,310	1,384,067
Revenues in excess of principal and interest requirements		\$ 769,328

(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, 2012

### 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
2013	\$ 480,000	\$ 573,131
2014	500,000	552,731
2015	520,000	531,481
2016	545,000	509,381
2017	565,000	486,219
2018-2022	3,235,000	2,032,707
2023-2027	2,455,000	1,345,250
2028-2032	3,135,000	666,500
2033	725,000	36,250
	<u>\$ 12,160,000</u>	<u>\$ 6,733,650</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 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.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2012

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

#### Installment Obligations (continued)

Installment obligations outstanding at June 30, 2012 are comprised of the following individual issues:

	Governmental activities	Business-type activities
<p>\$37,020,000 Certificates of Participation, Series 2005A issued for construction of the Police Headquarters and 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 3.60 to 5.00 percent.</p> <p>Serviced by Debt Service Fund</p> <p>Serviced by Storm Water Management Fund</p>	<p>\$ 30,020,000</p> <p style="text-align: right;">-</p>	<p>\$ -</p> <p style="text-align: right;">950,000</p>
<p>\$17,235,000 Certificates of Participation, Series 2006A issued to refund \$16,965,000 of outstanding Series 1999A Certificates of Participation; principal payments due annually on June 1 in installments ranging from \$925,000 to \$1,550,000 through June 1, 2024; semiannual interest payments due June 1 and December 1 at rates from 4.00 to 5.00 percent.</p> <p>Serviced by Debt Service Fund</p>	<p>14,530,000</p>	<p>-</p>
<p>\$46,560,000 Certificates of Participation, Series 2008A issued for construction of the Convention Center; principal payments due annually on June 1 in installments ranging from \$1,010,000 to \$3,825,000 beginning June 1, 2017 through June 1, 2038; semiannual interest payments due June 1 and December 1 at rates from 4.00 to 5.00 percent.</p> <p>Serviced by Convention Center Fund</p>	<p>46,560,000</p>	<p>-</p>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2012

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

#### Installment Obligations (continued)

	Governmental activities	Business-type activities
<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 at rates from 2.50 to 4.00 percent.</p> <p style="padding-left: 20px;">Serviced by Debt Service Fund</p>	4,600,000	-
<p>\$28,180,000 Limited Obligation Bonds, Series 2010B of which a portion is taxable Build America Bonds and a portion is taxable refunding bonds; issued for improvements to Empie Park Firestation, Front Street, North Riverwalk, and North Downtown streetscape; 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 through June 1, 2030; semiannual interest payments due June 1 and December 1 at rates from 2.39 to 6.33 percent.</p> <p style="padding-left: 20px;">Serviced by Debt Service Fund</p> <p style="padding-left: 20px;">Serviced by Convention Center Fund</p>	19,270,000 6,075,000	- -

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2012

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

#### Installment Obligations (continued)

	Governmental activities	Business-type activities
<p>\$30,695,000 Refunding Limited Obligated Bonds, Series 2012 issued to refund \$2,455,000 of outstanding Series 2001 and \$10,310,000 of outstanding Series 2008D installment purchase agreements and \$8,200,000 of outstanding Series 2003A and \$9,730,000 of outstanding Series 2004 Certificates of Participation; principal payments due annually on June 1 in installments ranging from \$530,000 to \$2,090,000 through June 1, 2030; Semiannual interest payments due on June 1 and December 1 at rates from 2.00 to 5.00 percent</p>		
Serviced by Debt Service Fund	\$ 24,673,750	\$ -
Serviced by Parking Fund	-	6,021,250
	<u>\$ 152,918,750</u>	<u>\$ 6,971,250</u>
Installment Obligations Serviced By:		
Debt Service Fund	\$ 93,093,750	\$ -
Convention Center Fund	59,825,000	-
Storm Water Management Fund	-	950,000
Parking Facility Fund	-	6,021,250
	<u>\$ 152,918,750</u>	<u>\$ 6,971,250</u>

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
2013	\$ 7,203,250	\$ 7,062,685	\$ 461,750	\$ 282,248
2014	7,362,500	6,920,501	432,500	289,435
2015	7,040,500	6,665,787	419,500	279,035
2016	7,552,000	6,396,204	413,000	265,250
2017	7,031,750	6,089,239	403,250	251,760
2018-2022	36,922,000	25,480,156	2,263,000	978,973
2023-2027	33,276,750	16,660,140	2,183,250	415,912
2028-2032	26,150,000	8,779,213	395,000	19,750
2033-2037	16,555,000	3,520,250	-	-
2038	3,825,000	191,250	-	-
	<u>\$ 152,918,750</u>	<u>\$ 87,765,425</u>	<u>\$ 6,971,250</u>	<u>\$ 2,782,363</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2012

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

##### Installment Obligations (continued)

In prior years, Certificates of Participation were issued to purchase two private water systems and were repaid from revenues of the ground water fund. In connection with the 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, 2012 of the former groundwater fund are \$14,530,000.

##### Advance and Current Refunding

In June 2012, the City issued \$30,695,000 of limited obligation bonds to refund multiple outstanding obligations. \$2,455,000 and \$10,310,000 of the refunding bonds were issued to currently refund \$2,612,500 of Series 2001 and \$11,410,000 of Series 2008D installment purchase agreements, respectively. \$8,200,000 and \$9,730,000 of the refunding bonds were issued to provide resources to purchase U.S. Treasury State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$8,780,000 of Series 2003A and \$9,610,000 of Series 2004 Certificates of Participation, respectively. As a result, the refunded installment obligations are considered to be defeased and the liability has been removed from the Statement of Net Assets – Proprietary Funds and the governmental and business-type activities of the Statement of Net Assets. The reacquisition price of the combined transaction exceeded the net carrying amount of the old debt by \$1,317,495. This amount is being netted against the new debt and amortized over the life of the refunded debt. The transaction resulted in an economic gain of \$1,813,109 and a decrease of \$1,806,207 in future debt service payments.

##### 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, 2012 are comprised of the following individual issues:

#### Governmental activities

\$12,000,000 installment agreement executed in June 2008 for development of parks; principal payments due annually on June 1 in 8 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.

\$ 10,500,000

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2012

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

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

	Governmental activities
\$5,065,808 installment agreement executed in June 2010 for development of parks; principal payments due annually on June 1 in 16 installments of \$253,058, and 3 installments of \$254,610 through August 1, 2031; semiannual interest payments due August 1 and February 1 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.	\$ <u>4,812,750</u>
Serviced by Debt Service Fund	\$ <u>15,312,750</u>

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

Year Ending June 30	Governmental Activities	
	Principal	Interest
2013	\$ 753,058	\$ 619,669
2014	753,058	593,086
2015	753,058	563,025
2016	753,058	539,269
2017	753,058	512,997
2018-2022	4,215,287	2,123,052
2023-2027	4,890,287	1,148,383
2028-2031	2,441,886	191,030
	\$ 15,312,750	\$ 6,290,511

#### 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.



# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued)

June 30, 2012

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

#### B. LIABILITIES (continued)

##### LONG-TERM LIABILITIES (continued)

##### Interest Rate Swap Agreement (continued)

**Terms.** The bonds and the related swap agreement mature on June 1, 2015 and the swap's notional amount of \$8,200,000 at June 30, 2012 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 \$555,134 as of June 30, 2012 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, 2012, 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, 2012 of 3.845%. As of June 30, 2012, the rate on the City's Bonds was .19% whereas 67% of LIBOR was .16%

**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.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2012

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

#### Interest Rate Swap Agreement (continued)

**Swap payments and associated debt.** Using rates as of June 30, 2012, 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.

<u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Swap, Net</u>	<u>Total</u>
2013	\$ 2,945,000	\$ 15,580	\$ 299,710	\$ 3,260,290
2014	2,900,000	9,985	192,070	3,102,055
2015	2,355,000	4,475	86,075	2,445,550
	<u>\$ 8,200,000</u>	<u>\$ 30,040</u>	<u>\$ 577,855</u>	<u>\$ 8,807,895</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, 2012:

#### Governmental Activities:

##### Interest rate swaps:

##### Effective cash flow hedge:

	<u>Notional Value</u> <u>June 30, 2012</u>	<u>Fair Value</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Fair Value</u> <u>June 30, 2012</u>
2002 pay-fixed, receive variable interest rate swap	<u>\$ 8,200,000</u>	<u>\$ (833,249)</u>	<u>\$ 278,115</u>	<u>\$ -</u>	<u>\$ (555,134)</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, 2012 amounts to \$1,139,812,022 resulting in a legal debt margin of \$939,244,272.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2012

### 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 2012 were as follows:

	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012	Due Within One Year
General obligation bonds	\$ 37,890,000	\$ -	\$ (4,325,000)	\$ 33,565,000	\$ 4,575,000
Installment obligations	144,412,828	24,673,750	(16,167,828)	152,918,750	7,203,250
Other long-term obligations	32,079,818	-	(16,767,068)	15,312,750	753,058
Less deferred amounts:					
For issuance discount	(36,997)	-	-	(36,997)	-
On refunding	(236,997)	(939,139)	60,967	(1,115,169)	-
Plus deferred amounts:					
For issuance premium	3,443,287	3,044,534	(432,534)	6,055,287	-
Compensated absences	5,708,785	4,430,821	(4,304,183)	5,835,423	4,382,046
Net pension obligation	301,173	489,234	(250,000)	540,407	-
Other postemployment benefits	<u>5,647,838</u>	<u>3,875,685</u>	<u>(1,316,838)</u>	<u>8,206,685</u>	<u>-</u>
Governmental activity long-term liabilities	<u>\$229,209,735</u>	<u>\$ 35,574,885</u>	<u>\$(43,502,484)</u>	<u>\$221,282,136</u>	<u>\$ 16,913,354</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, \$94,518 of internal service funds' compensated absences and \$136,593 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 2012 were as follows:

	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012	Due Within One Year
Revenue bonds	\$ 12,625,000	\$ -	\$ (465,000)	\$ 12,160,000	\$ 480,000
Installment obligations	7,892,172	6,021,250	(6,942,172)	6,971,250	461,750
Less deferred amounts:					
On refunding	(9,715)	(378,356)	5,937	(382,134)	-
Plus deferred amounts:					
For issuance premium	511,311	804,438	(13,639)	1,302,110	-
Compensated absences	501,339	618,297	(604,710)	514,926	366,612
Other postemployment benefits	<u>886,395</u>	<u>611,611</u>	<u>(143,449)</u>	<u>1,354,557</u>	<u>-</u>
Business-type activity long-term liabilities	<u>\$ 22,406,502</u>	<u>\$ 7,677,240</u>	<u>\$(8,163,033)</u>	<u>\$ 21,920,709</u>	<u>\$ 1,308,362</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2012

### 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 and \$16,667 for the years ending June 30 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, 2012, the City paid \$174,836. In April 2011, the City gave notice of intent to terminate the lease effective January 31, 2012, however, this was extended to October 2012. The lease extension resulted in five monthly payments in 2013 totaling \$69,023 plus common 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, 2012 the City paid \$985,255 for these services. The remaining contract extension costs are \$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, 2012 those services were provided under contract, by First Transit, Inc. (FTI) 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, 2012, the Authority incurred management fees totaling \$212,500. The contract with FTI is for two more years and provides for minimum payments of \$141,625 and \$145,874 for the periods ending June 30, 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, 2012 the City made the final payment under the agreement.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued)

June 30, 2012

### 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, 2012 PPD has not met the additional employment and direct investment conditions.

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, 2012. 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, 2012 are as follows:

General Fund	\$ 973,207
Special Purpose Fund	703,466
Streets and Sidewalks Fund	9,951,876
Building Improvements Fund	643,553
Solid Waste Management Fund	1,173,976
Storm Water Management Fund	1,165,125
Parking Facilities Fund	60,457
Nonmajor Governmental Funds	1,938,315
Nonmajor Golf Fund	19,374
Internal Service Funds	1,332,141
Total encumbrances	<u>\$ 17,961,489</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2012

### 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, 2012.

##### 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 balances as of June 30, 2012, are as follows:

	General Fund	Building Improvements Fund	Total
Receivable fund	\$ 876,495	\$ 256,874	\$ 1,133,369
Payable fund:			
Nonmajor Governmental Funds	\$ 521,662	\$ 256,874	\$ 778,536
Parking Facilities Fund	330,368	-	330,368
Fiduciary Funds	24,465	-	24,465
Total	\$ 876,495	\$ 256,874	\$ 1,133,369

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, 2012

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

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

Interfund transfers for the year ended June 30, 2012 were as follows:

	General Fund	Special Purpose Fund	Nonmajor Governmental Funds	Internal Service Funds	Total	Governmental Activities Capital Assets
Transfers out	<u>\$13,896,703</u>	<u>\$ 9,539</u>	<u>\$ 264,932</u>	<u>\$ 12,484</u>	<u>\$14,183,658</u>	<u>\$2,655,148</u>
Transfers in:						
Special Purpose Fund	\$ 497,692	\$ -	\$ 20,000	\$ -	\$ 517,692	\$ -
Streets and Sidewalks Fund	1,564,654	-	-	-	1,564,654	-
Building Improvements Fund	1,280,000	-	-	-	1,280,000	-
Debt Service Fund	9,334,832	-	-	-	9,334,832	-
Nonmajor Governmental Funds	736,525	9,539	244,932	-	990,996	-
Parking Facilities Fund	3,000	-	-	-	3,000	2,637,816
Internal Service Funds	<u>480,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>480,000</u>	<u>17,332</u>
Total	<u>\$13,896,703</u>	<u>\$ 9,539</u>	<u>\$ 264,932</u>	<u>\$ -</u>	<u>\$14,171,174</u>	<u>\$2,655,148</u>
Governmental Activities						
Capital Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,484</u>	<u>\$ 12,484</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, 2012, such interfund premiums did not exceed reimbursable expenditures.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2012

### 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, 2012, the City has recorded a liability of \$548,574 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>2011</u>	<u>2012</u>
Unpaid claims, beginning	\$ 711,622	\$ 587,145
Incurred claims (including IBNRs)	7,727,943	8,114,062
Claim payments	<u>(7,852,420)</u>	<u>(8,152,633)</u>
Unpaid claims, ending, due within one year	<u>\$ 587,145</u>	<u>\$ 548,574</u>

#### DENTAL AND VISION SELF-INSURANCE PROGRAMS

As of June 30, 2012, the City is a self-insurer for group dental and vision insurance. The City has contracted with Blue Cross and Blue Shield of North Carolina to administer the programs. As of June 30, 2012, the City has recorded a liability of \$21,536 and \$3,929 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>2011</u>	<u>2012</u>
Unpaid claims, beginning	\$ 41,013	\$ 55,066
Incurred claims (including IBNRs)	418,977	370,254
Claim payments	<u>(404,924)</u>	<u>(403,784)</u>
Unpaid claims, ending, due within one year	<u>\$ 55,066</u>	<u>\$ 21,536</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, 2012

### 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. As of June 30, 2012, the City has recorded a liability of \$916,082 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:

	2011	2012
Unpaid claims, beginning	\$ 446,521	\$ 393,654
Incurred claims (including IBNRs)	911,538	1,527,795
Claim payments	<u>(964,405)</u>	<u>(1,005,367)</u>
Unpaid claims, ending, due within one year	<u>\$ 393,654</u>	<u>\$ 916,082</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 this coverage, such as the City's Riverwalk and the Wilmington Convention Center. A separate flood insurance policy is purchased for the Wilmington Convention Center through the National Flood Insurance Program; however, due to the flood zone in which the property is located, the policy limits loss from flooding on the facility to \$500,000 for building and \$500,000 for business personal property, subject to a \$25,000 deductible. As a result, the City has purchased an excess flood insurance 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, 2012

### 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; errors and omissions; injuries to employees; and natural disasters. 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.

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, 2012, 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. No provisions for the refund of grant moneys have been made in the accompanying financial statements.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued)

June 30, 2012

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

#### B. FEDERAL AND STATE ASSISTANCE PROGRAMS (continued)

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

#### C. UNDERGROUND STORAGE TANK REMOVAL PROGRAM

The City has completed a program to remove and replace all underground storage tanks not in full compliance with current environmental regulations. Monitoring for pollutants is continuing at some sites as of June 30, 2012. 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, 2012, the City recognized \$2,470,358 in tax revenue as result of the tax levy with a total of \$18,116,383 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 – ANNEXATIONS

Under North Carolina General Statutes, cities may annex areas upon a receipt of a valid petition signed by the owners of all the real property located within such area. Since May of 2009 the Wilmington City Council has adopted 3 voluntary annexation ordinances: 1) 5000 River Road (1,358.717 acres), 2) 7910 Market Street (26.57 acres), and 3) 6469, 6501 and 6505 Gordon Road (9.99 acres). In addition, 4 tracts, totaling approximately 74 acres, were voluntarily annexed into the City by the North Carolina General Assembly, through Session Law 2012-138, effective July 1, 2012.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2012

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

The GASB has issued pronouncements prior to June 30, 2012 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 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 – An Amendment of GASB Statements No. 14 and 34” will be effective for the City beginning with its year ending June 30, 2013.
- GASB Statement Number 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements” 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 65, “Items Previously Reported as Assets and Liabilities” will be effective for the City beginning with its year ending June 30, 2014.
- GASB Statement Number 66, “Technical Corrections – 2012 – An Amendment of GASB Statement No. 10 and No. 62” will be effective for the City beginning with its year ending June 30, 2014.
- GASB Statement Number 67, “Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25” will be effective for the City beginning with its year ending June 30, 2014.
- GASB Statement Number 68, “Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27” will be effective for the City beginning with its year ending June 30, 2015.

**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)
12-31-02	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
12-31-11	1,082,005	5,344,760	4,262,755	20.24	12,940,528	32.94

**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>
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
2012	492,142	50.8

**Notes to the Required Schedules:**

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

Valuation date	12-31-2011
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	19 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
12-31-11	383,354	51,973,292	51,589,938	0.74	42,411,075	121.64

**CITY OF WILMINGTON, NORTH CAROLINA**

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

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2009	\$ 3,477,479	54.0 %
2010	3,607,884	32.0
2011	3,792,520	35.4
2012	4,589,269	31.8

**Notes to the Required Schedules:**

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

Valuation date	12-31-2011
Actuarial cost method	Projected unit credit
Amortization method	Level dollar amount open
Remaining amortization period	30 Years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	4.00%
*Includes inflation at	3.00%
Medical cost trend rate	9.50% to 5.00%
Year of ultimate trend rate	2018

**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, 2012**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 958,082	\$ 1,691,425	\$ 2,649,507
Other receivables	69,244	681	69,925
Due from other governments	752,300	1,148,876	1,901,176
Assets held for resale	71,749	-	71,749
Notes receivable	15,716,525	-	15,716,525
Prepays	12,415	-	12,415
Restricted assets:			
Due from other governments	<u>          -</u>	<u>4,035,940</u>	<u>4,035,940</u>
Total assets	<u>\$ 17,580,315</u>	<u>\$ 6,876,922</u>	<u>\$ 24,457,237</u>
 <b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 143,738	\$ 455,717	\$ 599,455
Due to other funds	521,662	256,874	778,536
Accrued liabilities	30,875	-	30,875
Customer and escrow deposits	215,542	-	215,542
Deferred revenues	21,194	-	21,194
Payable from restricted assets	<u>          -</u>	<u>46,512</u>	<u>46,512</u>
Total liabilities	<u>933,011</u>	<u>759,103</u>	<u>1,692,114</u>
 Fund balances:			
Non Spendable:			
Prepays	12,415	-	12,415
Restricted:			
Stabilization by State statute	1,723,932	6,060,692	7,784,624
Community development loans	16,605,758	-	16,605,758
Public safety	106,600	-	106,600
Committed:			
Capital projects	-	358,045	358,045
Unassigned (deficit)	<u>(1,801,401)</u>	<u>(300,918)</u>	<u>(2,102,319)</u>
Total fund balances	<u>16,647,304</u>	<u>6,117,819</u>	<u>22,765,123</u>
Total liabilities and fund balances	<u>\$ 17,580,315</u>	<u>\$ 6,876,922</u>	<u>\$ 24,457,237</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**June 30, 2012**

	Community Development Fund	Home Investment Partnership Fund	Rental Rehabilitation Loan Fund	Commercial Loan Fund	Rehabilitation Loan Fund
<b>ASSETS</b>					
Cash and cash equivalents	\$ 16,153	\$ 31,180	\$ 44,215	\$ -	\$ 335,548
Other receivables	-	-	25	-	177
Due from other governments	459,070	201,742	-	-	-
Assets held for resale	-	32,335	-	-	39,414
Notes receivable	-	6,164,401	166,783	997,609	2,993,214
Prepays	<u>10,863</u>	<u>1,552</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 486,086</u>	<u>\$ 6,431,210</u>	<u>\$ 211,023</u>	<u>\$ 997,609</u>	<u>\$ 3,368,353</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 139,150	\$ -	\$ -	\$ -	\$ 2,469
Due to other funds	319,920	201,742	-	-	-
Accrued liabilities	27,016	3,859	-	-	-
Customer and escrow deposits	-	93,576	865	351	85,764
Deferred revenues	<u>-</u>	<u>126</u>	<u>351</u>	<u>-</u>	<u>503</u>
Total liabilities	<u>486,086</u>	<u>299,303</u>	<u>1,216</u>	<u>351</u>	<u>88,736</u>
Fund balances:					
Non Spendable:					
Prepays	10,863	1,552	-	-	-
Restricted:					
Stabilization by State statute	630,043	1,093,889	-	-	-
Community development loans	-	6,196,610	209,807	997,609	3,279,617
Public safety	-	-	-	-	-
Unassigned (deficit)	<u>(640,906)</u>	<u>(1,160,144)</u>	<u>-</u>	<u>(351)</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>6,131,907</u>	<u>209,807</u>	<u>997,258</u>	<u>3,279,617</u>
Total liabilities and fund balances	<u>\$ 486,086</u>	<u>\$ 6,431,210</u>	<u>\$ 211,023</u>	<u>\$ 997,609</u>	<u>\$ 3,368,353</u>

CDBG HOP Loan Fund	GF HOP Loan Fund	Economic Development Loan Fund	Firemen's Relief Fund	Total Nonmajor Special Revenue Funds
\$ 16,839	\$ 158,707	\$ 340,336	\$ 15,104	\$ 958,082
9	68,846	179	8	69,244
-	-	-	91,488	752,300
-	-	-	-	71,749
1,887,642	3,373,151	133,725	-	15,716,525
-	-	-	-	12,415
<u>\$ 1,904,490</u>	<u>\$ 3,600,704</u>	<u>\$ 474,240</u>	<u>\$ 106,600</u>	<u>\$ 17,580,315</u>
\$ 204	\$ 575	\$ 1,340	\$ -	\$ 143,738
-	-	-	-	521,662
-	-	-	-	30,875
7,822	26,372	792	-	215,542
-	286	19,928	-	21,194
<u>8,026</u>	<u>27,233</u>	<u>22,060</u>	<u>-</u>	<u>933,011</u>
-	-	-	-	12,415
-	-	-	-	1,723,932
1,896,464	3,573,471	452,180	-	16,605,758
-	-	-	106,600	106,600
-	-	-	-	(1,801,401)
<u>1,896,464</u>	<u>3,573,471</u>	<u>452,180</u>	<u>106,600</u>	<u>16,647,304</u>
<u>\$ 1,904,490</u>	<u>\$ 3,600,704</u>	<u>\$ 474,240</u>	<u>\$ 106,600</u>	<u>\$ 17,580,315</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**June 30, 2012**

	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	\$ 1,691,425	\$ -	\$ 1,691,425
Other receivables	681	-	681
Due from other governments	776,457	372,419	1,148,876
Restricted assets:			
Due from other governments	<u>4,035,940</u>	<u>-</u>	<u>4,035,940</u>
Total assets	<u>\$ 6,504,503</u>	<u>\$ 372,419</u>	<u>\$ 6,876,922</u>
 <b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 455,717	\$ -	\$ 455,717
Due to other funds	-	256,874	256,874
Accounts payable from restricted assets	<u>46,512</u>	<u>-</u>	<u>46,512</u>
Total liabilities	<u>502,229</u>	<u>256,874</u>	<u>759,103</u>
 Fund balances:			
Restricted:			
Stabilization by State statute	5,644,229	416,463	6,060,692
Committed:			
Capital projects	358,045	-	358,045
Unassigned (deficit)	<u>-</u>	<u>(300,918)</u>	<u>(300,918)</u>
Total fund balances	<u>6,002,274</u>	<u>115,545</u>	<u>6,117,819</u>
Total liabilities and fund balances	<u>\$ 6,504,503</u>	<u>\$ 372,419</u>	<u>\$ 6,876,922</u>



**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2012**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
Revenues:			
Restricted intergovernmental	\$ 1,733,713	\$ 2,140,632	\$ 3,874,345
Investment earnings	2,303	4,032	6,335
Donations	-	245,167	245,167
Miscellaneous	<u>115,500</u>	<u>-</u>	<u>115,500</u>
Total revenues	<u>1,851,516</u>	<u>2,389,831</u>	<u>4,241,347</u>
Expenditures:			
General government	109,271	91,214	200,485
Public safety	83,779	778,494	862,273
Transportation	-	6,169	6,169
Economic and physical development	1,249,221	-	1,249,221
Cultural and recreational	<u>-</u>	<u>2,604,466</u>	<u>2,604,466</u>
Total expenditures	<u>1,442,271</u>	<u>3,480,343</u>	<u>4,922,614</u>
Excess (deficiency) of revenues over (under) expenditures	<u>409,245</u>	<u>(1,090,512)</u>	<u>(681,267)</u>
Other financing sources (uses):			
Transfers from other funds	244,932	746,064	990,996
Transfers to other funds	<u>(244,932)</u>	<u>(20,000)</u>	<u>(264,932)</u>
Total other financing sources	<u>-</u>	<u>726,064</u>	<u>726,064</u>
Net change in fund balances	409,245	(364,448)	44,797
Fund balances at beginning of year	<u>16,238,059</u>	<u>6,482,267</u>	<u>22,720,326</u>
Fund balances at end of year	<u>\$ 16,647,304</u>	<u>\$ 6,117,819</u>	<u>\$ 22,765,123</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2012**

	<u>Community Development Fund</u>	<u>Home Investment Partnership Fund</u>	<u>Rental Rehabilitation Loan Fund</u>	<u>Commercial Loan Fund</u>	<u>Rehabilitation Loan Fund</u>
Revenues:					
Restricted intergovernmental	\$ 1,348,489	\$ 385,224	\$ -	\$ -	\$ -
Investment earnings	-	-	207	-	-
Miscellaneous	-	7,095	1,765	-	4,332
Total revenues	<u>1,348,489</u>	<u>392,319</u>	<u>1,972</u>	<u>-</u>	<u>4,332</u>
Expenditures:					
General government	80,084	29,187	-	-	-
Public safety	-	-	-	-	-
Economic and physical development	<u>1,118,594</u>	<u>60,455</u>	<u>-</u>	<u>-</u>	<u>45,484</u>
Total expenditures	<u>1,198,678</u>	<u>89,642</u>	<u>-</u>	<u>-</u>	<u>45,484</u>
Excess (deficiency) of revenues over (under) expenditures	<u>149,811</u>	<u>302,677</u>	<u>1,972</u>	<u>-</u>	<u>(41,152)</u>
Other financing sources (uses):					
Transfers from other funds	7,531	79,954	-	157,342	105
Transfers to other funds	<u>(157,342)</u>	<u>(105)</u>	<u>(5,107)</u>	<u>(2,424)</u>	<u>(804)</u>
Total other financing sources (uses)	<u>(149,811)</u>	<u>79,849</u>	<u>(5,107)</u>	<u>154,918</u>	<u>(699)</u>
Net change in fund balances	-	382,526	(3,135)	154,918	(41,851)
Fund balances at beginning of year	<u>-</u>	<u>5,749,381</u>	<u>212,942</u>	<u>842,340</u>	<u>3,321,468</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 6,131,907</u>	<u>\$ 209,807</u>	<u>\$ 997,258</u>	<u>\$ 3,279,617</u>

<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>
\$ -	\$ -	\$ -	\$ -	\$ 1,733,713
-	1,150	792	154	2,303
<u>208</u>	<u>446</u>	<u>10,166</u>	<u>91,488</u>	<u>115,500</u>
<u>208</u>	<u>1,596</u>	<u>10,958</u>	<u>91,642</u>	<u>1,851,516</u>
-	-	-	-	109,271
-	-	-	83,779	83,779
<u>-</u>	<u>20,238</u>	<u>4,450</u>	<u>-</u>	<u>1,249,221</u>
<u>-</u>	<u>20,238</u>	<u>4,450</u>	<u>83,779</u>	<u>1,442,271</u>
<u>208</u>	<u>(18,642)</u>	<u>6,508</u>	<u>7,863</u>	<u>409,245</u>
-	-	-	-	244,932
<u>-</u>	<u>(79,150)</u>	<u>-</u>	<u>-</u>	<u>(244,932)</u>
<u>-</u>	<u>(79,150)</u>	<u>-</u>	<u>-</u>	<u>-</u>
208	(97,792)	6,508	7,863	409,245
<u>1,896,256</u>	<u>3,671,263</u>	<u>445,672</u>	<u>98,737</u>	<u>16,238,059</u>
<u>\$ 1,896,464</u>	<u>\$ 3,573,471</u>	<u>\$ 452,180</u>	<u>\$ 106,600</u>	<u>\$ 16,647,304</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2012**

	Parks and Recreation Fund	Public Improvements Fund	Total Nonmajor Capital Projects Funds
Revenues:			
Restricted intergovernmental	\$ 1,436,746	\$ 703,886	\$ 2,140,632
Investment earnings	4,032	-	4,032
Donations	<u>193,167</u>	<u>52,000</u>	<u>245,167</u>
Total revenues	<u>1,633,945</u>	<u>755,886</u>	<u>2,389,831</u>
Expenditures:			
General government	-	91,214	91,214
Public safety	-	778,494	778,494
Transportation	-	6,169	6,169
Cultural and recreational	<u>2,604,466</u>	<u>-</u>	<u>2,604,466</u>
Total expenditures	<u>2,604,466</u>	<u>875,877</u>	<u>3,480,343</u>
Excess of expenditures over revenues	<u>(970,521)</u>	<u>(119,991)</u>	<u>(1,090,512)</u>
Other financing sources (uses):			
Transfers from other funds	633,650	112,414	746,064
Transfers to other funds	<u>(20,000)</u>	<u>-</u>	<u>(20,000)</u>
Total other financing sources	<u>613,650</u>	<u>112,414</u>	<u>726,064</u>
Net change in fund balances	(356,871)	(7,577)	(364,448)
Fund balances at beginning of year	<u>6,359,145</u>	<u>123,122</u>	<u>6,482,267</u>
Fund balances at end of year	<u>\$ 6,002,274</u>	<u>\$ 115,545</u>	<u>\$ 6,117,819</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**June 30, 2012**

	Law Enforcement Officers' Pension Trust Fund	Other Postemployment Benefits	Total Pension Trust Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,184,809	\$ 382,150	\$ 1,566,959
Other receivables	<u>623</u>	<u>-</u>	<u>623</u>
Total assets	<u>1,185,432</u>	<u>382,150</u>	<u>1,567,582</u>
<b>LIABILITIES</b>			
Accounts payable	-	675	675
Due to General Fund	<u>-</u>	<u>24,465</u>	<u>24,465</u>
Total liabilities	<u>-</u>	<u>25,140</u>	<u>25,140</u>
<b>NET ASSETS</b>			
Assets held in trust for pension and other postemployment benefits	<u>\$ 1,185,432</u>	<u>\$ 357,010</u>	<u>\$ 1,542,442</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2012**

	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	\$ 1,460,287	\$ 1,710,287
Plan members	-	250,109	250,109
Total contributions	<u>250,000</u>	<u>1,710,396</u>	<u>1,960,396</u>
Investment earnings	<u>5,616</u>	<u>211</u>	<u>5,827</u>
Total additions	<u>255,616</u>	<u>1,710,607</u>	<u>1,966,223</u>
Deductions:			
Benefits	274,960	1,619,629	1,894,589
Administrative expense	-	117,931	117,931
Total deductions	<u>274,960</u>	<u>1,737,560</u>	<u>2,012,520</u>
Change in net assets	(19,344)	(26,953)	(46,297)
Net assets at beginning of year	<u>1,204,776</u>	<u>383,963</u>	<u>1,588,739</u>
Net assets at end of year	<u>\$ 1,185,432</u>	<u>\$ 357,010</u>	<u>\$ 1,542,442</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2012**

	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2012</u>
<b>CHDO Proceeds Fund</b>				
Assets:				
Cash and cash equivalents	\$ 312,392	\$ 1,503	\$ 34,052	\$ 279,843
Other receivables	<u>188</u>	<u>147</u>	<u>188</u>	<u>147</u>
Total assets	<u>\$ 312,580</u>	<u>\$ 1,650</u>	<u>\$ 34,240</u>	<u>\$ 279,990</u>
Liabilities:				
Escrow funds and deposits	<u>\$ 312,580</u>	<u>\$ 1,650</u>	<u>\$ 34,240</u>	<u>\$ 279,990</u>
<b>Law Enforcement Seizure Fund</b>				
Assets:				
Cash and cash equivalents	<u>\$ 135,216</u>	<u>\$ 65,781</u>	<u>\$ 75,598</u>	<u>\$ 125,399</u>
Liabilities:				
Escrow funds and deposits	<u>\$ 135,216</u>	<u>\$ 65,781</u>	<u>\$ 75,598</u>	<u>\$ 125,399</u>
<b>Totals - All Agency Funds</b>				
Assets:				
Cash and cash equivalents	\$ 447,608	\$ 67,284	\$ 109,650	\$ 405,242
Other receivables	<u>188</u>	<u>147</u>	<u>188</u>	<u>147</u>
Total assets	<u>\$ 447,796</u>	<u>\$ 67,431</u>	<u>\$ 109,838</u>	<u>\$ 405,389</u>
Liabilities:				
Escrow funds and deposits	<u>\$ 447,796</u>	<u>\$ 67,431</u>	<u>\$ 109,838</u>	<u>\$ 405,389</u>

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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, 2012  
With Comparative Actual Amounts for Year Ended June 30, 2011**

	2012		Variance Positive (Negative)	2011 Actual
	Budget	Actual		
<b>Revenues:</b>				
<b>Ad valorem taxes:</b>				
Current year	\$ 51,639,444	\$ 52,020,321	\$ 380,877	\$ 51,575,699
Prior years	297,950	613,455	315,505	520,415
Penalties and interest	101,000	236,095	135,095	208,826
Total	<u>52,038,394</u>	<u>52,869,871</u>	<u>831,477</u>	<u>52,304,940</u>
<b>Other taxes:</b>				
Local option sales tax	15,637,326	16,543,702	906,376	14,409,320
Franchise tax	6,464,778	5,993,214	(471,564)	6,303,686
Video programming sales tax	1,419,788	1,425,834	6,046	1,470,975
Rental vehicle tax	136,249	209,722	73,473	190,568
Total	<u>23,658,141</u>	<u>24,172,472</u>	<u>514,331</u>	<u>22,374,549</u>
<b>Unrestricted intergovernmental:</b>				
Beer and wine	465,088	463,090	(1,998)	450,466
ABC revenue	816,000	1,083,121	267,121	853,314
Court fees	47,000	39,156	(7,844)	37,187
Total	<u>1,328,088</u>	<u>1,585,367</u>	<u>257,279</u>	<u>1,340,967</u>
<b>Restricted intergovernmental:</b>				
Powell bill	2,679,476	2,742,253	62,777	2,585,435
PEG channel support	10,000	32,721	22,721	21,914
<b>Categorical grants:</b>				
Transportation	285,500	293,678	8,178	356,143
Hurricane disaster assistance	741,000	864,616	123,616	63,063
Other	236,408	218,588	(17,820)	225,303
Total	<u>3,952,384</u>	<u>4,151,856</u>	<u>199,472</u>	<u>3,251,858</u>
<b>Licenses and permits:</b>				
Privilege licenses	1,834,217	1,962,112	127,895	1,965,691
Motor vehicle licenses	351,253	349,861	(1,392)	341,355
Other permits and fees	267,412	222,763	(44,649)	203,236
Total	<u>2,452,882</u>	<u>2,534,736</u>	<u>81,854</u>	<u>2,510,282</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, 2012  
With Comparative Actual Amounts for Year Ended June 30, 2011**

	2012		Variance	2011
	Budget	Actual	Positive (Negative)	Actual
Revenues: (continued)				
Sales and services:				
Recreation department sales and service	\$ 536,243	\$ 670,556	\$ 134,313	\$ 610,256
Other departmental charges	1,738,925	2,246,372	507,447	1,820,387
Central services charges	1,500	-	(1,500)	193
Total	2,276,668	2,916,928	640,260	2,430,836
Fines and forfeits:				
Fire code violations	7,500	13,700	6,200	2,655
False alarm citations	20,000	108,120	88,120	47,288
Civil citations	51,200	53,255	2,055	56,848
Total	78,700	175,075	96,375	106,791
Interest earnings:				
Investment earnings	109,052	159,833	50,781	148,093
Interest on liens	1,366	3,634	2,268	7,247
Total	110,418	163,467	53,049	155,340
Miscellaneous:				
Sale of real estate, equipment and material	-	12,457	12,457	250
Rents	116,000	226,034	110,034	373,169
Other	136,069	367,833	231,764	140,879
Total	252,069	606,324	354,255	514,298
 Total revenues	 86,147,744	 89,176,096	 3,028,352	 84,989,861
Expenditures:				
General government:				
City Council and Clerk		344,005		336,133
City Manager		1,208,285		1,077,853
City Attorney		771,456		775,040
Human Resource Management		598,756		595,513
Finance		1,858,529		1,810,712
Information Technology Services		1,917,535		2,046,696
Contributions to other agencies		900,339		958,615
Nondepartmental		3,890,522		2,966,417
Total	12,911,385	11,489,427	1,421,958	10,566,979

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2012  
With Comparative Actual Amounts for Year Ended June 30, 2011**

	2012		Variance Positive (Negative)	2011 Actual
	Budget	Actual		
Expenditures: (continued)				
Public safety:				
Police		\$ 23,595,088		\$ 22,861,833
Fire		14,689,002		13,907,696
Total	\$ 39,180,882	38,284,090	\$ 896,792	36,769,529
Transportation:				
Development Services		1,301,907		1,327,057
Public Services		4,114,301		4,075,104
Traffic engineering		3,671,622		3,467,679
Streets		1,539,348		1,813,140
Storm water management fee		1,627,935		1,466,740
Total	14,025,393	12,255,113	1,770,280	12,149,720
Cultural and recreational:				
Community Services		1,151,909		1,141,608
Parks and recreation		4,975,309		4,956,676
Total	6,627,569	6,127,218	500,351	6,098,284
Transit system:				
Cape Fear Public Transportation Authority	1,247,980	1,215,737	32,243	1,227,474
Total expenditures	73,993,209	69,371,585	4,621,624	66,811,986
Excess of revenues over expenditures	12,154,535	19,804,511	7,649,976	18,177,875
Other financing sources (uses):				
Operating transfers - out:				
Debt Service Fund	(9,334,832)	(9,334,832)	-	(9,649,685)
Special Purpose Fund	(497,846)	(497,846)	-	(517,992)
CDBG/Home Administration Fund	(150,764)	(96,566)	54,198	(145,713)
Streets and Sidewalks Fund	(1,564,500)	(1,564,500)	-	(1,078,000)
Parks and Recreation Fund	(633,650)	(633,650)	-	-
Building Improvements Fund	(1,280,000)	(1,280,000)	-	(1,507,000)
Public Improvements Fund	(102,875)	(102,875)	-	-

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2012  
With Comparative Actual Amounts for Year Ended June 30, 2011**

	2012		Variance	2011
	Budget	Actual	Positive (Negative)	Actual
Other financing sources (uses): (continued)				
Operating transfers - out: (continued)				
Parking Facilities Capital Projects Fund	\$ (3,000)	\$ (3,000)	\$ -	\$ -
Personal Computer Replacement Fund	(480,000)	(480,000)	-	-
Total operating transfers - out	<u>(14,047,467)</u>	<u>(13,993,269)</u>	54,198	<u>(12,898,390)</u>
Appropriated fund balance	<u>1,892,932</u>	<u>-</u>	<u>(1,892,932)</u>	<u>-</u>
Total other financing uses	<u>(12,154,535)</u>	<u>(13,993,269)</u>	<u>(1,838,734)</u>	<u>(12,898,390)</u>
Net change in fund balance	<u>\$ -</u>	5,811,242	<u>\$ 5,811,242</u>	5,279,485
Fund balance at beginning of year		31,040,098		25,751,341
Change in reserve for inventories		<u>40,270</u>		<u>9,272</u>
Fund balance at end of year		<u>\$ 36,891,610</u>		<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		96,566		96,566
General government expenditures		(19,924)		(19,924)
Economic and physical development expenditures		(76,642)		(76,642)
Fund balance at beginning of year		<u>-</u>		<u>-</u>
Fund balance at end of year		<u>\$ 36,891,610</u>		<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, 2012**

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
<b>Revenues:</b>					
<b>Taxes:</b>					
Room occupancy tax	\$ 14,811,775	\$ 15,646,025	\$ 2,470,357	\$ 18,116,382	\$ 3,304,607
<b>Restricted intergovernmental:</b>					
Federal grants	6,357,612	3,968,576	1,458,956	5,427,532	(930,080)
State grants	3,746,188	2,121,872	722,731	2,844,603	(901,585)
Other governments	696,457	376,946	196,230	573,176	(123,281)
Total restricted intergovernmental	10,800,257	6,467,394	2,377,917	8,845,311	(1,954,946)
Investment earnings	318,402	1,775,097	60,265	1,835,362	1,516,960
Donations	216,108	164,197	4,385	168,582	(47,526)
<b>Miscellaneous:</b>					
Red light traffic cameras	3,195,345	2,363,735	875,702	3,239,437	44,092
Other program income	495,944	586,038	45,239	631,277	135,333
Sale of Property	25,234	25,235	-	25,235	1
Total miscellaneous	3,716,523	2,975,008	920,941	3,895,949	179,426
Total revenues	29,863,065	27,027,721	5,833,865	32,861,586	2,998,521
<b>Expenditures:</b>					
<b>General government projects:</b>					
LEAP energy assurance - ARRA	200,000	104,153	95,653	199,806	194
<b>Public safety projects:</b>					
Santa cop program	1,125	750	-	750	375
Governors Highway Safety Program	523,816	417,932	-	417,932	105,884
SABLE-Helicopter unit	413,847	221,244	175,073	396,317	17,530
Building futures	198,164	198,163	-	198,163	1
Bulletproof vest partnership	78,310	77,644	666	78,310	-
Federal forfeiture - SABLE	930,075	698,962	148,204	847,166	82,909
Project safe neighborhoods	72,639	70,867	-	70,867	1,772
Gang Violence Prevention	66,666	59,134	-	59,134	7,532
Regional response team	417,856	24,787	251,470	276,257	141,599
Gang resistance and intervention	874,883	614,703	29,844	644,547	230,336
Vocational pathways - KMI	241,235	240,952	(217)	240,735	500
JAG-equipment/NHC - ARRA	602,939	536,746	43,374	580,120	22,819
COPS hiring - ARRA	2,005,809	866,944	535,580	1,402,524	603,285

**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, 2012**

	Grant Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Expenditures: (continued)					
Public safety projects: (continued)					
JAG-DNA database	\$ 146,531	\$ 139,226	\$ 3,870	\$ 143,096	\$ 3,435
COPS equipment - ARRA	40,000	27,743	-	27,743	12,257
Criminal justice improvement	112,594	42,890	51,960	94,850	17,744
JAG part-time chemist	132,779	74,111	19,959	94,070	38,709
Second chance reentry	300,000	3,879	74,132	78,011	221,989
COPS technology program	315,000	-	315,000	315,000	-
Port security grant	270,510	-	270,510	270,510	-
Integrated risk management	28,750	4,972	17,280	22,252	6,498
Protective order enforcement team	124,047	-	67,675	67,675	56,372
Cop camp	7,823	6,373	-	6,373	1,450
Federal forfeiture	1,371,440	989,188	376,929	1,366,117	5,323
North Carolina drug tax	304,496	265,506	27,520	293,026	11,470
Court judgments	21,225	14,450	-	14,450	6,775
Project ASSIST	1,000	1,000	-	1,000	-
Total public safety	<u>9,603,559</u>	<u>5,598,166</u>	<u>2,408,829</u>	<u>8,006,995</u>	<u>1,596,564</u>
Transportation projects:					
Red light traffic cameras	4,623,302	3,185,771	1,249,415	4,435,186	188,116
North Carolina safe schools program	-	6,755	(6,755)	-	-
Fit community initiative	61,550	36,472	13,791	50,263	11,287
NCDOT Study Pender County	100,000	94,005	5,995	100,000	-
Eat smart move more	14,300	12,246	-	12,246	2,054
Safe kids USA	25,000	-	13,314	13,314	11,686
Physical activity built community	24,999	13,760	9,981	23,741	1,258
Greenway plan	<u>200,000</u>	<u>-</u>	<u>125,891</u>	<u>125,891</u>	<u>74,109</u>
Total transportation	<u>5,049,151</u>	<u>3,349,009</u>	<u>1,411,632</u>	<u>4,760,641</u>	<u>288,510</u>
Economic and physical development projects:					
Homeless plan (10 year)	268,619	210,120	50,000	260,120	8,499
Historic preservation education	24,750	5,554	17,222	22,776	1,974
Tree mitigation	163,725	85,199	40,663	125,862	37,863
Lead hazard control	382,880	17,210	1,758	18,968	363,912
Urgent repair grant	75,000	38,909	32,080	70,989	4,011
Rhodes ADR demolition	70,000	-	-	-	70,000
Brownfields program	400,000	-	12,589	12,589	387,411
Affordable housing program	1,175,000	1,127,155	15,422	1,142,577	32,423

**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, 2012**

	Grant Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Expenditures: (continued)					
Economic and physical development projects: (continued)					
Homeownership services	\$ 113,950	\$ 71,209	\$ 9,406	\$ 80,615	\$ 33,335
UDAG income projects	1,190,818	948,777	213,234	1,162,011	28,807
Trees forever	65,755	4,922	1,165	6,087	59,668
Trolley station	3,716	2,123	-	2,123	1,593
Government information channel	50,000	47,510	-	47,510	2,490
Total economic and physical development	<u>3,984,213</u>	<u>2,558,688</u>	<u>393,539</u>	<u>2,952,227</u>	<u>1,031,986</u>
Cultural and recreational projects:					
Dog park development	33,039	19,620	-	19,620	13,419
Riverfront farmers market	58,242	53,978	4,264	58,242	-
Downtown business alliance	27,402	19,390	4,333	23,723	3,679
Boating infrastructure	111,118	24,915	-	24,915	86,203
Market place downtown	8,658	1,771	-	1,771	6,887
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	1,185	5,991	159
Total cultural and recreational	<u>391,197</u>	<u>176,512</u>	<u>9,782</u>	<u>186,294</u>	<u>204,903</u>
Total expenditures	<u>19,228,120</u>	<u>11,786,528</u>	<u>4,319,435</u>	<u>16,105,963</u>	<u>3,122,157</u>
Excess of revenues over expenditures	<u>10,634,945</u>	<u>15,241,193</u>	<u>1,514,430</u>	<u>16,755,623</u>	<u>6,120,678</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	-
Parks & Recreation Fund	20,000	-	20,000	20,000	-
General Fund	<u>2,060,531</u>	<u>1,549,207</u>	<u>497,692</u>	<u>2,046,899</u>	<u>(13,632)</u>
Total operating transfers - in	<u>4,761,046</u>	<u>4,225,854</u>	<u>517,692</u>	<u>4,743,546</u>	<u>(17,500)</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, 2012**

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Other financing sources (uses): (continued)					
Operating transfers - out:					
General Fund	\$ (16,000)	\$ (16,000)	\$ -	\$ (16,000)	\$ -
Convention Center Fund	(12,311,775)	(6,371,561)	(5,570,000)	(11,941,561)	370,214
Building Improvements Fund	(2,500,000)	-	-	-	2,500,000
UDAG Loan Fund	(117,077)	(117,077)	-	(117,077)	-
Home Investment Partnership Fund	(441,599)	(441,584)	-	(441,584)	15
Public Improvements Fund	<u>(9,540)</u>	<u>-</u>	<u>(9,539)</u>	<u>(9,539)</u>	<u>1</u>
Total operating transfers - out	<u>(15,395,991)</u>	<u>(6,946,222)</u>	<u>(5,579,539)</u>	<u>(12,525,761)</u>	<u>2,870,230</u>
Total other financing uses	<u>(10,634,945)</u>	<u>(2,720,368)</u>	<u>(5,061,847)</u>	<u>(7,782,215)</u>	<u>2,852,730</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 12,520,825</u>	<u>(3,547,417)</u>	<u>\$ 8,973,408</u>	<u>\$ 8,973,408</u>
Fund balance at beginning of year			<u>12,521,118</u>		
Fund balance at end of year			<u>\$ 8,973,701</u>		
A legally budgeted Convention Center Fund is consolidated into the Special Purpose Fund for reporting purposes:					
Sales and services			1,972,007		
Investment earnings			146		
Transfer from Special Purpose Fund			5,570,000		
Economic and physical development expenditures			(3,204,900)		
Debt service:					
Principal retirement			(1,425,000)		
Interest and other charges			(2,802,715)		
Fund balance at beginning of year			158,553		
An unbudgeted UDAG Loan Fund is consolidated into the Special Purpose Fund for reporting purposes:					
Fund balance at beginning of year			<u>98,467</u>		
Fund balance at end of year			<u>\$ 9,340,259</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, 2012**

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Sales and services:					
Convention center	\$ 2,831,799	\$ 912,654	\$ 1,857,092	\$ 2,769,746	\$ (62,053)
Parking deck	<u>502,085</u>	<u>65,989</u>	<u>114,915</u>	<u>180,904</u>	<u>(321,181)</u>
Total sales and services	3,333,884	978,643	1,972,007	2,950,650	(383,234)
Investment earnings	<u>120,000</u>	<u>119,372</u>	<u>146</u>	<u>119,518</u>	<u>(482)</u>
Total revenues	<u>3,453,884</u>	<u>1,098,015</u>	<u>1,972,153</u>	<u>3,070,168</u>	<u>(383,716)</u>
Expenditures:					
Economic and physical development project:					
Convention Center operations	6,684,843	2,843,441	3,131,918	5,975,359	709,484
Parking deck operations	<u>263,056</u>	<u>59,848</u>	<u>72,982</u>	<u>132,830</u>	<u>130,226</u>
Total economic and physical development	<u>6,947,899</u>	<u>2,903,289</u>	<u>3,204,900</u>	<u>6,108,189</u>	<u>839,710</u>
Debt service:					
Principal retirement	2,835,000	1,410,000	1,425,000	2,835,000	-
Interest and other charges	11,889,557	9,071,233	2,802,715	11,873,948	15,609
Reserved for debt service	<u>166,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>166,702</u>
Total debt service	<u>14,891,259</u>	<u>10,481,233</u>	<u>4,227,715</u>	<u>14,708,948</u>	<u>182,311</u>
Total expenditures	<u>21,839,158</u>	<u>13,384,522</u>	<u>7,432,615</u>	<u>20,817,137</u>	<u>1,022,021</u>
Excess of expenditures over revenues	<u>(18,385,274)</u>	<u>(12,286,507)</u>	<u>(5,460,462)</u>	<u>(17,746,969)</u>	<u>638,305</u>
Other financing sources (uses):					
Operating transfers - in:					
Special Purpose Fund	12,311,775	6,371,561	5,570,000	11,941,561	(370,214)
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	<u>(8,832,450)</u>	<u>(8,832,450)</u>	<u>-</u>	<u>(8,832,450)</u>	<u>-</u>
Total other financing sources	<u>18,385,274</u>	<u>12,445,060</u>	<u>5,570,000</u>	<u>18,015,060</u>	<u>(370,214)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 158,553</u>	109,538	<u>\$ 268,091</u>	<u>\$ 268,091</u>
Fund balance at beginning of year			<u>158,553</u>		
Fund balance at end of year			<u>\$ 268,091</u>		

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**From Inception and Year Ended June 30, 2012**

	Grant Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
<b>Restricted intergovernmental:</b>					
Federal grants	\$ 11,415,458	\$ 9,519,886	\$ 1,348,489	\$ 10,868,375	\$ (547,083)
<b>Miscellaneous:</b>					
Sale of property	4,080	27,080	-	27,080	23,000
Insurance reimbursement	1,800	1,807	-	1,807	7
Refunds	467,308	453,858	-	453,858	(13,450)
Total miscellaneous	473,188	482,745	-	482,745	9,557
Total revenues	11,888,646	10,002,631	1,348,489	11,351,120	(537,526)
<b>Expenditures:</b>					
<b>Economic and physical development projects:</b>					
Acquisition		541,000	-	541,000	
Public facilities		1,353,467	582,948	1,936,415	
Disposition		15,330	6,580	21,910	
Demolition		147,546	-	147,546	
Domestic Violence		218,000	35,000	253,000	
Shelter for homeless		319,500	-	319,500	
Community Boys Club		150,847	-	150,847	
Community Land Trust		30,000	31,997	61,997	
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		240,266	24,000	264,266	
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		289,000	88,154	377,154	
YWCA - Kids Making It		25,000	-	25,000	
Salvation Army		30,000	-	30,000	
Relocation		98,637	-	98,637	
Energy repairs/housing		327,229	18,728	345,957	

**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, 2012**

	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		\$ 28,655	\$ 6,271	\$ 34,926	
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		15,300	-	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>8,339,221</u>	<u>793,678</u>	<u>9,132,899</u>	
Total expenditures	\$ 9,673,388				\$ 540,489
Excess of revenues over expenditures	<u>2,215,258</u>	<u>1,663,410</u>	<u>554,811</u>	<u>2,218,221</u>	<u>2,963</u>
Other financing sources (uses):					
Operating transfers - in:					
Commercial Loan Fund	112,697	106,608	2,424	109,032	(3,665)
Rehabilitation Loan Fund	152,816	152,816	-	152,816	-
Rental Rehabilitation Loan Fund	152,823	148,406	5,107	153,513	690
	<u>418,336</u>	<u>407,830</u>	<u>7,531</u>	<u>415,361</u>	<u>(2,975)</u>
Total operating transfers - in					
Operating transfers - out:					
Commercial Loan Fund	(1,330,610)	(1,173,268)	(157,342)	(1,330,610)	-
CDBG/HOME Administration Fund	(1,210,000)	(805,000)	(405,000)	(1,210,000)	-
Streets and Sidewalks Fund	(92,984)	(92,972)	-	(92,972)	12
	<u>(2,633,594)</u>	<u>(2,071,240)</u>	<u>(562,342)</u>	<u>(2,633,582)</u>	<u>12</u>
Total operating transfers - out					
Total other financing uses	<u>(2,215,258)</u>	<u>(1,663,410)</u>	<u>(554,811)</u>	<u>(2,218,221)</u>	<u>(2,963)</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			(80,084)		
Economic and physical development expenditures			(324,916)		
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, 2012  
With Comparative Actual Amounts for Year Ended June 30, 2011**

	2012		Variance Positive (Negative)	2011 Actual
	Budget	Actual		
Expenditures:				
General government:				
Finance		\$ 129,195		\$ 126,289
Economic and physical development:				
Economic and community development		432,371		484,424
Total expenditures	<u>\$ 615,764</u>	<u>561,566</u>	<u>\$ 54,198</u>	<u>610,713</u>
Other financing sources:				
Operating transfers-in:				
General Fund	150,764	96,566	(54,198)	145,713
Community Development Fund	405,000	405,000	-	405,000
Home Investment Partnership Fund	<u>60,000</u>	<u>60,000</u>	<u>-</u>	<u>60,000</u>
Total other financing sources	<u>615,764</u>	<u>561,566</u>	<u>(54,198)</u>	<u>610,713</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, 2012**

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental:					
Federal grants	\$ 7,696,802	\$ 5,622,564	\$ 385,224	\$ 6,007,788	\$ (1,689,014)
Miscellaneous	218,842	155,630	-	155,630	(63,212)
Total revenues	<u>7,915,644</u>	<u>5,778,194</u>	<u>385,224</u>	<u>6,163,418</u>	<u>(1,752,226)</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		364,427	-	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		32,364	-	32,364	
Relocation assistance		44,257	-	44,257	
Total expenditures	<u>3,259,153</u>	<u>2,965,532</u>	<u>-</u>	<u>2,965,532</u>	<u>293,621</u>
Excess of revenues over expenditures	<u>4,656,491</u>	<u>2,812,662</u>	<u>385,224</u>	<u>3,197,886</u>	<u>(1,458,605)</u>
Other financing sources (uses):					
Operating transfers - in:					
Special Purpose Fund	-	192,382	-	192,382	192,382
General Fund HOP Loan Fund	-	-	79,150	79,150	79,150
Home Loan Fund	1,948,680	1,763,849	109,087	1,872,936	(75,744)
Total operating transfers - in	<u>1,948,680</u>	<u>1,956,231</u>	<u>188,237</u>	<u>2,144,468</u>	<u>195,788</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, 2012**

	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	\$ (180,000)	\$ (120,000)	\$ (60,000)	\$ (180,000)	\$ -
Home Loan Fund	<u>(6,425,171)</u>	<u>(4,648,893)</u>	<u>(513,461)</u>	<u>(5,162,354)</u>	<u>1,262,817</u>
Total operating transfers - out	<u>(6,605,171)</u>	<u>(4,768,893)</u>	<u>(573,461)</u>	<u>(5,342,354)</u>	<u>1,262,817</u>
Total other financing uses	<u>(4,656,491)</u>	<u>(2,812,662)</u>	<u>(385,224)</u>	<u>(3,197,886)</u>	<u>1,458,605</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 Home Investment Partnership Fund for reporting purposes:					
Transfer from Home Investment Partnership Fund			60,000		
General government expenditures			(29,187)		
Economic and physical development expenditures			(30,813)		
Fund balance at beginning of year			-		
An unbudgeted Home Loan Fund is consolidated into the Home Investment Partnership Fund for reporting purposes:					
Miscellaneous income			7,095		
Transfer from Home Investment Partnership Fund			513,461		
Transfer from Rehabilitation Loan Fund			804		
Economic and physical development expenditures			(29,642)		
Transfer to Home Investment Partnership Fund			(109,087)		
Transfer to Rehabilitation Loan Fund			(105)		
Fund balance at beginning of year			<u>5,749,381</u>		
Fund balance at end of year			<u>\$ 6,131,907</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, 2012**

	Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
Restricted intergovernmental	\$ 10,124,610	\$ 3,642,612	\$ 638,679	\$ 4,281,291	\$ (5,843,319)
Investment earnings	1,165,020	2,101,397	48,224	2,149,621	984,601
Donations	763,290	231,635	28,490	260,125	(503,165)
Miscellaneous	272,023	272,024	-	272,024	1
<b>Total revenues</b>	<b>12,324,943</b>	<b>6,247,668</b>	<b>715,393</b>	<b>6,963,061</b>	<b>(5,361,882)</b>
<b>Expenditures:</b>					
<b>Transportation:</b>					
5th Street bridge	651,178	651,177	-	651,177	1
Bridge repairs 2004-05	283,500	188,507	16,410	204,917	78,583
Street rehabilitation 2004-05	5,197,917	1,867,841	347,343	2,215,184	2,982,733
Independence Boulevard phase II	5,977,356	5,953,015	24,340	5,977,355	1
Intersection improvements	167,459	162,500	-	162,500	4,959
Neighborhood traffic management	1,400,000	1,314,814	28,820	1,343,634	56,366
Masonboro/Pine Grove intersection	925,330	139,932	647,663	787,595	137,735
Eastwood Road path	29,214	-	-	-	29,214
Military Cutoff preservation maps	800,000	411,727	29,602	441,329	358,671
Independence Boulevard phase III	3,309,258	-	-	-	3,309,258
North downtown streetscape	6,692,357	6,328,083	30,324	6,358,407	333,950
North 3rd Street improvements	12,313,875	1,203,747	5,362,899	6,566,646	5,747,229
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	2,526,373	4,475	2,530,848	243,509
Market/Water Streets bulkhead	1,530,748	1,300,343	123,203	1,423,546	107,202
Signal system upgrade	5,000,000	4,930,853	18,773	4,949,626	50,374
Monkey Junction Annexation	10,159,300	611,514	33,302	644,816	9,514,484
3rd & Ann Street pedestrian improvements	76,500	52,940	7,094	60,034	16,466
Independence/Park pedestrian crossing	125,212	20,500	1,805	22,305	102,907
Bradley Creek/Safe Routes to School	364,746	-	6,878	6,878	357,868
Princess Place/17th to 25th Streets	157,000	-	-	-	157,000
Market Street sidewalks	16,971	-	-	-	16,971
Marstellar CSX railroad crossing	15,000	-	-	-	15,000
Wooster Street sidewalks	165,000	11,097	-	11,097	153,903
Randall Parkway widening	7,524,862	1,973,379	285,809	2,259,188	5,265,674
Underground utility placement	234,743	231,843	-	231,843	2,900
New street paving	139,953	139,447	-	139,447	506
Sidewalk rehabilitation and repairs	1,370,947	941,689	207,047	1,148,736	222,211
Pedestrian/Bike Improvements	1,299,391	724,241	273,997	998,238	301,153
Woodale and Mallard Street bike path	234,592	233,751	-	233,751	841
Military Cutoff bike path	1,185,951	723,951	-	723,951	462,000
<b>Total transportation</b>	<b>71,295,069</b>	<b>32,943,615</b>	<b>7,449,784</b>	<b>40,393,399</b>	<b>30,901,670</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, 2012**

	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	\$ 2,545,089	\$ 39,256	\$ 2,584,345	\$ 10,280
Riverwalk North marina	8,438,098	2,899,230	954,938	3,854,168	4,583,930
Riverfront Assessment	<u>261,722</u>	<u>75,563</u>	<u>80,779</u>	<u>156,342</u>	<u>105,380</u>
Total cultural and recreational	<u>11,294,445</u>	<u>5,519,882</u>	<u>1,074,973</u>	<u>6,594,855</u>	<u>4,699,590</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>82,840,514</u>	<u>38,614,843</u>	<u>8,524,757</u>	<u>47,139,600</u>	<u>35,700,914</u>
Excess of expenditures over revenues	<u>(70,515,571)</u>	<u>(32,367,175)</u>	<u>(7,809,364)</u>	<u>(40,176,539)</u>	<u>30,339,032</u>
Other financing sources (uses):					
Operating transfers - in:					
General Fund	11,545,897	11,125,387	1,564,654	12,690,041	1,144,144
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>213,970</u>	<u>-</u>	<u>213,970</u>	<u>-</u>
Total operating transfers - in	<u>12,241,096</u>	<u>11,820,586</u>	<u>1,564,654</u>	<u>13,385,240</u>	<u>1,144,144</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	26,988,872	-	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	488,021	488,020	-	488,020	(1)
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>70,515,571</u>	<u>52,323,900</u>	<u>1,564,654</u>	<u>53,888,554</u>	<u>(16,627,017)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 19,956,725</u>	<u>(6,244,710)</u>	<u>\$ 13,712,015</u>	<u>\$ 13,712,015</u>
Fund balance at beginning of year			<u>19,956,725</u>		
Fund balance at end of year			<u>\$ 13,712,015</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, 2012**

	Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
Restricted intergovernmental	\$ 9,755,630	\$ 7,492,548	\$ 1,436,746	\$ 8,929,294	\$ (826,336)
Investment earnings	597,484	688,545	4,032	692,577	95,093
Donations	189,589	349,537	193,167	542,704	353,115
<b>Total revenues</b>	<b>10,542,703</b>	<b>8,530,630</b>	<b>1,633,945</b>	<b>10,164,575</b>	<b>(378,128)</b>
<b>Expenditures:</b>					
<b>Cultural and recreational:</b>					
Park facility improvements 2004-05	872,327	767,196	74,538	841,734	30,593
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
Alderman preserve	375,000	45,537	26	45,563	329,437
Dobo Park property	745,590	745,588	-	745,588	2
Annexation parks	372,500	3,550	3,410	6,960	365,540
Olsen Park Phase I	8,575,000	8,353,213	190,509	8,543,722	31,278
Greenfield Park amphitheater	1,248,429	1,236,754	11,189	1,247,943	486
Cross city trail system	6,697,677	3,468,935	1,596,380	5,065,315	1,632,362
10th & Fanning park development	75,000	-	-	-	75,000
Tennis complex	1,719,235	1,647,760	45,615	1,693,375	25,860
Love Grove Park	818,109	818,106	-	818,106	3
Park land purchase	1,182,164	81,520	-	81,520	1,100,644
Dram tree boat ramp	938,573	624,896	236,386	861,282	77,291
Legion Stadium turf improvements	979,396	822,564	20,070	842,634	136,762
Inland Greens acquisition	1,973,000	515,781	126,942	642,723	1,330,277
HUD Open Spaces initiative	247,500	1,286	41,300	42,586	204,914
MLK Center improvements	30,000	-	11,751	11,751	18,249
Seagate Park	174,500	-	-	-	174,500
Portia Mills Hines Park	25,000	-	14,197	14,197	10,803
Baseball Stadium	533,650	-	154,541	154,541	379,109
Boating dock repair/replace	75,000	-	63,946	63,946	11,054
Riverfront Park improvements	70,476	67,741	-	67,741	2,735
Land acquisition and economic development	250,000	12,038	-	12,038	237,962
Riverwalk signage	150,000	21,761	13,666	35,427	114,573
Legion Stadium	6,485,260	6,485,260	-	6,485,260	-
<b>Total expenditures</b>	<b>36,074,249</b>	<b>27,179,952</b>	<b>2,604,466</b>	<b>29,784,418</b>	<b>6,289,831</b>
<b>Excess of expenditures over revenues</b>	<b>(25,531,546)</b>	<b>(18,649,322)</b>	<b>(970,521)</b>	<b>(19,619,843)</b>	<b>5,911,703</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, 2012**

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Other financing sources (uses):					
Operating transfers - in:					
General Fund	\$ 5,680,625	\$ 5,105,053	\$ 633,650	\$ 5,738,703	\$ 58,078
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>6,080,625</u>	<u>5,510,053</u>	<u>633,650</u>	<u>6,143,703</u>	<u>63,078</u>
Operating transfers - out:					
General Fund	(250,000)	(250,000)	-	(250,000)	-
Special Purpose Fund	(20,000)	-	(20,000)	(20,000)	-
Building Improvements Fund	<u>(360,734)</u>	<u>(360,734)</u>	-	<u>(360,734)</u>	-
Total operating transfers - out	<u>(630,734)</u>	<u>(610,734)</u>	<u>(20,000)</u>	<u>(630,734)</u>	-
Issuance of other long-term obligations	19,697,462	19,697,463	-	19,697,463	1
Premium on other long-term obligations	<u>384,193</u>	<u>411,685</u>	-	<u>411,685</u>	<u>27,492</u>
Total other financing sources	<u>25,531,546</u>	<u>25,008,467</u>	<u>613,650</u>	<u>25,622,117</u>	<u>90,571</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 6,359,145</u>	<u>(356,871)</u>	<u>\$ 6,002,274</u>	<u>\$ 6,002,274</u>
Fund balance at beginning of year			<u>6,359,145</u>		
Fund balance at end of year			<u>\$ 6,002,274</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, 2012**

	Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
Restricted intergovernmental	\$ 1,128,792	\$ 274,105	\$ 695,597	\$ 969,702	\$ (159,090)
Investment earnings	837,794	1,750,009	36,182	1,786,191	948,397
Rents	61,078	97,980	34,434	132,414	71,336
Donations	215,442	215,442	-	215,442	-
Miscellaneous	22,760	200	22,760	22,960	200
<b>Total revenues</b>	<b>2,265,866</b>	<b>2,337,736</b>	<b>788,973</b>	<b>3,126,709</b>	<b>860,843</b>
<b>Expenditures:</b>					
<b>General government:</b>					
Building improvements 2004-05	1,047,222	541,027	32,485	573,512	473,710
ITS infrastructure improvements	319,057	252,295	11,273	263,568	55,489
City Hall improvements	443,700	425,119	-	425,119	18,581
Time & attendance system	516,862	516,860	-	516,860	2
Northern warehouse purchase	1,797,078	1,763,717	3,223	1,766,940	30,138
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	557,876	523,405	12,684	536,089	21,787
Naviline Select	152,000	133,338	845	134,183	17,817
Council chambers security	50,000	-	-	-	50,000
City Hall/Thalian energy stimulus	1,039,900	185,213	695,598	880,811	159,089
City council chambers	679,267	657,589	-	657,589	21,678
Document imaging	129,576	127,340	-	127,340	2,236
Building security	243,108	178,958	-	178,958	64,150
ADA compliance	4,116,092	634,644	1,400,622	2,035,266	2,080,826
<b>Total general government</b>	<b>11,579,862</b>	<b>6,417,738</b>	<b>2,156,730</b>	<b>8,574,468</b>	<b>3,005,394</b>
<b>Public safety:</b>					
Training facility	3,500,000	3,468,863	-	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	325,777	2,167,306	2,493,083	1,202,917
WPD southeast substation	1,526,700	1,520,249	-	1,520,249	6,451
Masonboro annexation fire station	3,008,339	2,988,842	14,156	3,002,998	5,341
Firing range & training facility	800,000	-	-	-	800,000
<b>Total public safety</b>	<b>17,947,468</b>	<b>13,682,900</b>	<b>2,181,462</b>	<b>15,864,362</b>	<b>2,083,106</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, 2012**

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Expenditures: (continued)					
Economic and physical development:					
Convention Center	\$ 59,313,200	\$ 51,402,240	\$ 298,434	\$ 51,700,674	\$ 7,612,526
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>55,205,740</u>	<u>298,434</u>	<u>55,504,174</u>	<u>7,612,526</u>
Cultural and recreational:					
Hilton riverwalk bulkhead	4,135,133	4,113,694	-	4,113,694	21,439
Thalian Hall renovations	3,491,959	3,252,599	-	3,252,599	239,360
Downtown restroom facility	85,183	75,033	-	75,033	10,150
Riverwalk Governor's Landing	412,000	402,040	-	402,040	9,960
Riverwalk bulkhead reserve	464,900	-	-	-	464,900
Parks and recreation software	50,000	33,404	12,821	46,225	3,775
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>10,111,981</u>	<u>12,821</u>	<u>10,124,802</u>	<u>767,914</u>
Transit system:					
Bus garage	<u>501,426</u>	<u>475,027</u>	<u>26,399</u>	<u>501,426</u>	<u>-</u>
Total expenditures	<u>105,487,614</u>	<u>86,872,766</u>	<u>4,675,846</u>	<u>91,548,612</u>	<u>13,939,002</u>
Excess of expenditures over revenues	<u>(103,221,748)</u>	<u>(84,535,030)</u>	<u>(3,886,873)</u>	<u>(88,421,903)</u>	<u>14,799,845</u>
Other financing sources (uses):					
Operating transfers - in:					
General Fund	18,663,685	17,524,977	1,280,000	18,804,977	141,292
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>80,609</u>	<u>-</u>	<u>80,609</u>	<u>-</u>
Total operating transfers - in	<u>22,222,240</u>	<u>18,583,532</u>	<u>1,280,000</u>	<u>19,863,532</u>	<u>(2,358,708)</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, 2012**

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Other financing sources (uses): (continued)					
Issuance of bonds	\$ -	\$ 477	\$ -	\$ 477	\$ 477
Issuance of installment obligations	68,683,486	67,785,694	-	67,785,694	(897,792)
Issuance of other long-term obligations	13,370,000	13,370,000	-	13,370,000	-
Premium on installment obligations	-	93,995	-	93,995	93,995
Discount on installment obligations	<u>(36,998)</u>	<u>(36,997)</u>	<u>-</u>	<u>(36,997)</u>	<u>1</u>
Total other financing sources	<u>103,221,748</u>	<u>98,779,721</u>	<u>1,280,000</u>	<u>100,059,721</u>	<u>(3,162,027)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 14,244,691</u>	<u>(2,606,873)</u>	<u>\$ 11,637,818</u>	<u>\$ 11,637,818</u>
Fund balance at beginning of year			<u>14,244,691</u>		
Fund balance at end of year			<u>\$ 11,637,818</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, 2012**

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
<b>Revenues:</b>					
Restricted intergovernmental	\$ 1,429,361	\$ 2,783	\$ 703,886	\$ 706,669	\$ (722,692)
Investment earnings	84,796	84,796	-	84,796	-
Donations	52,000	-	52,000	52,000	-
Miscellaneous	-	17,749	-	17,749	17,749
<b>Total revenues</b>	<b>1,566,157</b>	<b>105,328</b>	<b>755,886</b>	<b>861,214</b>	<b>(704,943)</b>
<b>Expenditures:</b>					
<b>General government:</b>					
Building improvements 2004-05	77,873	18,180	59,693	77,873	-
ADA compliance	348,423	314,685	31,521	346,206	2,217
<b>Total general government</b>	<b>426,296</b>	<b>332,865</b>	<b>91,214</b>	<b>424,079</b>	<b>2,217</b>
<b>Public safety:</b>					
Bomb robot support truck	223,856	-	223,855	223,855	1
Police boat	273,750	-	272,994	272,994	756
License plate recognition system	210,083	-	-	-	210,083
JAG-Equipment 2010-11	107,326	-	71,272	71,272	36,054
EOD render safe equipment	7,711	-	-	-	7,711
Bulletproof vests 2010-11	98,750	-	49,901	49,901	48,849
Port security equipment 2008-09	266,000	-	160,472	160,472	105,528
Port security equipment 2010-11	401,300	-	-	-	401,300
<b>Total public safety</b>	<b>1,588,776</b>	<b>-</b>	<b>778,494</b>	<b>778,494</b>	<b>810,282</b>
<b>Transportation:</b>					
Masonboro/Pine Grove intersection	10,800	4,631	6,169	10,800	-
Eastwood Road path	7,786	-	-	-	7,786
Pedestrian/bike improvements	548	548	-	548	-
<b>Total transportation</b>	<b>19,134</b>	<b>5,179</b>	<b>6,169</b>	<b>11,348</b>	<b>7,786</b>
<b>Cultural and recreational:</b>					
Legion Stadium improvements	30,000	30,000	-	30,000	-
Hilton riverwalk bulkhead	186,733	178,057	-	178,057	8,676
<b>Total cultural and recreational</b>	<b>216,733</b>	<b>208,057</b>	<b>-</b>	<b>208,057</b>	<b>8,676</b>
<b>Total expenditures</b>	<b>2,250,939</b>	<b>546,101</b>	<b>875,877</b>	<b>1,421,978</b>	<b>828,961</b>
<b>Excess of expenditures over revenues</b>	<b>(684,782)</b>	<b>(440,773)</b>	<b>(119,991)</b>	<b>(560,764)</b>	<b>124,018</b>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**From Inception and Year Ended June 30, 2012**

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Other financing sources (uses):					
Operating transfers - in:					
General Fund	\$ 675,501	\$ 564,153	\$ 102,875	\$ 667,028	\$ (8,473)
Special Purpose Fund	9,540	-	9,539	9,539	(1)
Total operating transfers - in	685,041	564,153	112,414	676,567	(8,474)
Operating transfers - out:					
General Fund	(259)	(258)	-	(258)	1
Total other financing sources	684,782	563,895	112,414	676,309	(8,473)
Net change in fund balance	<u>\$ -</u>	<u>\$ 123,122</u>	(7,577)	<u>\$ 115,545</u>	<u>\$ 115,545</u>
Fund balance at beginning of year			123,122		
Fund balance at end of year			<u>\$ 115,545</u>		

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**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, 2012  
With Comparative Actual Amounts for Year Ended June 30, 2011**

	2012		Variance	2011
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Investment earnings	\$ 23,109	\$ 20,135	\$ (2,974)	\$ 30,578
Restricted intergovernmental revenues	<u>5,444,346</u>	<u>5,477,175</u>	<u>32,829</u>	<u>5,626,462</u>
Total revenues	<u>5,467,455</u>	<u>5,497,310</u>	<u>29,855</u>	<u>5,657,040</u>
Expenditures:				
Debt service:				
Principal retirement		9,104,457		9,024,615
Interest and other charges		<u>7,408,351</u>		<u>7,035,924</u>
Total expenditures	<u>17,175,636</u>	<u>16,512,808</u>	<u>662,828</u>	<u>16,060,539</u>
Excess of expenditures over revenues	<u>(11,708,181)</u>	<u>(11,015,498)</u>	<u>692,683</u>	<u>(10,403,499)</u>
Other financing sources (uses):				
Operating transfers-in:				
General Fund	9,334,832	9,334,832	-	9,649,685
Issuance of refunding bonds	-	-	-	3,120,000
Issuance of refunding installment obligations	24,673,750	24,673,750	-	-
Premium on refunding installment obligations	3,044,535	3,044,534	(1)	-
Premium on refunding bonds	-	-	-	130,992
Payment to refund outstanding bonds	-	-	-	(3,206,125)
Payment to refund outstanding installment financings	(12,976,827)	(12,976,827)	-	-
Payment to refund outstanding other long-term obligations	(14,022,484)	(14,022,484)	-	-
Appropriated fund balance	<u>1,654,375</u>	<u>-</u>	<u>(1,654,375)</u>	<u>-</u>
Total other financing sources	<u>11,708,181</u>	<u>10,053,805</u>	<u>(1,654,376)</u>	<u>9,694,552</u>
Net change in fund balance	<u>\$ -</u>	<u>(961,693)</u>	<u>\$ (961,693)</u>	<u>(708,947)</u>
Fund balance at beginning of year		<u>6,483,541</u>		<u>7,192,488</u>
Fund balance at end of year		<u>\$ 5,521,848</u>		<u>\$ 6,483,541</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, 2012  
With Comparative Actual Amounts for Year Ended June 30, 2011**

	2012		Variance Positive (Negative)	2011 Actual
	Budget	Actual		
Revenues:				
Operating revenues:				
Charges for services:				
Refuse collection	\$ 8,531,132	\$ 8,195,409	\$ (335,723)	\$ 7,998,753
Recycling	25,800	34,575	8,775	34,854
Other operating revenues	<u>37,700</u>	<u>42,416</u>	<u>4,716</u>	<u>79,771</u>
Total operating revenues	<u>8,594,632</u>	<u>8,272,400</u>	<u>(322,232)</u>	<u>8,113,378</u>
Nonoperating revenues:				
Restricted intergovernmental	157,332	72,977	(84,355)	69,282
Investment earnings	<u>9,594</u>	<u>16,359</u>	<u>6,765</u>	<u>14,555</u>
Total nonoperating revenues	<u>166,926</u>	<u>89,336</u>	<u>(77,590)</u>	<u>83,837</u>
Total revenues	<u>8,761,558</u>	<u>8,361,736</u>	<u>(399,822)</u>	<u>8,197,215</u>
Expenditures:				
Operating expenditures:				
Administration		344,715		338,315
Customer refuse		3,680,384		3,365,433
Recycling		895,860		839,165
Yard waste		1,788,140		1,587,746
Downtown collection		825,720		745,993
Other operating expenditures		<u>618,770</u>		<u>597,817</u>
Total operating expenditures	9,841,643	8,153,589	1,688,054	7,474,469
Nonoperating expenditures:				
Interest and other charges	<u>112,955</u>	-	<u>112,955</u>	-
Total expenditures	<u>9,954,598</u>	<u>8,153,589</u>	<u>1,801,009</u>	<u>7,474,469</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,193,040)</u>	<u>208,147</u>	<u>1,401,187</u>	<u>722,746</u>
Other financing sources:				
Issuance of other long-term obligations	1,049,400	-	(1,049,400)	-
Appropriated fund balance	<u>143,640</u>	-	<u>(143,640)</u>	-
Total other financing sources	<u>1,193,040</u>	-	<u>(1,193,040)</u>	-
Net change in fund balance	<u>\$ -</u>	<u>208,147</u>	<u>\$ 208,147</u>	<u>722,746</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, 2012  
With Comparative Actual Amounts for Year Ended June 30, 2011**

	2012		Variance Positive (Negative)	2011 Actual
	Budget	Actual		
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Vacation and sick leave accrual		\$ 12,515		\$ 11,045
Other postemployment benefits accrual		(204,647)		(135,376)
Depreciation		(3,190)		(3,090)
Capital asset expenditures		<u>-</u>		<u>6,500</u>
Change in net assets		<u>\$ 12,825</u>		<u>\$ 601,825</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2012  
With Comparative Actual Amounts for Year Ended June 30, 2011**

	2012		Variance	2011
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Operating revenues:				
Charges for services:				
Utility fees	\$ 5,969,738	\$ 6,120,331	\$ 150,593	\$ 5,573,677
City streets	1,627,935	1,627,935	-	1,466,740
Other operating revenues	<u>57,000</u>	<u>67,391</u>	<u>10,391</u>	<u>82,200</u>
Total operating revenues	<u>7,654,673</u>	<u>7,815,657</u>	<u>160,984</u>	<u>7,122,617</u>
Nonoperating revenues:				
Facility fees	30,000	44	(29,956)	-
Investment earnings	<u>28,397</u>	<u>41,620</u>	<u>13,223</u>	<u>38,953</u>
Total nonoperating revenue	<u>58,397</u>	<u>41,664</u>	<u>(16,733)</u>	<u>38,953</u>
Total revenues	<u>7,713,070</u>	<u>7,857,321</u>	<u>144,251</u>	<u>7,161,570</u>
Expenditures:				
Operating expenditures:				
Engineering		796,401		769,687
Operations		3,467,883		3,290,232
Other operating expenditures		<u>687,947</u>		<u>559,243</u>
Total operating expenditures	<u>5,434,301</u>	<u>4,952,231</u>	<u>482,070</u>	<u>4,619,162</u>
Nonoperating expenditures:				
Interest and fiscal charges		642,814		669,029
Principal payments on bonds		<u>540,000</u>		<u>515,000</u>
Total nonoperating expenditures	<u>1,521,341</u>	<u>1,182,814</u>	<u>338,527</u>	<u>1,184,029</u>
Total expenditures	<u>6,955,642</u>	<u>6,135,045</u>	<u>820,597</u>	<u>5,803,191</u>
Excess of revenues over expenditures	<u>757,428</u>	<u>1,722,276</u>	<u>964,848</u>	<u>1,358,379</u>
Other financing sources (uses):				
Operating transfers out:				
Storm Water Capital Projects Fund	(863,500)	(863,500)	-	-
Appropriated fund balance	<u>106,072</u>	<u>-</u>	<u>(106,072)</u>	<u>-</u>
Total other financing uses	<u>(757,428)</u>	<u>(863,500)</u>	<u>(106,072)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>858,776</u>	<u>\$ 858,776</u>	<u>1,358,379</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, 2012  
With Comparative Actual Amounts for Year Ended June 30, 2011**

	2012		Variance Positive (Negative)	2011 Actual
	Budget	Actual		
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Vacation and sick leave accrual		\$ (8,175)		\$ (9,018)
Other post employment benefits accrual		(212,050)		(157,628)
Change in inventory		(18,422)		(1,287)
Capital asset expenditures		(440,082)		9,061
Depreciation		(740,416)		(698,971)
Amortization		(12,763)		(12,763)
Other noncapital expenses - Storm Water				
Capital Projects Fund		(78,017)		(724)
Operating transfer - Storm Water Capital				
Projects Fund		863,500		-
Investment earnings - Storm Water Capital				
Projects Fund		5,051		19,307
Principal payments on revenue bonds		465,000		440,000
Principal payments on installment obligations		75,000		75,000
Interest expense adjustments		161,858		137,405
Capital contributions - others		451,260		110,232
Capital contribution from other funds		-		7,972
Capital transfer - Streets and Sidewalks				
Capital Projects Fund		-		(163,970)
Capital transfer - Parks and Recreation				
Capital Projects Fund		-		(400,000)
Capital transfer - Building Improvements				
Capital Projects Fund		-		(80,609)
Other		-		(8,000)
Change in net assets		<u>\$ 1,370,520</u>		<u>\$ 624,386</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, 2012**

	Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
Investment earnings	\$ 368,803	\$ 1,145,929	\$ 5,050	\$ 1,150,979	\$ 782,176
Restricted intergovernmental	815,000	48,445	489,841	538,286	(276,714)
<b>Total revenues</b>	<b>1,183,803</b>	<b>1,194,374</b>	<b>494,891</b>	<b>1,689,265</b>	<b>505,462</b>
<b>Expenditures:</b>					
Storm Water Inventory Mapping	885,755	473,953	62,411	536,364	349,391
Lincoln outfall	390,000	2,760	8,871	11,631	378,369
Dupree Drive	710,570	704,782	-	704,782	5,788
Cedar Avenue/Sweetwater outfall	2,087,438	604,372	1,062,004	1,666,376	421,062
Storm drainage rehabilitation	1,418,883	681,013	374,843	1,055,856	363,027
Sweeper storage facility	1,174,285	1,174,252	-	1,174,252	33
Bradley Creek/Michelle Drive	2,393,000	387,514	40,979	428,493	1,964,507
Doctors branch bank stabilization	1,063,970	1,020,699	27,317	1,048,016	15,954
Cavalier Drive drainage	1,549,024	217,164	1,137,990	1,355,154	193,870
Wisteria/Clearbrook area	5,431,000	619,495	139,681	759,176	4,671,824
Burnt Mill tidegate	327,571	321,012	-	321,012	6,559
Rileys branch	1,981,795	1,981,573	-	1,981,573	222
Cardinal Drive/George Trask	585,000	88,608	90,134	178,742	406,258
Hunters Trail culvert repair	246,000	89,404	135,884	225,288	20,712
Greenville Avenue/White Avenue	1,213,500	48,953	19,870	68,823	1,144,677
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	584,725	3,547	278,641	282,188	302,537
Brenda Drive drainage	401,390	10,500	16,952	27,452	373,938
<b>Total expenditures</b>	<b>25,085,721</b>	<b>11,071,013</b>	<b>3,395,577</b>	<b>14,466,590</b>	<b>10,619,131</b>
<b>Excess of expenditures over revenues</b>	<b>(23,901,918)</b>	<b>(9,876,639)</b>	<b>(2,900,686)</b>	<b>(12,777,325)</b>	<b>11,124,593</b>
<b>Other financing sources (uses):</b>					
<b>Operating transfers - in:</b>					
Storm Water Management Fund	7,553,266	6,691,351	863,500	7,554,851	1,585
<b>Operating transfers - out:</b>					
Streets and Sidewalks Fund	(213,970)	(213,970)	-	(213,970)	-
Parks and Recreation Fund	(400,000)	(400,000)	-	(400,000)	-
Building Improvements Fund	(80,609)	(80,609)	-	(80,609)	-
<b>Total operating transfers - out</b>	<b>(694,579)</b>	<b>(694,579)</b>	<b>-</b>	<b>(694,579)</b>	<b>-</b>
Issuance of bonds	16,510,469	5,466,465	-	5,466,465	(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
<b>Total other financing sources</b>	<b>23,901,918</b>	<b>11,995,999</b>	<b>863,500</b>	<b>12,859,499</b>	<b>(11,042,419)</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ 2,119,360</b>	<b>\$ (2,037,186)</b>	<b>\$ 82,174</b>	<b>\$ 82,174</b>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2012  
With Comparative Actual Amounts for Year Ended June 30, 2011**

	2012		Variance	2011
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Operating revenues:				
Charges for services:				
Parking fees	\$ 1,650,900	\$ 1,846,861	\$ 195,961	\$ 1,550,007
Parking violations	450,000	653,465	203,465	397,273
Total operating revenues	2,100,900	2,500,326	399,426	1,947,280
Nonoperating revenues:				
Interest earned	11,123	10,092	(1,031)	12,901
Total revenues	2,112,023	2,510,418	398,395	1,960,181
Expenditures:				
Operating expenditures:				
Street parking		751,105		707,797
Second Street deck		333,775		247,916
Market Street deck		339,651		264,161
Second Street lot		205,926		201,173
Hannah Block lot		17,598		16,959
Total operating expenditures	1,941,601	1,648,055	293,546	1,438,006
Nonoperating expenditures:				
Interest and fiscal charges		408,931		333,157
Principal payments on installment obligations		401,431		406,431
Total nonoperating expenditures	812,595	810,362	2,233	739,588
Total expenditures	2,754,196	2,458,417	295,779	2,177,594
Excess (deficiency) of revenues over (under) expenditures	(642,173)	52,001	694,174	(217,413)
Other financing sources (uses):				
Operating transfer - in:				
General Fund	3,000	3,000	-	-
Operating transfer - out:				
Parking Facilities Capital Projects Fund	(386,450)	(386,450)	-	-
Issuance of refunding installment obligations	6,021,250	6,021,250	-	-
Premium on refunding installment obligations	804,438	804,438	-	-
Payment to refund outstanding installment financings	(6,732,514)	(6,732,513)	1	-
Appropriated fund balance	932,449	-	(932,449)	-
Total other financing sources (uses)	642,173	(290,275)	(932,448)	-
Net change in fund balance	\$ -	(238,274)	\$ (238,274)	(217,413)

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2012  
With Comparative Actual Amounts for Year Ended June 30, 2011**

	2012		Variance Positive (Negative)	2011 Actual
	Budget	Actual		
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Vacation and sick leave accrual		\$ (302)		\$ (1,154)
Capital asset expenditures		92,003		-
Deferred Revenues		(8,057)		-
Other postemployment benefits accrual		(9,112)		(7,435)
Depreciation		(554,440)		(534,498)
Amortization		(6,974)		(6,974)
Customer receivables		85,094		88,293
Investment earnings - Parking Facilities Capital Projects Fund		207		-
Operating transfer - Parking Facilities Capital Projects Fund		386,450		-
Principal payments on installment obligations		401,431		406,431
Issuance of refunding installment obligations		(21,971)		-
Interest expense accrual		23,464		1,350
Disposal of capital assets		(253,324)		-
Capital contribution from governmental funds		<u>2,637,816</u>		<u>-</u>
Change in net assets		<u>\$ 2,534,011</u>		<u>\$ (271,400)</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, 2012**

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
<b>Revenues:</b>					
Investment earnings	\$ 47,400	\$ 60,326	\$ 207	\$ 60,533	\$ 13,133
<b>Expenditures:</b>					
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
Second Street deck repair	386,450	-	-	-	386,450
Water Street parking deck	9,075,000	253,324	2,187,350	2,440,674	6,634,326
Market Street parking deck	9,281,328	9,277,552	-	9,277,552	3,776
Total expenditures	<u>19,673,350</u>	<u>10,403,825</u>	<u>2,187,350</u>	<u>12,591,175</u>	<u>7,082,175</u>
Excess of expenditures over revenues	<u>(19,625,950)</u>	<u>(10,343,499)</u>	<u>(2,187,143)</u>	<u>(12,530,642)</u>	<u>7,095,308</u>
<b>Other financing sources:</b>					
Operating transfers - in:					
Parking Facilities Fund	1,306,450	920,000	386,450	1,306,450	-
Issuance of installment obligations	<u>18,319,500</u>	<u>9,232,190</u>	<u>-</u>	<u>9,232,190</u>	<u>(9,087,310)</u>
Total other financing sources	<u>19,625,950</u>	<u>10,152,190</u>	<u>386,450</u>	<u>10,538,640</u>	<u>(9,087,310)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (191,309)</u>	<u>\$ (1,800,693)</u>	<u>\$ (1,992,002)</u>	<u>\$ (1,992,002)</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2012  
With Comparative Actual Amounts for Year Ended June 30, 2011**

	2012		Variance	2011
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Operating revenues:				
Fees and coupons	\$ 720,000	\$ 752,489	\$ 32,489	\$ 726,659
Cart rentals	300,000	302,847	2,847	290,030
Concessions	155,000	168,864	13,864	149,310
Other operating revenues	<u>          -</u>	<u>          699</u>	<u>          699</u>	<u>          390</u>
Total operating revenues	1,175,000	1,224,899	49,899	1,166,389
Nonoperating revenues:				
Interest earned	5,707	7,291	1,584	7,732
Sale of capital assets	<u>          -</u>	<u>          3,015</u>	<u>          3,015</u>	<u>          -</u>
Total nonoperating revenues	<u>5,707</u>	<u>10,306</u>	<u>4,599</u>	<u>7,732</u>
Total revenues	<u>1,180,707</u>	<u>1,235,205</u>	<u>54,498</u>	<u>1,174,121</u>
Expenditures:				
Operating expenditures:				
Golf course		1,091,357		939,953
Other operating expenditures		<u>111,291</u>		<u>103,520</u>
Total operating expenditures	<u>1,425,141</u>	<u>1,202,648</u>	<u>222,493</u>	<u>1,043,473</u>
Excess (deficiency) of revenues over (under) expenditures	(244,434)	32,557	276,991	130,648
Other financing sources:				
Appropriated fund balance	<u>244,434</u>	<u>          -</u>	<u>(244,434)</u>	<u>          -</u>
Net change in fund balance	<u>\$          -</u>	32,557	<u>\$ 32,557</u>	130,648
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Deferred revenues		2,621		3,465
Vacation and sick leave accrual		(17,625)		(3,203)
Other postemployment benefits accrual		(42,353)		(22,332)
Change in inventory		12,693		(40)
Capital asset expenditures		32,972		31,301
Depreciation		(68,647)		(69,379)
Investment earnings - Golf Capital Projects Fund		<u>1,205</u>		<u>1,325</u>
Change in net assets		<u>\$ (46,577)</u>		<u>\$ 71,785</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**From Inception and Year Ended June 30, 2012**

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Investment earnings	\$ -	\$ 22,357	\$ 1,205	\$ 23,562	\$ 23,562
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)	(172,088)	1,205	(170,883)	238,474
Other financing sources:					
Operating transfers - in:					
Golf Fund	409,357	409,357	-	409,357	-
Net change in fund balance	\$ -	\$ 237,269	\$ 1,205	\$ 238,474	\$ 238,474

**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, 2012**

	Equipment, Maintenance and Replacement Fund	Personal Computer Replacement Fund	Total Internal Service Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 6,108,448	\$ 1,161,656	\$ 7,270,104
Accounts receivable, net	158,148	-	158,148
Other receivables	3,245	612	3,857
Inventory of materials and supplies	151,377	-	151,377
Prepays	<u>20,814</u>	<u>-</u>	<u>20,814</u>
Total current assets	<u>6,442,032</u>	<u>1,162,268</u>	<u>7,604,300</u>
Noncurrent assets:			
Capital assets:			
Furniture, fixtures, machinery and equipment	18,994,835	-	18,994,835
Less accumulated depreciation	<u>(16,552,853)</u>	<u>-</u>	<u>(16,552,853)</u>
Total capital assets, net of accumulated depreciation	<u>2,441,982</u>	<u>-</u>	<u>2,441,982</u>
Total assets	<u>8,884,014</u>	<u>1,162,268</u>	<u>10,046,282</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	178,119	179,335	357,454
Accrued liabilities	67,422	-	67,422
Accrued vacation and sick leave	<u>57,113</u>	<u>-</u>	<u>57,113</u>
Total current liabilities	<u>302,654</u>	<u>179,335</u>	<u>481,989</u>
Noncurrent liabilities:			
Accrued vacation and sick leave	37,405	-	37,405
Accrued other postemployment benefits	<u>136,593</u>	<u>-</u>	<u>136,593</u>
Total noncurrent liabilities	<u>173,998</u>	<u>-</u>	<u>173,998</u>
Total liabilities	<u>476,652</u>	<u>179,335</u>	<u>655,987</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	2,441,982	-	2,441,982
Unrestricted	<u>5,965,380</u>	<u>982,933</u>	<u>6,948,313</u>
Total net assets	<u>\$ 8,407,362</u>	<u>\$ 982,933</u>	<u>\$ 9,390,295</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2012**

	Equipment, Maintenance and Replacement Fund	Personal Computer Replacement Fund	Total Internal Service Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Operating revenues:			
Charges for services	\$ 2,034,758	\$ -	\$ 2,034,758
Charges for equipment replacement	2,393,788	468,999	2,862,787
Other operating revenues	<u>35,321</u>	<u>-</u>	<u>35,321</u>
Total operating revenues	<u>4,463,867</u>	<u>468,999</u>	<u>4,932,866</u>
Operating expenses:			
Salaries, employee benefits and other personnel costs	893,508	-	893,508
Materials and fuels consumed	16,111	-	16,111
Services	869,378	-	869,378
Utilities	5,020	-	5,020
Depreciation	1,439,174	-	1,439,174
Amortization	1,080	-	1,080
Other operating expenses	<u>806,469</u>	<u>682,371</u>	<u>1,488,840</u>
Total operating expenses	<u>4,030,740</u>	<u>682,371</u>	<u>4,713,111</u>
Operating income (loss)	<u>433,127</u>	<u>(213,372)</u>	<u>219,755</u>
Nonoperating revenues (expenses):			
Investment earnings	29,897	3,781	33,678
Interest and other charges	(14,331)	-	(14,331)
Gain (loss) on disposal of capital assets	<u>196,168</u>	<u>(12,484)</u>	<u>183,684</u>
Total nonoperating revenues (expenses)	<u>211,734</u>	<u>(8,703)</u>	<u>203,031</u>
Income (loss) before transfers	644,861	(222,075)	422,786
Capital contributions	17,332	-	17,332
Transfers from other funds	<u>-</u>	<u>480,000</u>	<u>480,000</u>
Change in net assets	662,193	257,925	920,118
Net assets at beginning of year	<u>7,745,169</u>	<u>725,008</u>	<u>8,470,177</u>
Net assets at end of year	<u>\$ 8,407,362</u>	<u>\$ 982,933</u>	<u>\$ 9,390,295</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2012**

	Equipment, Maintenance and Replacement Fund	Personal Computer Replacement Fund	Total Internal Service Funds
Cash flows from operating activities:			
Receipts from customers and users	\$ 223,980	\$ -	\$ 223,980
Receipts from interfund services provided	4,104,174	468,999	4,573,173
Payments to suppliers	(1,613,170)	(579,569)	(2,192,739)
Payments to or on behalf of employees	(819,019)	-	(819,019)
Payments for interfund services used	<u>(8,675)</u>	<u>-</u>	<u>(8,675)</u>
Net cash provided by (used in) operating activities	<u>1,887,290</u>	<u>(110,570)</u>	<u>1,776,720</u>
Cash flows from noncapital financing activities:			
Transfers from other funds	<u>-</u>	<u>480,000</u>	<u>480,000</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(796,866)	-	(796,866)
Principal payments on other long-term obligations	(783,680)	-	(783,680)
Interest and other charges	(16,714)	-	(16,714)
Proceeds from sale of capital assets	<u>196,168</u>	<u>-</u>	<u>196,168</u>
Net cash used in capital and related financing activities	<u>(1,401,092)</u>	<u>-</u>	<u>(1,401,092)</u>
Cash flows from investing activities:			
Investment earnings	<u>30,026</u>	<u>3,645</u>	<u>33,671</u>
Net increase in cash and cash equivalents	516,224	373,075	889,299
Cash and cash equivalents at beginning of year	<u>5,592,224</u>	<u>788,581</u>	<u>6,380,805</u>
Cash and cash equivalents at end of year	<u>\$ 6,108,448</u>	<u>\$ 1,161,656</u>	<u>\$ 7,270,104</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2012**

	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)	\$ 433,127	\$ (213,372)	\$ 219,755
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	1,440,254	-	1,440,254
Changes in assets and liabilities:			
Accounts receivable	(135,713)	-	(135,713)
Inventory of materials and supplies	(36,776)	-	(36,776)
Prepays	1,170	-	1,170
Accounts payable and accrued liabilities	132,840	102,802	235,642
Accrued vacation and sick leave	10,152	-	10,152
Accrued other postemployment benefits	<u>42,236</u>	<u>-</u>	<u>42,236</u>
Net cash provided by (used in) operating activities	<u>\$ 1,887,290</u>	<u>\$ (110,570)</u>	<u>\$ 1,776,720</u>
 Noncash investing, capital and financing activities:			
Capital assets acquired on account	\$ 36,584	\$ 12,484	\$ 49,068
Donation of capital assets to governmental funds	-	(12,484)	(12,484)
Capital contributions from governmental funds	<u>17,332</u>	<u>-</u>	<u>17,332</u>
Net effect of noncash activities	<u>\$ 53,916</u>	<u>\$ -</u>	<u>\$ 53,916</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, 2012**

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

	2012		Variance Positive (Negative)	2011 Actual
	Budget	Actual		
Revenues:				
Operating revenues:				
Charges for services	\$ 1,884,675	\$ 1,899,045	\$ 14,370	\$ 1,959,191
Charges for equipment replacement	2,393,788	2,393,788	-	2,118,976
Other operating revenues	-	29,272	29,272	12,716
Total operating revenues	<u>4,278,463</u>	<u>4,322,105</u>	<u>43,642</u>	<u>4,090,883</u>
Nonoperating revenues:				
Investment earnings	20,000	29,897	9,897	30,044
Sale of capital assets	-	187,827	187,827	4,803
Total nonoperating revenues	<u>20,000</u>	<u>217,724</u>	<u>197,724</u>	<u>34,847</u>
Total revenues	<u>4,298,463</u>	<u>4,539,829</u>	<u>241,366</u>	<u>4,125,730</u>
Expenditures:				
Operating expenditures:				
Garage operations		2,136,656		1,904,497
Capital and noncapital equipment		1,257,278		800,470
Total operating expenditures	<u>5,215,067</u>	<u>3,393,934</u>	<u>1,821,133</u>	<u>2,704,967</u>
Nonoperating expenditures:				
Interest and other charges		16,714		45,005
Principal payments on other long-term obligations		783,680		823,960
Total nonoperating expenditures	<u>800,394</u>	<u>800,394</u>	<u>-</u>	<u>868,965</u>
Total expenditures	<u>6,015,461</u>	<u>4,194,328</u>	<u>1,821,133</u>	<u>3,573,932</u>
Excess (deficiency) of revenues over (under) expenditures	(1,716,998)	345,501	2,062,499	551,798
Other financing sources:				
Appropriated fund balance	<u>1,716,998</u>	-	<u>(1,716,998)</u>	-
Net change in fund balance	<u>\$ -</u>	345,501	<u>\$ 345,501</u>	551,798

**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, 2012**

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

	2012		Variance Positive (Negative)	2011 Actual
	Budget	Actual		
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Vacation and sick leave accrual		\$ (10,152)		\$ (4,986)
Other postemployment benefits accrual		(42,236)		(39,718)
Change in inventory		36,776		13,273
Capital asset expenditures		833,450		775,026
Depreciation		(1,439,174)		(1,761,030)
Amortization		(1,080)		(1,298)
Principal payments on other long-term obligations		783,680		823,960
Interest expense accrual		2,383		2,509
Capital contributions from governmental funds		17,332		-
Transfers of capital assets to enterprise funds		-		(7,972)
Transfers of capital assets to governmental funds		-		(187,364)
Outside services		<u>135,713</u>		<u>(7,131)</u>
Change in net assets		<u>\$ 662,193</u>		<u>\$ 157,067</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2012**

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

	2012		Variance	2011
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Operating revenues:				
Charges for equipment replacement	\$ 453,255	\$ 468,999	\$ 15,744	\$ 453,955
Nonoperating revenues:				
Investment earnings	-	3,781	3,781	3,457
Total revenues	453,255	472,780	19,525	457,412
Expenditures:				
Operating expenditures:				
Information technology operations		401,617		206,613
Capital and noncapital equipment		293,238		353,037
Total expenditures	1,265,304	694,855	570,449	559,650
Excess of expenditures over revenues	(812,049)	(222,075)	589,974	(102,238)
Other financing sources:				
Operating transfers-in:				
General Fund	480,000	480,000	-	-
Appropriated fund balance	332,049	-	(332,049)	-
Total other financing sources	812,049	480,000	(332,049)	-
Net change in fund balance	\$ -	257,925	\$ 257,925	(102,238)
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Capital asset expenditures		12,484		-
Disposal of capital assets		(12,484)		-
Change in net assets		\$ 257,925		\$ (102,238)

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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 2012**

Governmental funds capital assets:	
Land	\$ 50,996,986
Easements	11,002,966
Improvements other than buildings	46,362,020
Buildings, plant and structures	139,410,000
Furniture, fixtures, machinery and equipment	20,541,882
Computer software	1,199,648
Streets and drainage	188,743,815
Construction in progress	<u>8,309,950</u>
Total governmental funds capital assets	<u>\$ 466,567,267</u>
Investment in governmental funds capital assets by source:	
Prior years for which detail is not available	\$ 19,016,162
General Fund	11,324,165
Special Purpose Fund	5,472,706
Capital Project Funds	291,562,661
Accepted dedications	<u>139,191,573</u>
Total governmental funds capital assets	<u>\$ 466,567,267</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 2012**

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>10,026</u>	<u>3,914,649</u>
Total general government	<u>3,055,157</u>	<u>10,026</u>	<u>3,914,649</u>
Public safety:			
Police	728,670	-	-
Fire	<u>2,415,355</u>	-	<u>95,540</u>
Total public safety	<u>3,144,025</u>	-	<u>95,540</u>
Transportation:			
Traffic engineering	37,638	-	-
Streets and drainage	<u>33,510,451</u>	<u>10,992,940</u>	<u>7,283,154</u>
Total transportation	<u>33,548,089</u>	<u>10,992,940</u>	<u>7,283,154</u>
Cultural and recreational:			
Parks and recreation	<u>7,440,977</u>	-	<u>35,068,677</u>
Economic and physical development	<u>3,808,738</u>	-	-
Total governmental funds capital assets	<u>\$ 50,996,986</u>	<u>\$ 11,002,966</u>	<u>\$ 46,362,020</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
-	1,806,483	884,550	-	104,358	2,795,391
-	108,776	-	-	-	108,776
<u>34,237,181</u>	<u>644,606</u>	<u>-</u>	<u>-</u>	<u>586,191</u>	<u>42,447,810</u>
<u>34,237,181</u>	<u>2,730,006</u>	<u>884,550</u>	<u>-</u>	<u>690,549</u>	<u>45,522,118</u>
24,034,398	6,159,461	43,200	-	223,855	31,189,584
<u>17,883,427</u>	<u>10,464,004</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,858,326</u>
<u>41,917,825</u>	<u>16,623,465</u>	<u>43,200</u>	<u>-</u>	<u>223,855</u>	<u>62,047,910</u>
72,364	50,351	19,721	-	-	180,074
<u>46,445</u>	<u>335,275</u>	<u>218,773</u>	<u>188,743,815</u>	<u>5,560,342</u>	<u>246,691,195</u>
<u>118,809</u>	<u>385,626</u>	<u>238,494</u>	<u>188,743,815</u>	<u>5,560,342</u>	<u>246,871,269</u>
<u>14,774,246</u>	<u>574,901</u>	<u>33,404</u>	<u>-</u>	<u>1,827,704</u>	<u>59,719,909</u>
<u>48,361,939</u>	<u>227,884</u>	<u>-</u>	<u>-</u>	<u>7,500</u>	<u>52,406,061</u>
<u>\$ 139,410,000</u>	<u>\$ 20,541,882</u>	<u>\$ 1,199,648</u>	<u>\$ 188,743,815</u>	<u>\$ 8,309,950</u>	<u>\$ 466,567,267</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 2012**

Function and Activity	July 1, 2011	Additions	Deductions
<b>General government:</b>			
City Manager	\$ 140,249	\$ -	\$ -
Finance	29,892	-	-
Information Technology Services	2,683,327	16,478	-
Development Services	41,994	66,782	-
General government buildings	<u>39,161,090</u>	<u>1,111,983</u>	-
Total general government	<u>42,056,552</u>	<u>1,195,243</u>	-
<b>Public safety:</b>			
Police	30,027,687	1,162,189	-
Fire	<u>28,636,665</u>	<u>2,425,580</u>	<u>(203,919)</u>
Total public safety	<u>58,664,352</u>	<u>3,587,769</u>	<u>(203,919)</u>
<b>Transportation:</b>			
Traffic engineering	234,525	11,901	(66,353)
Streets and drainage	<u>239,295,046</u>	<u>6,682,542</u>	-
Total transportation	<u>239,529,571</u>	<u>6,694,443</u>	<u>(66,353)</u>
<b>Cultural and recreational:</b>			
Parks and recreation	<u>62,288,136</u>	<u>3,090,031</u>	-
<b>Economic and physical development</b>			
	<u>52,083,480</u>	<u>322,581</u>	-
<b>Total governmental funds capital assets</b>	<u>\$ 454,622,091</u>	<u>\$ 14,890,067</u>	<u>\$ (270,272)</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, 2012</u>
\$ -	\$ 140,249
-	29,892
95,586	2,795,391
-	108,776
<u>2,174,737</u>	<u>42,447,810</u>
<u>2,270,323</u>	<u>45,522,118</u>
(292)	31,189,584
-	<u>30,858,326</u>
<u>(292)</u>	<u>62,047,910</u>
-	180,073
<u>713,608</u>	<u>246,691,196</u>
<u>713,608</u>	<u>246,871,269</u>
<u>(5,658,258)</u>	<u>59,719,909</u>
-	52,406,061
<u>\$ (2,674,619)</u>	<u>\$ 466,567,267</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**June 30, 2012**

Fiscal Year	Uncollected Balance July 1, 2011	Additions	Collections and Credits	Uncollected Balance June 30, 2012
2011-2012	\$ -	\$ 52,949,958	\$ 52,020,321	\$ 929,637
2010-2011	771,229	-	503,483	267,746
2009-2010	282,057	-	78,851	203,206
prior years	<u>1,021,196</u>	<u>-</u>	<u>109,431</u>	<u>911,765</u>
	2,074,482	52,949,958	52,712,086	2,312,354
Less allowance for uncollectible taxes	<u>(515,539)</u>	<u>(394,044)</u>	<u>-</u>	<u>(909,583)</u>
Totals	<u>\$ 1,558,943</u>	<u>\$ 52,555,914</u>	<u>\$ 52,712,086</u>	<u>\$ 1,402,771</u>

Reconciliation of collections and credits:

New Hanover County tax office

remittances:

Taxes - ad valorem - current year - General Fund

\$ 52,633,775

Taxes - ad valorem - penalties and interest - General Fund

236,096

Total remittances

52,869,871

Other adjustments \*

78,311

Less penalties and interest

(236,096)

Total collections and credits

\$ 52,712,086

\* The source of this data, the New Hanover County Tax Office, has undergone a software conversion. At June 30, 2012, 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, 2012**

	City - Wide		Total Levy		
	Property		Total	Property	Registered
	Valuation	Rate	Levy	excluding	Motor
				Registered	Motor
				Vehicles	Vehicles
Original levy:					
Property taxed at current year's rate	\$14,118,319,599	\$ 0.3700	\$52,237,783	\$50,575,125	\$1,662,658
Motor vehicles taxed at prior year's rate	246,989,496	0.3700	913,861	-	913,861
second prior year's rate	309,493	0.3325	1,029	-	1,029
Penalties	-		55,853	55,853	-
<b>Total</b>	<b>14,365,618,588</b>		<b>53,208,526</b>	<b>50,630,978</b>	<b>2,577,548</b>
Discoveries: *					
Current year taxes	-		177,698	177,698	-
<b>Total</b>	<b>-</b>		<b>53,386,224</b>	<b>50,808,676</b>	<b>2,577,548</b>
Abatements *	-		-	-	-
Other adjustments *	(117,968,313)		(436,266)	(433,878)	(2,388)
<b>Total property valuation</b>	<b><u>\$14,247,650,275</u></b>				
Net levy			52,949,958	50,374,798	2,575,160
Uncollected taxes at June 30, 2012			929,637	578,101	351,536
Current year's taxes collected			<u>\$ 52,020,321</u>	<u>\$ 49,796,697</u>	<u>\$ 2,223,624</u>
Current levy collection percentage			<u>98.24%</u>	<u>98.85%</u>	<u>86.35%</u>

\* The source of this data, the New Hanover County Tax Office, has undergone a software conversion. At June 30, 2012, 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, 2012**

Receipts prior years	<u>\$ 15,646,025</u>
Receipts:	
July, 2011	285,715
August, 2011	225,267
September, 2011	215,754
October, 2011	198,461
November, 2011	161,026
December, 2011	108,854
January, 2012	124,058
February, 2012	143,027
March, 2012	186,936
April, 2012	236,412
May, 2012	284,606
June, 2012	300,241
Receipts current year	<u>2,470,357</u>
Receipts to date	<u><u>\$ 18,116,382</u></u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**From Inception and Year Ended June 30, 2012**

Disbursements prior years	<u>\$ 6,258,823</u>
Disbursements:	
Operating costs	955,183
Debt Service	4,224,073
Marketing	288,960
Fiscal agent fees	<u>3,590</u>
Disbursements current year	<u>5,471,806</u>
Disbursements to date	<u><u>\$ 11,730,629</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	166 - 179
These schedules contain trend information to help the readers understand how the city’s financial performance and well-being have changed over time.	
Revenue Capacity	180 - 183
These schedules contain information to help the reader assess the city’s most significant local revenue source, the property tax.	
Debt Capacity	184 - 190
These schedules present information to help the reader assess the affordability of the city’s current levels of outstanding debt and the city’s ability to issue additional debt in the future.	
Demographic and Economic Information	191
These schedules offer demographic and economic indicators to help the reader understand the environment within which the city’s financial activities take place.	
Operating Information	192 - 197
These schedules contain service and infrastructure data to help the reader understand how the information in the city’s financial report relates to the services the city provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**CITY OF WILMINGTON, NORTH CAROLINA**

**Net Assets by Component**

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

	Fiscal Year			
	2003	2004	2005	2006
<b>Governmental activities:</b>				
Invested in capital assets, net of related debt (1)	\$ 13,209,589	\$ 21,147,929	\$ 25,294,237	\$ 171,115,671
Restricted	10,063,585	9,915,472	13,456,749	14,850,785
Unrestricted (2)	<u>48,958,877</u>	<u>52,970,122</u>	<u>60,423,011</u>	<u>57,353,717</u>
Total governmental activities net assets	<u>\$ 72,232,051</u>	<u>\$ 84,033,523</u>	<u>\$ 99,173,997</u>	<u>\$ 243,320,173</u>
<b>Business-type activities:</b>				
Invested in capital assets, net of related debt (3)	\$ 99,025,314	\$ 106,189,683	\$ 111,044,036	\$ 111,652,338
Restricted (3)	3,720,477	4,417,410	4,677,245	5,741,848
Unrestricted (3)	<u>\$50,474,211</u>	<u>49,219,967</u>	<u>51,836,295</u>	<u>59,694,303</u>
Total business-type activities net assets	<u>\$ 153,220,002</u>	<u>\$ 159,827,060</u>	<u>\$ 167,557,576</u>	<u>\$ 177,088,489</u>
<b>Primary government:</b>				
Invested in capital assets, net of related debt	\$ 112,234,903	\$ 127,337,612	\$ 136,338,273	\$ 282,768,009
Restricted	13,784,062	14,332,882	18,133,994	20,592,633
Unrestricted	<u>99,433,088</u>	<u>102,190,089</u>	<u>112,259,306</u>	<u>117,048,020</u>
Total primary government net assets	<u>\$ 225,452,053</u>	<u>\$ 243,860,583</u>	<u>\$ 266,731,573</u>	<u>\$ 420,408,662</u>

**Notes:**

- (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					
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 181,747,430	\$ 181,571,647	\$ 187,569,283	\$ 188,091,906	\$ 196,686,945	\$ 194,247,449
16,934,004	21,704,213	22,617,510	25,903,793	38,931,386	36,203,247
<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>41,790,077</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>	<u>\$ 272,240,773</u>
\$ 135,128,498	\$ 136,751,706	\$ 18,275,937	\$ 20,982,210	\$ 22,487,707	\$ 30,255,544
6,240,878	7,760,499	2,368,253	2,378,156	2,378,156	2,368,578
<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>11,040,383</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>	<u>\$ 43,664,505</u>
\$ 316,875,928	\$ 318,323,353	\$ 205,845,220	\$ 209,074,116	\$ 219,174,652	\$ 224,502,993
23,174,882	29,464,712	24,985,763	28,281,949	41,309,542	38,571,825
<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>52,830,460</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>	<u>\$ 315,905,278</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Changes in Net Assets**

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

	Fiscal Year			
	2003	2004	2005	2006
<b>Expenses</b>				
Governmental activities:				
General government	\$ 11,535,385	\$ 13,908,704	\$ 13,797,417	\$ 15,587,565
Public safety	30,733,825	29,312,990	29,693,336	32,353,256
Transportation	10,077,678	8,755,214	7,173,171	7,353,292
Economic and physical development	5,003,942	4,148,984	4,092,091	3,688,117
Environmental protection	-	-	-	-
Cultural and recreational	4,517,154	5,035,661	5,481,105	5,884,529
Transit system	1,899,511	2,114,212	2,835,153	827,836
Hurricane disaster recovery	77,177	-	899,162	396,542
Interest and other charges	1,942,334	1,674,471	2,243,752	3,563,334
Total governmental activities expenses	<u>65,787,006</u>	<u>64,950,236</u>	<u>66,215,187</u>	<u>69,654,471</u>
Business-type activities:				
Water and sewer (2)	22,326,700	22,110,902	22,296,851	24,423,115
Ground water utility (2)	3,122,086	3,159,538	3,604,276	4,310,438
Solid waste management	6,402,933	6,536,515	6,761,069	6,818,100
Storm water management	4,979,104	5,042,432	5,292,644	5,523,127
Parking facilities	1,085,561	1,060,952	1,857,034	2,398,299
Golf	895,869	867,190	832,772	908,034
Total business-type activities expenses	<u>38,812,253</u>	<u>38,777,529</u>	<u>40,644,646</u>	<u>44,381,113</u>
Total primary government expenses	<u>\$ 104,599,259</u>	<u>\$ 103,727,765</u>	<u>\$ 106,859,833</u>	<u>\$ 114,035,584</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 3,255,363	\$ 3,470,348	\$ 3,964,652	\$ 4,025,530
Public safety	432,996	426,862	430,717	675,317
Transportation	747,456	1,023,082	1,332,079	1,710,751
Economic and physical development	43,424	56,377	124,976	158,145
Environmental protection	-	-	-	-
Cultural and recreational	351,593	426,800	426,954	500,873
Operating grants and contributions	9,772,894	6,821,511	7,561,229	6,282,373
Capital grants and contributions	4,433,079	5,110,524	2,150,342	1,985,222
Total governmental activities program revenues	<u>19,036,805</u>	<u>17,335,504</u>	<u>15,990,949</u>	<u>15,338,211</u>
Business-type activities:				
Charges for services:				
Water and sewer (2)	20,722,414	22,185,784	24,611,004	27,493,488
Ground water utility (2)	3,584,541	3,994,315	3,956,352	4,393,099
Solid waste management	6,160,974	6,389,017	6,487,649	6,566,883
Storm water management	5,532,704	5,510,872	5,711,657	5,698,434
Parking facilities	1,471,820	1,476,052	1,664,599	1,866,433
Golf	812,842	821,951	772,099	946,886

**TABLE 2**

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 14,379,647	\$ 16,843,180	\$ 17,979,039	\$ 17,913,454	\$ 18,442,793	\$ 20,114,233
35,864,890	41,557,316	43,127,730	46,623,265	42,201,402	44,197,292
13,754,139	8,479,949	9,834,553	11,223,125	12,744,479	14,764,044
4,481,644	4,322,396	4,367,773	2,128,078	5,843,970	6,200,611
-	7,459	-	-	500	-
5,976,218	4,660,956	8,226,690	10,418,701	7,727,790	9,049,044
1,103,344	1,237,043	1,149,733	1,522,702	1,427,915	1,242,136
-	-	-	-	-	-
<u>3,425,526</u>	<u>3,692,957</u>	<u>10,206,138</u>	<u>9,462,791</u>	<u>9,994,715</u>	<u>9,974,724</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>	<u>105,542,084</u>
28,480,953	28,340,892	-	-	-	-
4,417,676	4,369,353	-	-	-	-
8,129,899	7,386,926	7,929,943	7,510,722	7,595,390	8,348,911
4,570,924	4,924,043	5,766,847	5,939,703	6,022,115	6,943,112
2,009,319	2,328,314	2,468,358	2,394,835	2,319,874	2,694,467
908,037	1,012,558	1,108,490	1,136,189	1,107,126	1,285,853
<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>19,272,343</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>	<u>\$ 124,814,427</u>
\$ 3,937,055	\$ 3,094,822	\$ 2,172,178	\$ 2,588,922	\$ 2,691,275	\$ 2,928,020
976,645	1,027,819	1,036,796	911,408	1,386,725	1,317,184
1,333,003	969,286	907,676	726,216	1,311,696	1,841,929
31,831	36,660	64,364	336,894	1,096,703	1,798,487
-	-	-	6,622	19,429	58,679
571,732	536,509	561,479	629,547	611,597	669,215
4,910,085	6,736,997	8,242,549	8,587,862	7,744,008	9,455,773
2,809,524	5,010,259	4,423,055	17,861,814	13,272,496	5,868,811
<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>	<u>23,938,098</u>
29,820,501	30,303,159	-	-	-	-
4,824,661	5,005,979	-	-	-	-
6,630,716	7,437,015	7,814,331	8,163,730	8,113,378	8,272,400
6,073,766	6,161,452	6,219,759	6,775,129	7,114,617	7,815,701
1,820,003	2,408,489	2,606,508	2,274,661	2,035,573	2,577,363
1,063,172	1,192,758	1,093,880	1,119,498	1,169,854	1,227,520

**CITY OF WILMINGTON, NORTH CAROLINA**

**Changes in Net Assets (Continued)**

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

	Fiscal Year			
	2003	2004	2005	2006
<b>Program Revenues (continued)</b>				
Business-type activities (continued):				
Operating grants and contributions	\$ 3,083	\$ 40,000	\$ -	\$ 162,349
Capital grants and contributions	2,067,532	3,920,708	3,911,415	2,779,844
Total business-type activities program revenues	<u>40,355,910</u>	<u>44,338,699</u>	<u>47,114,775</u>	<u>49,907,416</u>
Total primary government program revenues	<u>\$ 59,392,715</u>	<u>\$ 61,674,203</u>	<u>\$ 63,105,724</u>	<u>\$ 65,245,627</u>
Net (expense)/revenue				
Governmental activities	\$ (46,750,201)	\$ (47,614,732)	\$ (50,224,238)	\$ (54,316,260)
Business-type activities	<u>1,543,657</u>	<u>5,561,170</u>	<u>6,470,129</u>	<u>5,526,303</u>
Total primary government net expense	<u>\$ (45,206,544)</u>	<u>\$ (42,053,562)</u>	<u>\$ (43,754,109)</u>	<u>\$ (48,789,957)</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	\$ 41,072,872
Room occupancy tax	151,062	-	3,551,896	1,758,422
Local option sales tax (1)	11,618,601	13,554,544	14,799,445	16,252,524
Franchise tax (1)	5,331,964	4,389,563	4,580,235	4,829,914
Video programming sales tax	-	-	-	-
Rental vehicle tax	129,349	145,573	161,076	170,860
Unrestricted grants and contributions	1,246,184	1,320,882	1,362,214	1,646,134
Investment earnings	814,004	681,664	1,392,501	3,173,990
Miscellaneous	416,590	201,522	308,740	444,088
Special item: Conveyance of assets and liabilities to the Cape Fear Public Utility Authority, net (2)	-	-	-	-
Transfers to other funds	<u>(725,463)</u>	<u>(339,787)</u>	<u>(316,727)</u>	<u>(791,073)</u>
Total governmental activities	<u>58,250,618</u>	<u>59,416,204</u>	<u>65,364,712</u>	<u>68,557,731</u>
Business-type activities:				
Unrestricted grants and contributions	-	-	-	-
Investment earnings	841,930	702,389	943,660	3,138,187
Miscellaneous	-	3,712	-	75,350
Special item: Cape Fear Public Utility Authority (2)	-	-	-	-
Transfers from other funds	<u>725,463</u>	<u>339,787</u>	<u>316,727</u>	<u>791,073</u>
Total business-type activities	<u>1,567,393</u>	<u>1,045,888</u>	<u>1,260,387</u>	<u>4,004,610</u>
Total primary government	<u>\$ 59,818,011</u>	<u>\$ 60,462,092</u>	<u>\$ 66,625,099</u>	<u>\$ 72,562,341</u>

**TABLE 2**

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 90,412	\$ -	\$ -	\$ -	\$ -	\$ 72,977
5,126,467	3,523,179	601,799	343,665	110,232	451,260
<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>20,417,221</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>	<u>\$ 44,355,319</u>
\$ (64,415,533)	\$ (63,388,904)	\$ (77,483,559)	\$ (67,642,831)	\$ (70,249,635)	\$ (81,603,986)
6,932,890	7,669,945	1,062,639	1,695,234	1,499,149	1,144,878
<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>	<u>\$ (80,459,108)</u>
\$ 42,601,818	\$ 41,489,000	\$ 46,423,441	\$ 46,827,896	\$ 52,445,946	\$ 52,713,699
1,849,385	1,926,903	2,196,974	2,087,618	2,274,826	2,470,357
16,897,125	16,643,044	14,187,461	13,655,742	14,409,320	16,543,702
5,314,491	6,278,700	6,053,968	6,480,873	6,303,686	5,993,214
594,024	1,381,040	1,498,944	1,519,216	1,470,975	1,425,834
169,451	158,599	126,483	163,536	190,568	209,722
1,502,289	1,489,503	1,513,778	1,209,643	1,539,418	1,778,549
4,428,359	2,672,323	2,627,407	700,500	385,103	368,432
515,283	704,191	800,487	906,404	658,109	969,485
-	-	(983,665)	-	-	-
(622,325)	(481,597)	-	50,000	636,607	(2,640,816)
<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>	<u>79,832,178</u>
-	-	46,887	69,493	69,282	-
4,934,347	3,708,352	491,543	187,750	94,772	81,825
3,940	-	5,285	-	-	3,260
-	-	(166,183,586)	-	-	-
622,325	481,597	-	(50,000)	(636,607)	2,640,816
<u>5,560,612</u>	<u>4,189,949</u>	<u>(165,639,871)</u>	<u>207,243</u>	<u>(472,553)</u>	<u>2,725,901</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>	<u>\$ 82,558,079</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Changes in Net Assets (Continued)**

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

	Fiscal Year			
	2003	2004	2005	2006
<b>Change in Net Assets</b>				
Governmental activities	\$ 11,500,417	\$ 11,801,472	\$ 15,140,474	\$ 14,241,471
Business-type activities	<u>3,111,050</u>	<u>6,607,058</u>	<u>7,730,516</u>	<u>9,530,913</u>
Total primary government	<u>\$ 14,611,467</u>	<u>\$ 18,408,530</u>	<u>\$ 22,870,990</u>	<u>\$ 23,772,384</u>

**Notes:**

- (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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 8,834,367	\$ 8,872,802	\$ (3,038,281)	\$ 5,958,597	\$ 10,064,923	\$ (1,771,808)
<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>3,870,779</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>	<u>\$ 2,098,971</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Fund Balances of Governmental Funds**

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

	Fiscal Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General fund				
Reserved	\$ 5,860,272	\$ 8,934,734	\$ 7,723,813	\$ 8,194,268
Unreserved	<u>24,246,657</u>	<u>23,203,322</u>	<u>21,197,032</u>	<u>18,465,163</u>
Total general fund	<u>\$ 30,106,929</u>	<u>\$ 32,138,056</u>	<u>\$ 28,920,845</u>	<u>\$ 26,659,431</u>
All other governmental funds				
Reserved (1)	\$ 31,856,787	\$ 34,484,381	\$ 69,737,297	\$ 52,784,436
Unreserved (deficit), reported in				
Capital projects funds	(629,452)	(6,909,264)	-	-
Special revenue funds	<u>(4,354,102)</u>	<u>(587,444)</u>	<u>1,907,435</u>	<u>2,487,853</u>
Total all other governmental funds	<u>\$ 26,873,233</u>	<u>\$ 26,987,673</u>	<u>\$ 71,644,732</u>	<u>\$ 55,272,289</u>
	<u>2011</u>	<u>2012</u>		
General fund				
Nonspendable	\$ 1,655,910	\$ 1,645,226		
Restricted	10,298,303	10,454,446		
Assigned	1,731,945	1,000,000		
Unassigned	<u>17,353,940</u>	<u>23,791,938</u>		
Total general fund	<u>\$ 31,040,098</u>	<u>\$ 36,891,610</u>		
All other governmental funds				
Nonspendable	\$ 11,656	\$ 12,415		
Restricted	66,554,476	52,939,929		
Committed	12,186,092	12,167,997		
Unassigned	<u>(2,568,803)</u>	<u>(2,143,278)</u>		
Total all other governmental funds	<u>\$ 76,183,421</u>	<u>\$ 62,977,063</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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 10,155,466	\$ 10,390,938	\$ 7,391,627	\$ 9,196,737
<u>19,660,893</u>	<u>16,979,687</u>	<u>18,648,976</u>	<u>16,554,604</u>
<u>\$ 29,816,359</u>	<u>\$ 27,370,625</u>	<u>\$ 26,040,603</u>	<u>\$ 25,751,341</u>
\$ 43,508,550	\$ 122,824,809	\$ 96,461,401	\$ 89,486,186
(2,010,637)	(10,297,903)	(5,764,939)	(4,434,729)
<u>(1,034,055)</u>	<u>(1,720,616)</u>	<u>(1,204,827)</u>	<u>(1,577,463)</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			
	2003	2004	2005	2006
<b>Revenues</b>				
Taxes:				
Ad valorem taxes (1)	\$ 39,201,126	\$ 39,462,243	\$ 39,589,130	\$ 41,066,135
Room occupancy tax	151,062	-	3,035,500	2,274,818
Local option sales tax (2)	10,906,730	13,554,544	14,799,445	16,252,524
Franchise tax (2)	4,303,926	4,389,563	4,580,235	4,829,914
Video programming sales tax	-	-	-	-
Rental vehicle tax	129,349	145,573	161,076	170,860
Unrestricted intergovernmental	1,004,394	1,084,242	1,126,013	1,409,726
Restricted intergovernmental	13,523,730	8,906,642	8,854,406	6,731,853
Licenses and permits	2,557,466	2,755,356	3,235,686	3,433,560
Sales and services	4,065,419	4,071,509	4,246,620	4,887,896
Fines and forfeits	46,667	42,656	67,768	98,193
Investment earnings	698,245	571,137	1,166,673	3,003,871
Donations	-	-	-	-
Miscellaneous	795,772	1,596,286	1,711,837	1,833,369
Total revenues	<u>77,383,886</u>	<u>76,579,751</u>	<u>82,574,389</u>	<u>85,992,719</u>
<b>Expenditures</b>				
General government	14,882,693	19,915,584	23,263,162	28,392,473
Public safety	29,756,843	30,341,682	30,211,315	48,631,834
Transportation	12,501,063	8,956,586	8,913,756	8,535,654
Economic and physical development	4,920,265	4,244,397	4,157,456	4,029,778
Environmental protection	-	-	-	-
Cultural and recreational	6,343,404	7,404,489	5,954,753	5,351,974
Transit system	1,899,511	2,114,212	2,835,153	827,836
Hurricane disaster recovery	77,177	-	899,162	396,542
Debt service (3)				
Principal retirement	4,262,148	4,659,942	4,585,416	4,658,821
Interest and other charges	1,999,041	1,696,258	2,131,877	3,355,149
Total expenditures	<u>76,642,145</u>	<u>79,333,150</u>	<u>82,952,050</u>	<u>104,180,061</u>
Excess (deficiency) of revenues over (under) expenditures	<u>741,741</u>	<u>(2,753,399)</u>	<u>(377,661)</u>	<u>(18,187,342)</u>

**TABLE 4**

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 42,276,841	\$ 41,472,281	\$ 46,438,613	\$ 46,815,757	\$ 52,304,940	\$ 52,869,871
1,849,385	1,926,903	2,196,974	2,087,618	2,274,826	2,470,357
16,897,125	16,643,044	14,187,461	13,655,742	14,409,320	16,543,702
5,314,491	6,278,700	6,053,968	6,480,873	6,303,686	5,993,214
594,024	1,381,040	1,498,944	1,519,216	1,470,975	1,425,834
169,451	158,599	126,483	163,536	190,568	209,722
1,282,168	1,274,592	1,304,492	973,523	1,340,967	1,585,367
5,944,434	9,547,884	12,895,964	17,581,934	16,539,325	17,215,569
3,428,378	2,521,011	2,359,711	2,360,546	2,510,282	2,534,736
5,328,383	5,436,909	2,035,533	2,013,273	3,409,479	4,888,935
102,744	97,851	71,255	60,202	106,791	175,075
3,847,968	2,399,420	2,446,210	632,785	351,602	334,754
-	-	-	245,372	438,751	278,042
<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>1,699,959</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>	<u>108,225,137</u>
18,985,985	31,003,496	18,091,033	16,724,587	16,972,610	19,378,427
43,590,416	44,124,315	42,766,280	39,865,899	38,386,732	43,736,654
13,612,030	10,393,830	17,345,355	17,143,064	15,463,714	15,706,490
4,480,888	4,318,811	21,464,273	21,098,597	9,376,853	5,222,736
-	14,158	-	-	500	-
10,212,926	12,123,679	11,332,882	16,787,662	12,923,013	9,829,260
1,103,344	1,237,043	1,149,733	1,522,702	1,427,915	1,242,136
-	-	-	-	-	-
4,375,252	4,405,767	8,608,348	9,811,333	10,434,615	10,529,457
<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>10,211,066</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>115,856,226</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>	<u>(7,631,089)</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			
	2003	2004	2005	2006
<b>Other financing sources (uses)</b>				
Transfers from other funds	\$ 3,068,509	\$ 6,905,283	\$ 18,633,309	\$ 19,534,201
Transfers to other funds	(3,806,434)	(7,305,956)	(19,026,558)	(20,324,515)
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 (4)	-	-	1,184,184	273,803
Premium on bonds	-	-	-	-
Premium on refunding bonds	-	-	-	-
Premium on refunding installment obligations	-	-	-	-
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 refund outstanding other long-term obligations	-	-	-	-
Total other financing sources (uses)	<u>3,499,886</u>	<u>3,248,360</u>	<u>41,879,322</u>	<u>(516,511)</u>
Net change in fund balances	<u>\$ 4,241,627</u>	<u>\$ 494,961</u>	<u>\$ 41,501,661</u>	<u>\$ (18,703,853)</u>
Debt service as a percentage of noncapital expenditures	8.9%	9.1%	9.4%	10.9%

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

- (1) Includes related penalties and interest.
- (2) 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.
- (3) Beginning in fiscal year 2005, debt service is accounted for in the Debt Service Fund.
- (4) 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					
2007	2008	2009	2010	2011	2012
\$ 14,226,412	\$ 17,209,961	\$ 16,405,136	\$ 14,648,058	\$ 13,781,205	\$ 13,688,174
(14,848,737)	(17,605,890)	(16,405,136)	(14,598,058)	(13,136,626)	(14,171,174)
-	-	14,605,000	-	-	-
-	-	-	-	8,660,000	-
-	62,495,000	-	23,870,000	3,120,000	-
-	-	-	8,910,000	-	24,673,750
1,093,500	26,270,000	-	5,065,807	-	-
-	-	121,181	-	366,839	-
-	-	-	-	130,992	-
-	-	-	-	-	3,044,534
-	-	-	177,422	-	-
-	-	-	411,685	-	-
-	(36,997)	-	-	-	-
-	-	-	-	(3,206,125)	-
-	-	-	(8,832,450)	-	(12,976,827)
<u>(1,093,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,022,484)</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>235,973</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>	<u>\$ (7,395,116)</u>
9.6%	9.3%	19.4%	19.3%	20.9%	20.2%

**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>
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	1,385,359,953	141,944,441	14,093,028,278	0.3700	100
2012	12,639,603,074	1,464,781,289	143,265,912	14,247,650,275	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>
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
2012	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	2012			2003		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Corning Inc.	\$ 221,664,276	1	1.56 %	\$ 301,376,135	1	3.63 %
Progress Energy (CP&L)	59,412,172	2	0.42	60,335,863	3	0.73
River Ventures LLC (PPD)	55,803,840	3	0.39	-		-
Centro Independence LLC (mall)	50,442,138	4	0.35	38,014,279	5	0.46
BellSouth Tel Co.	39,186,571	5	0.28	60,640,286	2	0.73
Mayfaire Retail LLC	34,739,297	6	0.24	-		-
GS II University Centre LLC	34,689,178	7	0.24	-		-
NNP IV Cape Fear River LLC	33,665,393	8	0.24	-		-
Wal Mart	31,024,704	9	0.22	-		-
Mayfaire Spe B LLC	29,903,505	10	0.21	-		-
UDRT of North Carolina LLC	-		-	43,790,979	4	0.53
Developers Diversified Realty	-		-	22,452,550	6	0.27
Federal Paper Board	-		-	16,648,992	7	0.20
North Carolina Natural Gas	-		-	14,917,963	8	0.18
Heritage SPE LLC	-		-	12,749,936	9	0.15
Belk Berry Co.	-		-	12,227,789	10	0.15
	<u>\$ 590,531,074</u>		<u>4.15 %</u>	<u>\$ 583,154,772</u>		<u>7.01 %</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
2003	\$ 39,230,731	\$ 38,241,979	97.48 %	\$ 870,247	\$ 39,112,226	99.70 %
2004	39,330,888	38,520,774	97.94	645,293	39,166,067	99.58
2005	39,393,630	38,704,342	98.25	582,516	39,286,858	99.73
2006	41,015,008	40,344,559	98.37	566,969	40,911,528	99.75
2007	42,368,273	41,565,365	98.10	650,964	42,216,329	99.64
2008	41,416,471	40,641,812	98.13	637,914	41,279,726	99.67
2009	46,343,406	45,631,444	98.46	582,464	46,213,908	99.72
2010	46,849,408	46,128,218	98.46	517,984	46,646,202	99.57
2011	52,346,928	51,575,699	98.53	503,483	52,079,182	99.49
2012	52,949,958	52,020,321	98.24	-	52,020,321	98.24

**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			
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	6.65	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
2012	33,565,000	152,918,750	15,312,750	-	12,160,000	6,971,250	-	220,927,750	N/A	2,039

**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>
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	371
2012	33,565,000	0.24	310

**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, 2012

Jurisdiction	Debt Outstanding	Estimated Percentage Applicable <sup>(1)</sup>	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes:			
New Hanover County	\$ 389,236,433	41.67 %	\$ 162,194,822
City of Wilmington direct debt			<u>186,483,750</u> <sup>(2), (3)</sup>
Total direct and overlapping debt			<u>\$ 348,678,572</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.
- (3) The City's direct debt includes outstanding other long-term obligations payable by interlocal agreement to New Hanover County that represent a portion of general obligation bonds issued by the County for park development on the City's behalf. To avoid duplication of these obligations on this overlapping presentation, the City's direct debt has been reduced by \$15,312,750, the amount of the City's obligation to the County at June 30, 2012.

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**CITY OF WILMINGTON, NORTH CAROLINA**

**Legal Debt Margin Information**

**Last Ten Fiscal Years**

	Fiscal Year			
	2003	2004	2005	2006
Debt limit	\$ 665,097,066	\$ 666,926,028	\$ 683,401,202	\$ 712,415,000
Total net debt applicable to debt limit	<u>82,407,456</u>	<u>79,151,927</u>	<u>114,698,689</u>	<u>114,885,464</u>
Legal debt margin	<u>\$ 582,689,610</u>	<u>\$ 587,774,101</u>	<u>\$ 568,702,513</u>	<u>\$ 597,529,536</u>
Total net debt applicable to the debt limit as a percentage of the debt limit	12.39%	11.87%	16.78%	16.13%
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 2012**

Total assessed valuation at June 30, 2012	<u>\$ 14,247,650,275</u>
Debt limit: 8% of total assessed value	\$ 1,139,812,022
Amount of debt applicable to debt limit:	
General obligation bonds (1)	\$ 33,565,000
Other debt (excluding revenue bonds) (1)	<u>175,202,750</u>
Gross debt	208,767,750
Less deductions allowed by law:	
Water and sewer general obligation bonds (1)	<u>8,200,000</u>
Total net debt applicable to debt limit	<u>200,567,750</u>
Legal debt margin	<u>\$ 939,244,272</u>

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

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

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

**TABLE 12**

Fiscal Year					
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 735,724,123	\$1,091,479,245	\$1,116,209,834	\$1,125,000,105	\$1,127,442,262	\$1,139,812,022
<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>200,567,750</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>	<u>\$ 939,244,272</u>
14.57%	16.94%	17.13%	18.77%	18.72%	17.60%
N/A	N/A	15.59%	17.33%	17.36%	16.32%

## CITY OF WILMINGTON, NORTH CAROLINA

## Pledged-Revenue Coverage

## Last Five Fiscal Years

Fiscal Year Ended June 30	Storm Water Fee Revenue Bonds <sup>(3)</sup>					
	Gross Revenues <sup>(1)</sup>	Less Operating Expenses <sup>(2)</sup>	Net Available Revenue	Debt Service <sup>(4)</sup>		Coverage
				Principal	Interest	
2008	\$ 6,734,019	\$ 4,372,127	\$ 2,361,892	\$ 405,000	\$ 646,869	2.25
2009	6,549,226	4,883,353	1,665,873	425,000	629,656	1.58
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
2012	7,862,372	5,708,977	2,153,395	480,000	573,131	2.04

**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.



## 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>
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	3,585,933	35,085	38.5	23,643	8.8
2011	106,882	N/A	N/A	37.3	23,934	9.3
2012	108,337	N/A	N/A	37.5	24,373	8.6

**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 2012 population estimated at 108,337 out of 206,774 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	2012			2003		
	Employees	Rank	Percentage of Total County Employment (1)	Employees	Rank	Percentage of Total County Employment (1)
New Hanover Health Network*	5,213	1	5.39 %	4,500	1	5.14 %
New Hanover County Schools**	3,458	2	3.57	3,300	2	3.77
General Electric Nuclear Fuel/Aircraft***	2,195	3	2.27	2,700	3	3.08
University of North Carolina (Wilmington)*	1,843	4	1.90	1,550	4	1.77
Pharmaceutical Products Development*	1,600	5	1.65	650	9	0.74
New Hanover County**	1,574	6	1.63	1,400	5	1.60
Verizon Wireless*	1,229	7	1.27	-	-	-
Cape Fear Community College*	1,141	8	1.18	-	-	-
Corning, Inc.*	1,100	9	1.14	700	8	0.80
City of Wilmington*	985	10	1.02	1,100	6	1.26
United States Government*	-	-	-	940	7	1.07
Wal-mart**	-	-	-	650	10	0.74
<b>Total</b>	<b>20,338</b>		<b>21.02 %</b>	<b>17,490</b>		<b>19.96 %</b>

**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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government	154	158	155	161	168	173	159	146	146	145
Public Safety										
Police										
Policeman and officers	246	251	251	253	254	262	262	249	250	250
Civilians	41	44	43	43	48	58	58	57	56	56
Fire										
Firemen and officers	209	210	210	210	212	216	216	212	210	210
Civilians	6	7	7	7	8	8	8	8	10	10
Code enforcement	8	8	9	11	11	11	11	9	8	8
Transportation	60	61	61	61	62	62	63	54	54	54
Economic and Physical Development	13	13	12	13	13	13	13	9	9	9
Cultural and Recreational	70	73	73	74	79	82	83	75	75	75
Solid Waste	55	55	59	87	91	93	93	92	88	88
Water and Sewer	156	157	157	159	178	183	- (1)	-	-	-
Groundwater Utility	18	18	18	18	7	7	- (1)	-	-	-
Storm Water Management	57	57	58	58	59	59	59	59	59	59
Parking Facilities	-	1	1	1	1	1	2	2	2	2
Golf Course	9	9	9	9	9	9	9	9	9	9
<b>Total</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>	<b>975</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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police										
Calls dispatched	148,547	173,768	154,959	179,088	173,235	179,803	180,194	170,552	182,124	177,042
Part I crimes	8,970	8,361	7,966	8,363	7,410	7,426	6,576	6,902	6,146	6,556
Fire										
Actual fires	556	561	568	583	597	482	462	494	561	531
Fire department responses	7,969	8,417	9,567	10,364	9,807	9,536	9,221	9,404	9,750	10,574
Fire inspections completed	3,429	4,957	5,115	4,925	6,791	4,455	4,676	4,996	5,776	4,786
Streets and Sidewalks Maintenance										
Miles of streets resurfaced	10	7	5	3	6	8	4	4	2	1
Solid Waste										
Tons of residential refuse	32,156	27,777	29,808	29,986	28,552	27,124	25,855	24,505	28,834	23,808
Tons of recyclables	3,429	4,302	4,831	4,526	4,454	4,818	4,785	5,402	5,253	5,643
Storm Water										
Number of customers	N/A	N/A	N/A	N/A	29,764	28,119	28,229	29,212	29,218	29,208
ERUs	78,622	76,148	75,926	80,126	80,298	85,019	87,760	89,357	92,174	92,027
Golf Course										
Total number of regular rounds	52,550	51,458	N/A	55,460	52,326	54,117	49,593	50,619	58,761	60,856

**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		
	2003	2004	2005
Police			
Stations / facilities	4	3	2
Patrol units	186	186	192
Fire			
Fire stations	9	9	9
Transportation			
Streets (miles)	375	381	382
Streetlights	8,699	8,738	9,252
Cultural and Recreational			
Parks	41	42	43
Parks acreage	459	517	563
Recreation centers	9	9	9
Solid Waste			
Collection trucks	36	37	42
Storm Water			
Storm sewers (miles)	400	400	400
Parking			
Parking Decks	1	1	2
Fleet			
Vehicles (excluding patrol units)	357	367	368

**Source:** Various City departments.

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

**TABLE 18**

Fiscal Year						
2006	2007	2008	2009	2010	2011	2012
2	2	2	2	2	2	2
239	316	295	289	282	285	271
9	10	10	10	10	10	10
383	383	385	387	393	397	398
9,226	9,248	9,353	9,272	9,289	9,289	9,249
44	45	52	53	53	55	55
602	695	717	732	732	775	775
9	9	9	9	9	9	9
56	65	53	55	50	50	54
400	400	400	400	400	400	400
2	2	2	2	2	2	3
387	410	370	237	282	269	247

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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, 2012, which collectively comprise City of Wilmington's basic financial statements, and have issued our report thereon dated November 21, 2012. 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 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 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 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.

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*.

We noted a certain matter that we reported to the management of City of Wilmington in a separate letter dated November 21, 2012.

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 LLP*

Wilmington, North Carolina  
November 21, 2012



**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, 2012. 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 \$ 2,749,637 in federal awards during the year ended June 30, 2012. 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; Audits of States, Local Governments, and Non-profit Organizations; and the State Single Audit Implementation Act. Those standards, OMB Circular A-133 and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2012.

## 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.



Wilmington, North Carolina  
November 21, 2012



**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 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 each of City of Wilmington's major State programs for the year ended June 30, 2012. The City of Wilmington's major State 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 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 \$ 1,167,514 in state awards during the year ended June 30, 2012. 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 applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 each of its major State program for the year ended June 30, 2012.

## 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 over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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



Wilmington, North Carolina  
November 21, 2012



City of Wilmington, North Carolina

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2012

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Section I -- Summary of Auditor's Results

---

Financial Statements

Type of auditor's opinion issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?                     Yes             No
- Significant deficiency(ies) identified?             Yes             None reported

Noncompliance material to financial statements noted?                     Yes             No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified?                     Yes             No
- Significant deficiency(ies) identified?             Yes             None reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?                     Yes             No

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.239	Home Investment Partnerships Program
16.710	COPS Hiring Recovery Program - ARRA
16.922	Equitable Sharing Program - Federal Forfeiture
81.128	Energy Efficiency and Conservation Block Grant -
ARRA	
97.036	Public Assistance Grant
97.056	Port Security Grant Program
20.205	Transportation Planning – ARRA
20.205	Transportation Planning

City of Wilmington, North Carolina

Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2012

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

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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?  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 programs:

Powell Bill  
Municipal Agreement - 36247.3.3  
Municipal Agreement - 38308

**City of Wilmington, North Carolina**

**Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2012**

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Section II -- Financial Statement Findings

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None reported

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Section III -- Federal Award Findings and Questioned Costs

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None reported

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Section IV -- State Award Findings and Questioned Costs

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None reported

**City of Wilmington, North Carolina**

**Corrective Action Plan  
For the Year Ended June 30, 2012**

No corrective action plan is required for the current year.

**City of Wilmington, North Carolina**

**Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2012**

Finding 11-01

Status: Corrected

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2012**

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-05-MC-370010	-	\$ 154,232	\$ -	\$ -
Community Development Block Grants	14.218	B-06-MC-370010	-	5,208	-	-
Community Development Block Grants	14.218	B-07-MC-370010	-	140,985	-	-
Community Development Block Grants	14.218	B-08-MC-370010	-	11,140	-	-
Community Development Block Grants	14.218	B-09-MC-370010	-	6,271	-	-
Community Development Block Grants	14.218	B-10-MC-370010	-	186,857	-	-
Community Development Block Grants	14.218	B-11-MC-370010	-	632,678	-	19,200
Community Development Block Grants - ARRA	14.253	B-09-MY-370010	-	199,448	-	-
Total Community Development Block Grants				<u>1,336,819</u>	<u>-</u>	<u>19,200</u>
Home Investment Partnerships Program	14.239	M-07-MC-37-0207	-	229,910	-	33,108
Home Investment Partnerships Program	14.239	M-08-MC-37-0207	-	20,527	-	-
Home Investment Partnerships Program	14.239	M-09-MC-37-0207	-	41,966	-	-
Home Investment Partnerships Program	14.239	M-10-MC-37-0207	-	73,075	-	14,425
Home Investment Partnerships Program	14.239	M-11-MC-37-0207	-	91,397	-	69,054
Total Home Investment Partnerships Program				<u>456,875</u>	<u>-</u>	<u>116,587</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Schedule of Expenditures of Federal and State Awards (Continued)**

**Year Ended June 30, 2012**

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>						
HUD EDI Open Spaces Initiative	14.251	B-06-SP-NC-0606	-	\$ 41,300	\$ -	\$ -
Pass-through N.C. Department of Health and Human Services: Lead Based Paint Hazard	14.900	NCLHB0469-10	-	1,758	-	-
Pass-through N.C. Department of Housing Finance Agency: Urgent Repair		URP1023	-	13,330	-	-
Total U.S. Department of Housing and Urban Development				1,850,082	-	135,787
<u>U.S. Department of Transportation</u>						
Pass-through N.C. Department of Transportation:						
Transportation Planning	20.505	10-08-116	36230.27.11.6	47,296	5,912	5,912
Transportation Planning	20.205	-	39225.1.16	237,585	-	59,397
Cross City Trail - ARRA	20.205	EB-5121A	45073.1.ST1	(12,841)	-	-
Cross City Trail - ARRA	20.205	EB-5121B	45073.1.ST1.2	(4,344)	-	-
Cross City Trail - ARRA	20.205	EB-5118CA	45051.3.ST3	1,147,302	-	-
Cross City Trail - ARRA	20.205	-	43076	-	245,940	-

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, 2012**

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>						
Bradley Creek Pedestrian Crossing	20.205	SR-5000A,B	-	\$ -	\$ 123	\$ 6,755
Greenway Plan	20.205.5	S5-1111	-	-	100,713	25,178
Municipal Agreement	20.205	-	40924.1.3	7,100	(12,600)	7,305
Pass-through N.C. Department of Energy and Natural Resources: Alderman Preserve	23.219C	3387	-	-	-	2,132
Total Highway Planning and Construction				1,374,802	334,176	100,767
Total U.S. Department of Transportation				1,422,098	340,088	106,679
<u>U.S. Department of Justice</u>						
Direct Programs:						
Bulletproof Vest Partnership	16.607	2006BUBX06136042	-	(3,261)	-	(3,280)
Bulletproof Vest Partnership	16.607	2010BUBX10052758	-	333	-	333
Bulletproof Vest Partnership	16.607	2011BUBX11057007	-	24,950	-	24,950
Total Bulletproof Vest Grant Program				22,022	-	22,003

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, 2012**

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>						
FY10 Assistance Grant Program	16.735	2010-DJ-BX-1490	-	\$ 19,959	\$ -	\$ -
JAG - DNA Database	16.738	2009-DJ-BX-0526	-	3,870	-	-
FY09 Recovery Act JAG Program - ARRA	16.804	2009-SB-B9-1299	-	43,373	-	-
COPS Hiring Recovery Program - ARRA	16.710	2009-RK-WX-0568	-	535,580	-	-
COPS Technology - ARRA	16.710	2010-CK-WX-0419	-	315,000	-	-
Offender Reentry Demonstration Program	16.812	2010-CZ-BX-0173	-	74,132	-	16,717
JAG - Equipment	16.738	2011-DJ-BX-3257	-	71,272	-	-
Equitable Sharing Program - Federal Forfeiture	16.922	-	-	550,955	-	-
Pass-through N.C. Department of Crime Control and Public Safety:						
Vocational Pathways into Society's Mainstream	16.540	065-1-08-018-AJ-574	-	(43,470)	-	(14,490)
Protective Order Enforcement Team	16.588	2011-WF-AX-0050	-	50,756	-	16,919
Criminal Justice Improvement	16.738	065-1-10-004-BH-455	-	38,969	-	12,990
Total U.S. Department of Justice				<u>1,682,418</u>	<u>-</u>	<u>54,139</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Schedule of Expenditures of Federal and State Awards (Continued)**

**Year Ended June 30, 2012**

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 Homeland Security</u>						
Pass-through N.C. Department of Crime Control and Public Safety:						
Rapid Response Team 2	97.067	2008-GE-T8-0033	-	\$ 180,681	\$ -	\$ -
CBRNE Hazmat RRT Equipment	97.067	2009-SS-T9-0046	-	70,790	-	-
Armored Personnel Carrier	97.056	2008-GB-T8-K076-7008	-	190,670	-	63,557
Bomb Robot Support Truck	97.056	2008-GB-T8-K076-7005	-	214,316	-	9,539
Police Boat	97.056	2008-GB-T8-K076-7006	-	272,994	-	-
Fire Equipment	97.056	2009-PU-T9-K038-7007	-	120,354	-	40,118
Public Assistance Grant	97.036	FEMA-4019-DR-NC	-	404,465	134,822	-
Total U.S. Department of Homeland Security				<u>1,454,270</u>	<u>134,822</u>	<u>113,214</u>
<u>Environmental Protective Agency</u>						
Brownfields Program	66.818	BF-95483011-0	-	<u>12,589</u>	<u>-</u>	<u>-</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Schedule of Expenditures of Federal and State Awards (Continued)**

**Year Ended June 30, 2012**

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 Energy</u>						
Direct Program:						
Energy Efficiency Community Block Grant - ARRA	81.128	DE-SC0002849	-	\$ 695,597	\$ -	\$ -
Recovery Act - Local Energy Assurance Planning (LEAP) Initiative - ARRA	81.122	DE-OE0000323	-	<u>95,653</u>	<u>-</u>	<u>(913)</u>
Total U.S. Department of Energy				<u>791,250</u>	<u>-</u>	<u>(913)</u>
<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	-	<u>9,981</u>	<u>-</u>	<u>-</u>
Total Federal Awards				<u>7,222,688</u>	<u>474,910</u>	<u>408,906</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Schedule of Expenditures of Federal and State Awards (Continued)**

**Year Ended June 30, 2012**

Grantor/Pass-through Grantor/Program Title	Federal CFDA or State DOT Number	Grant Award Number	WBS Number	Expenditures		
				Federal	State	Local
<b>State Awards:</b>						
<u>N.C. Department of Transportation</u>						
Municipal Agreement	-	-	38308	\$ -	\$ 235,000	\$ -
Military Cutoff ROW	-	-	40191	-	31,102	-
Powell Bill Funds	DOT - 4	-	32570	-	2,742,253	2,518
Municipal Agreement	-	-	3CR.20651.67	-	100,000	-
Municipal Agreement	-	-	36413.3.3	-	174,841	-
Municipal Agreement	-	-	34263.1.1	-	-	(14,402)
Municipal Agreement - Schedules C and D	-	-	36247.3.3	-	389,247	-
Municipal Agreement	-	-	42849	-	5,995	-
Total N.C. Department of Transportation				-	3,678,438	(11,884)
<u>N.C. Health and Wellness Trust Fund Commission</u>						
Fit Community Grant Phase IV	-	-	-	-	13,791	-
<u>Clean Water Management Trust Fund</u>						
Municipal Agreement	-	-	-	-	215,000	246,000
<u>N.C. Housing Finance Agency</u>						
2010 Urgent Repair Program	-	URP1023	-	-	18,750	-
Total State Awards				-	3,925,979	234,116
Total Federal and State Awards				\$ 7,222,688	\$ 4,400,889	\$ 643,022

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, 2012**

### **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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