



**Comprehensive Annual
FINANCIAL REPORT**
City of Wilmington North Carolina
For the Fiscal Year Ended June 30, 2013



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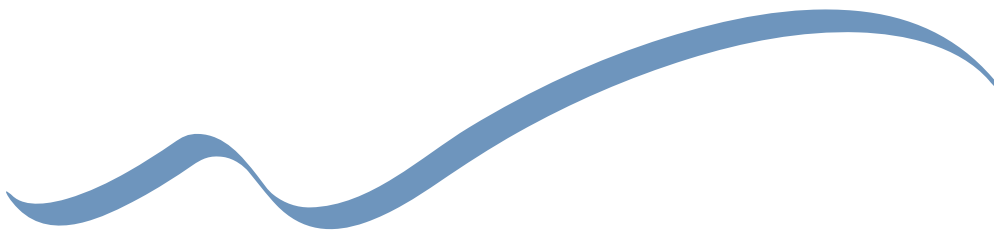


Bridge across Randall Pond, Gary Shell Cross City Trail | Photograph courtesy of Kimley-Horn and Associates, Inc.

City of Wilmington North Carolina

Comprehensive Annual FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2013



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, 2013

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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

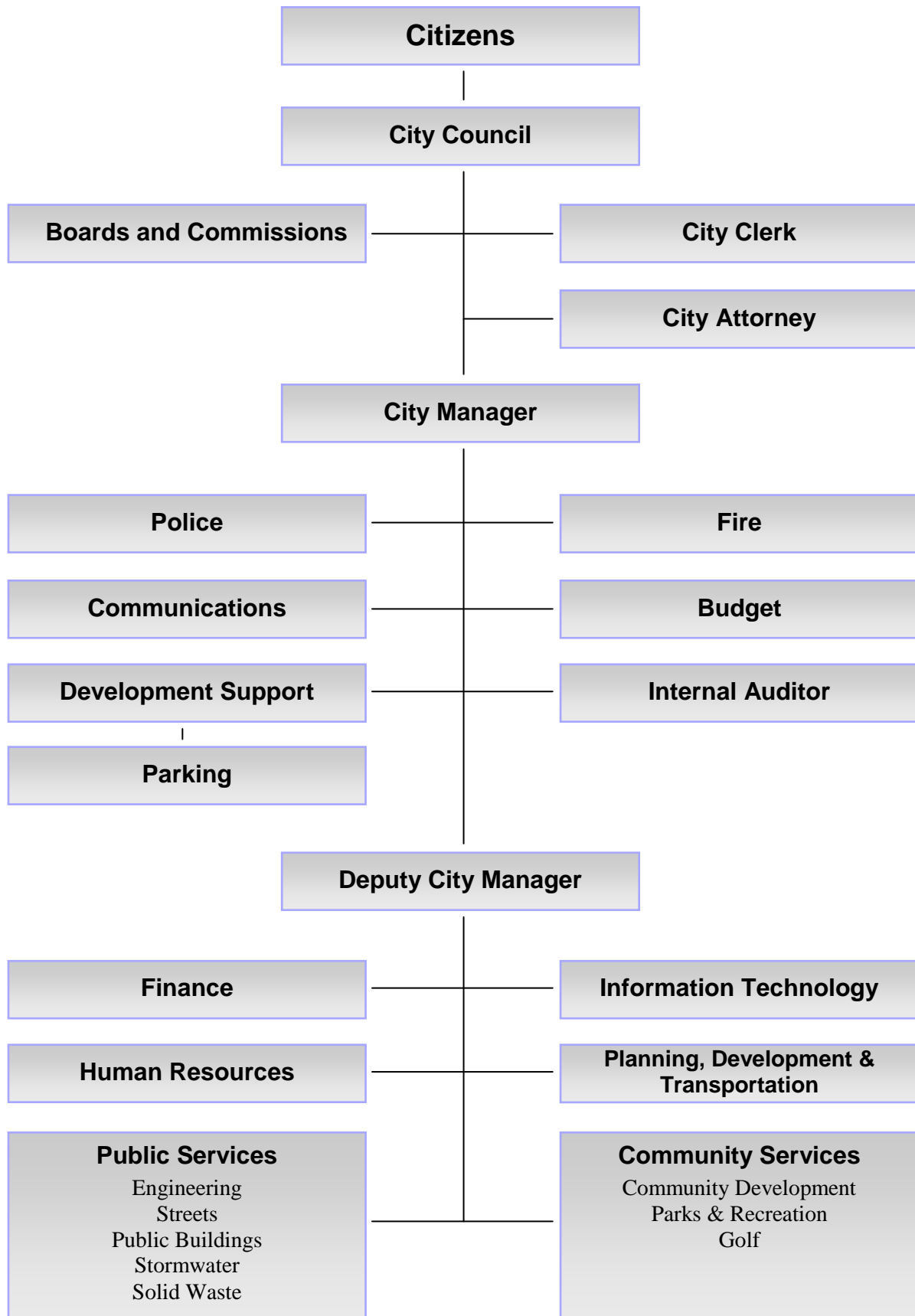
City Manager

Sterling B. Cheatham

Finance Director

Debra H. Mack





December 4, 2013



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, 2013. 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, 2013 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, 2013 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.

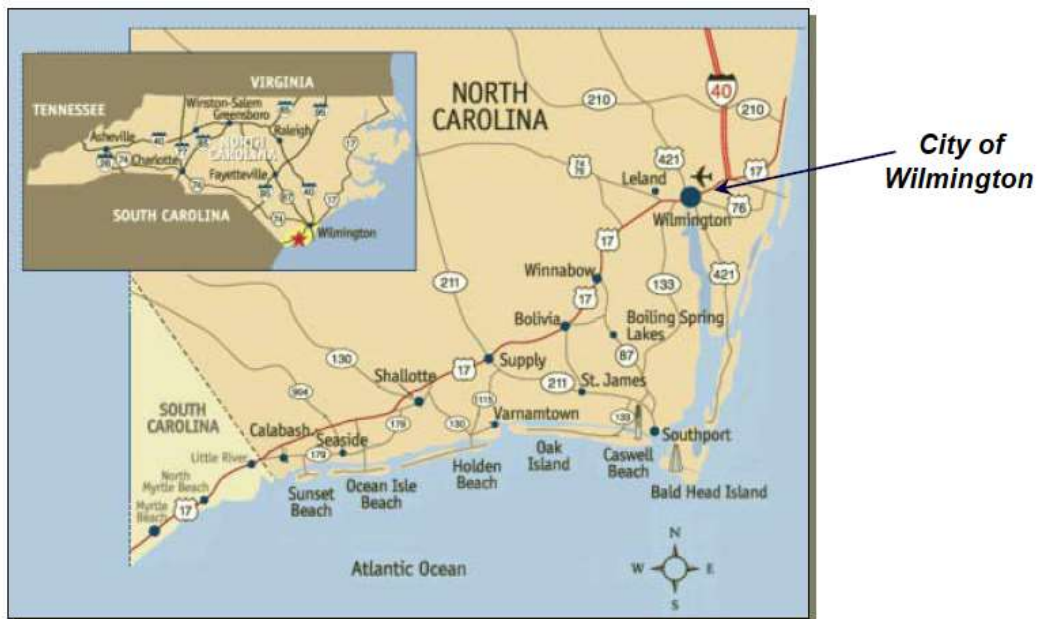
The independent audit of the financial statements of the City was part of a broader, federal and state mandated "Single Audit" designed to meet the special needs of grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation 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 470,000 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 109,689, 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.

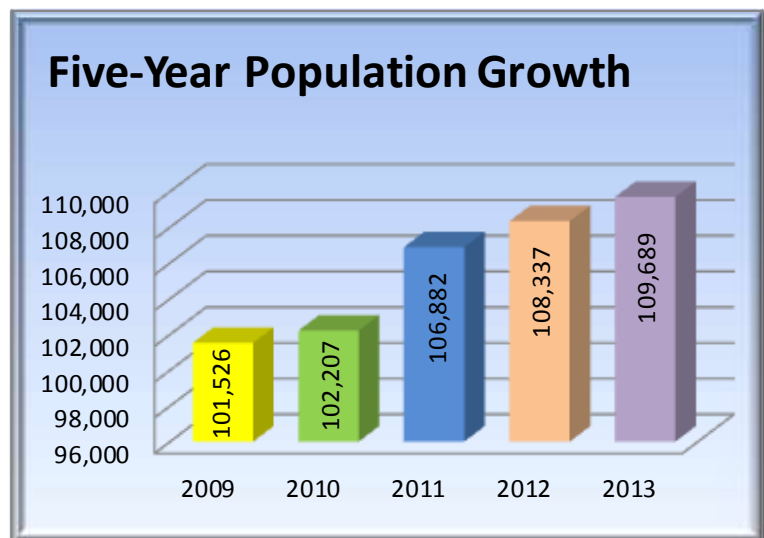
The City is empowered to levy a property tax on both real and personal properties located within its boundaries and New Hanover County is the only other unit that levies taxes within the City's corporate limits. The City is also empowered by State statute to extend its corporate limits by annexation, upon receipt of a valid petition signed by the owners of the real property located within the area.

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).

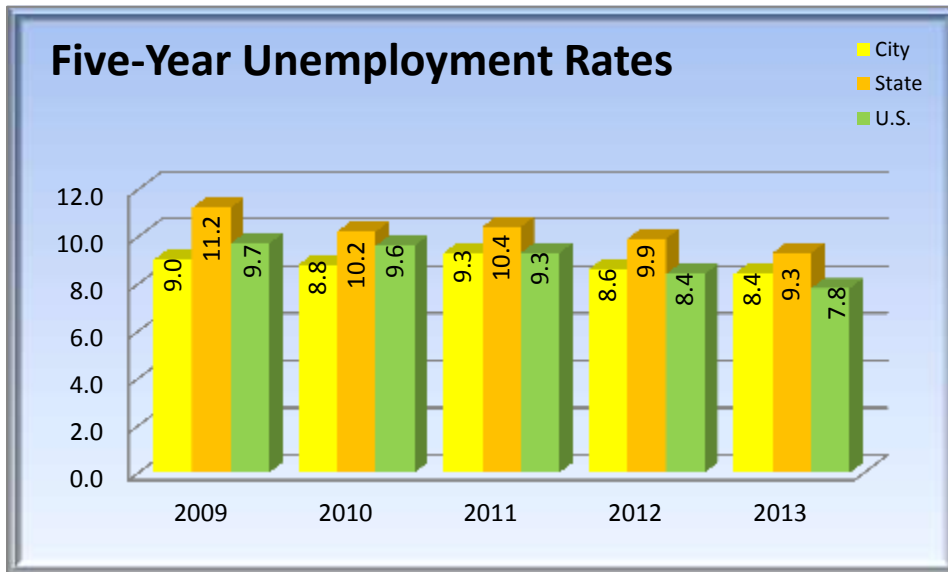
ECONOMIC CONDITIONS AND OUTLOOK

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 2012 ranks the Wilmington MSA 114th in the nation in the largest metropolitan areas category for its ability to create and sustain jobs. In 2011, Fortune Small Business ranked the Wilmington MSA 14th among mid-size metro areas for “Best Places to Launch Small Business”. Forbes magazine’s 14th annual ranking of Best Places for Business and Careers ranked Wilmington 67th out of the 200 largest metropolitan areas in the US; and Forbes “Best Cities for Doing Business” ranked Wilmington 18th. The Builder Market Health Report, produced by *Hanley Wood’s Builders* magazine, ranked Wilmington 16th of “The 20 Healthiest Housing Markets for 2011.” Relocate America listed Wilmington 9th last year in the “Top 10 Recreation Cities” and also in the “Top 100 Places to Live” two years in a row.

The City’s population has increased 43.8% since 2000. According to New Hanover County, total development exceeded \$354 million in fiscal year 2012-2013. The University of North Carolina at Wilmington’s Cameron School of Business hosted its annual event, “Outlook: Building Economic Clusters Conference” (previously known as the Economic Outlook Conference) in October 2013. The Conference focused on the economic vitality of Wilmington. Based on economic forecasts, the Wilmington area should expect economic growth of 2.5 percent during 2014. This will be the first year since 2010 that the local economy will likely grow at the same rate as the nation, which is expected to rise by 2.3 percent.



Wilmington’s unemployment rate has consistently been less than state levels and very close to 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.

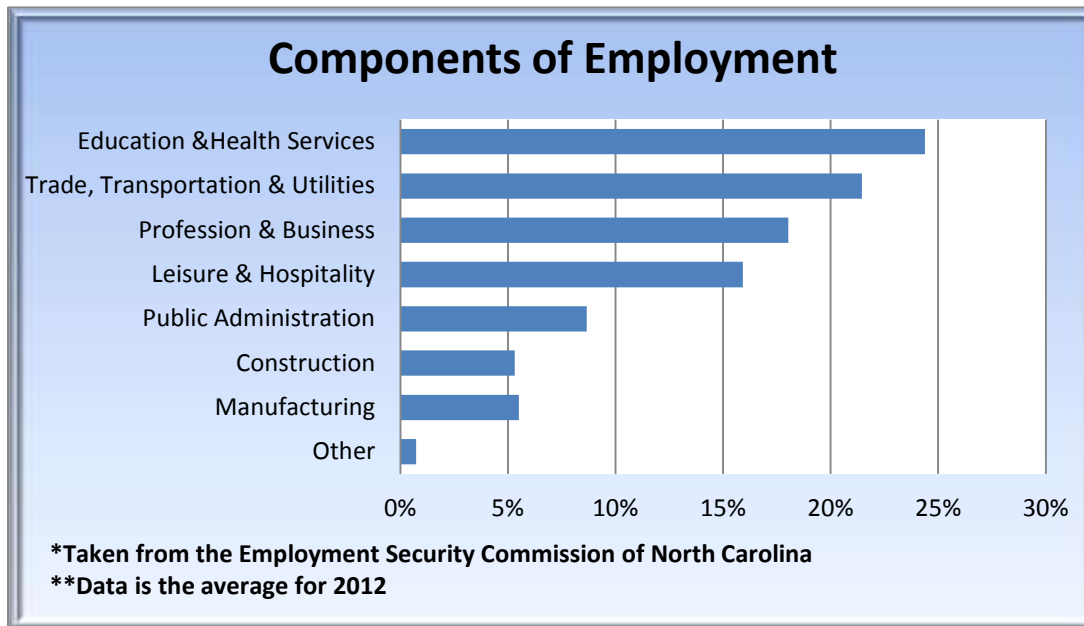
Top Ten Employers			Percentage of Total Employment (1)
Employer	Product/Service	Employees	
New Hanover Health Network*	Health Care	5,485	5.50%
New Hanover County Schools**	Education	3,520	3.53%
General Electric Nuclear Fuel/Aircraft***	Uranium Enrichment & Nuclear Fuel	2,175	2.18%
University of N. C. (Wilmington)*	Education	1,859	1.86%
New Hanover County**	Government	1,570	1.57%
Pharmaceutical Products Dev.*	Pharmaceuticals	1,484	1.49%
Verizon Wireless*	Telecommunications	1,206	1.21%
Cape Fear Community College*	Education	1,293	1.30%
Corning, Inc.*	Optical Fiber	1,000	1.00%
City of Wilmington *	Government	992	1.00%
Total		20,584	20.65%

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. In 2010, Corning announced the manufacture of Vascade EX2000 optical fiber, aimed for underwater use with links that use repeaters along coastlines or around island chains. Between March and May of 2013, Corning Inc., introduced a new SMF-28 Ultra Optical Fiber, a new Lotus XT Glass and announced the expansion of their Clean-Air Products Facilities. In June 2013, Corning’s Pretium EDGE® Solutions was named the Datacentre Facility Product of the Year. In September 2013, Corning celebrated 40 Years of Clean-Air Technologies and also received the Intel Certification for its Thunderbolt Optical Cables.

General Electric’s global headquarters for nuclear fuel is located in the County, outside of the City. Based in Wilmington, NC, GE Hitachi Nuclear Energy (GEH) is a global nuclear alliance created by GE and Hitachi to serve the global nuclear industry by offering world top quality services of nuclear power plant construction and maintenance. GEH specializes in uranium enrichment technology and is a world-leading provider of advanced reactors and nuclear services.

Global Nuclear Fuel Americas (GNF) operates a plant in Wilmington, NC where GNF manufactures light-water nuclear reactor fuel. GNF is powered by three giants; GE Energy, Toshiba and Hitachi. In May 2011, GNF 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. GNF’s North Carolina and Japanese facilities coordinated the development of fuel for GEH’s ABWR reactor model which is the world’s first and only Generation III reactor to enter commercial service. GNF is developing an innovative new fuel design that could easily be one of the most reliable in the world. GNF is celebrating its 10th

anniversary and beginning its 2nd decade as a world-leading supplier of high-quality fabricated nuclear fuel and services.

GE Aviation is a global leader in jet engine and aircraft system production. 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. In July 2013, GE Aviation announced that it will invest \$195 million across its North Carolina operations through 2017. This investment across GE's North Carolina sites would create an additional 242 GE jobs by 2017. GE Aviation has more than 1,300 employees in North Carolina at sites in Durham, West Jefferson, Wilmington and Asheville.

In July of 2013, Castle Branch, Inc., already a major employer in Wilmington, announced that it will triple its 200-person global corporate headquarters in Wilmington under a nearly \$10 million expansion plan. Castle Branch, founded in 1997 originally based in Chapel Hill, NC, provides background screening, drug testing, employment verification, vendor credentialing and other services to its growing global client base. The Company's current expansion plans aim to create 400 new jobs here by the end of 2017. Brett Martin, CEO and founder of Castle Branch, Inc., said that "support from WBD (Wilmington Business Development), the supportive government officials and the proximity to UNC Wilmington are all central factors in the company's selection of Wilmington over other national locations it had considered.

Wilmington-based Live Oak Bank is scheduled to meet with The City of Wilmington planning officials in October 2013, to discuss the firm's corporate headquarters expansion plan. Live Oak Bank ranks second in the nation in Small Business Administration 7(a) loans and fifth-highest SBA lender in North Carolina in the first seven months of 2013. Since August 2013, Live Oak Bank has approved 28 loans in the state for a total of nearly \$23.7 million. Live Oak opened a new two-story, 37,000 square-foot facility in the summer of 2013. It plans to expand its existing corporate space by 55,140 square feet on a neighboring 10.66-acre parcel within the Tiburon Office Park development. Pending City approval, the company hopes to break ground on this project in early 2014. Live Oak Bank plans to add 120 jobs with an average annual wage of \$80,000 to its workforce within the next five years.

Research and Development

The world headquarters of Pharmaceutical Product Development, Inc. ("PPD") are 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. In August 2013, PPD announced that it had acquired Acurian, a leading full-service provider of clinical trial patient enrollment and retention solutions for the life sciences industry. PPD was named for the third consecutive year in 2013 to the *Information Week 500 List of Top Technology Innovators*. In 2013, PPD was ranked by clinical research sites globally as the number

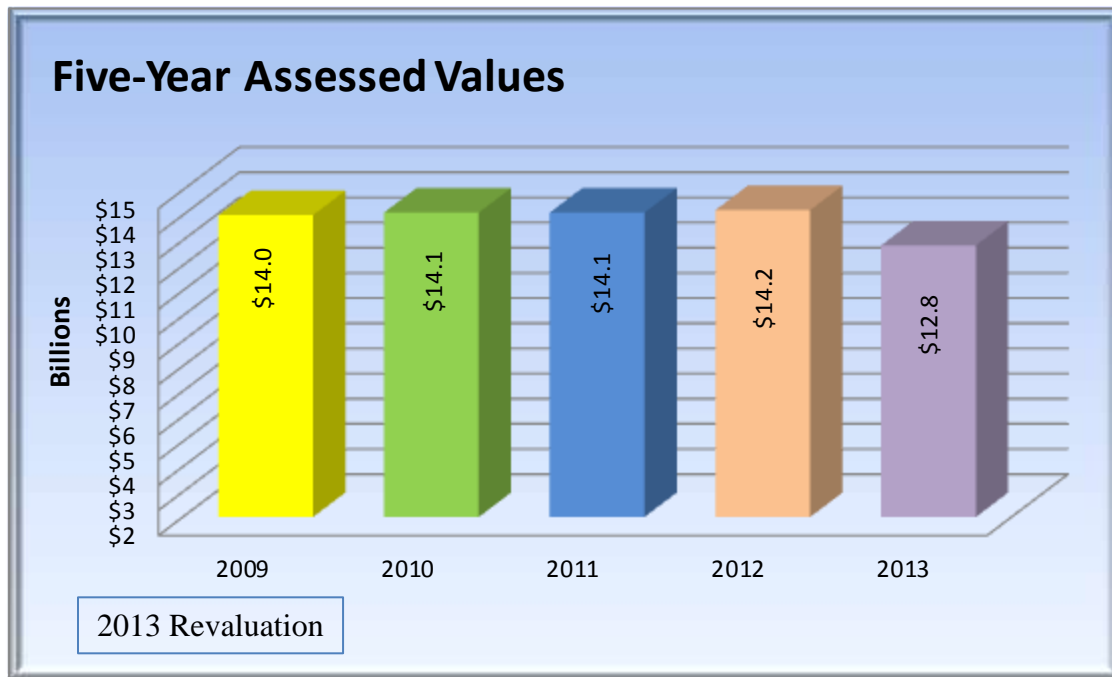


one company for reputation among all contract research organizations (CROs) in Center Watch's 2013 Global Investigative Site Relationship Survey. In addition, PPD and ePharmaSolutions won the 2013 Microsoft *Life Sciences Innovation Award* for their strategic alliance delivering integrated, portal-based collaboration tools to streamline clinical trial management and study start-up for biopharmaceutical clients. The virtual collaborative environment improving the cost-effectiveness, speed and quality of training for clinical research associates.

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.

Wilmington, NC is rapidly growing as a clinical research hub. According to the N.C. Biotechnology Center, the Wilmington area is home to a total of 68 companies such as AAIPharma, Inclinx-PMG and of course PPD in the clinical research cluster. North Carolina is first in the nation of CRO's and Wilmington has more than 2,700 clinical research professionals, more than 20 CRO's that employ more than 2,470 people, more than 100 active clinical studies and nearly 50 supporting companies, including biostatisticians and medical device companies.

Construction and Development



Construction began in 2004 on a mixed use development known as Mayfaire. This development includes more than 325 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 90% 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 the fall of 2013. 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. A 36,300 square foot office building was constructed in early 2013, and a 36,400 square foot office building is currently under construction. 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. In March of 2013, the City approved amendments to the development agreement and modifications to the master plan. The modifications will allow the developer to construct a total of 2,790 residential units.

In May of 2013, the City Council rezoned a total of approximately 301.9 acres of property from Residential, R-15 and PD, Planned Development to O&I-1 Office and Institutional (CD), RD Regional Business (CD), CB Community Business (CD) and MF-M Multi-family Medium Density (CD), (Conditional Districts) for mixed use development. The approved master plan is for 1,570,000 square feet of commercial space, 1,500,000 square feet of professional/medical office space and 1,375 dwelling units. This development, known as Barclay West, is anticipated to take 20 years to construct.

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.

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 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, a real life-size caboose, a boxcar and a 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, a gift store and has over 51,000 visitors per 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, a 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. The entire family can enjoy a miniature recreation of the second battle of Fort Fisher, a scale model of Civil War Wilmington's waterfront and the Michael Jordan Discovery Gallery and 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.



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 2012, travel and tourism generated \$460.05 million. This number represents an 8% increase over 2011 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 2012 amounted to \$40.43 million. Travel generated \$100.77 million in payroll in 2012 and provided more than 5,300 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 Motion Picture Association of America's CEO Chris Dodd and Executive Producers Charles Newirth praised the Wilmington-based men and women who had worked on the film. Mr. Newirth added that more than 700 vendors in 84 communities were tapped by the production while filming North Carolina.

The investment in Stage 10 as well as “the large local crew with experience handling five simultaneous productions” was a major factor. In a May 1, 2013 press release, EUE/Screen Gems Studios used all ten stages of the Wilmington, NC film and television complex in filming “Iron Man 3”. A new digital infrastructure designed for the complex needs of the production is now one of the best in the world and benefits current clients such as Stephen King and Steven Spielberg’s “Under the Dome”. On October 16, 2013, The Star News reported that according to a local production company Post 1200, a pilot titled “Do Not Resuscitate” is prepping to film in the Wilmington area. The pilot is from one of the writers of “Seinfeld”.

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 and prop/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 1.8% of the total tax base providing further confirmation of the City’s diversity.

Top Ten Taxpayers		
Taxpayer	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
Corning Inc.	\$ 224,454,760	1.76 %
River Ventures LLC (PPD)	72,952,580	0.57
Progress Energy (CP&L)	57,314,933	0.45
Centro Independence LLC (mall)	54,078,800	0.42
BellSouth Tel Co.	37,870,575	0.30
GS II University Centre LLC	36,441,000	0.29
Mayfaire Retail LLC	32,632,300	0.26
Wal Mart	31,957,707	0.25
Piedmont Natural Gas Co Inc	31,703,661	0.25
NNP IV Cape Fear River LLC	30,010,200	0.24
	<u>\$ 609,416,516</u>	<u>4.79 %</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 also creates another 6,000 jobs indirectly. 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. In May 2013, the Port City Daily news reported that NHRMC has become North Carolina's first hospital to earn all three "gold" awards offered by a group focused on the health of hospital employees. NC Prevention Partners recognized NHRMC as having achieved the "highest standard of excellence for comprehensive wellness programs offered to their employees in the areas of physical activity, nutrition and tobacco-free environments". In June 2013, NHRMC proposed a project to open a satellite emergency department and to move one of its existing outpatient offices. Pending approval, the project estimated at \$15 million is expected to be completed by October 2015. According to an NHRMC spokesperson, the plans include construction of a 30,000 square-foot medical facility in northern New Hanover County. The facility would house 10 treatment rooms and one critical care room.

In a September 2013 news release, it was announced that NHRMC, Wilmington Health and Blue Cross Blue Shield North Carolina (BCBSNC) are launching the first Accountable Care Alliance to enhance care and provide greater value for health care consumers in Southeastern North Carolina. The first of its kind in North Carolina, this unique collaboration brings together a leading hospital system, independent multi-specialty clinics and an insurer to better meet the health care needs of patients.

Wilmington Health is the largest private, fully integrated, multi-specialty medical group practice in the area with over 20 locations (including Convenient Care and Urgent Care). Wilmington Health has provided premier healthcare to the residents of Southeastern North Carolina for over 40 years.

BCBSNC is a leader in delivering innovative health care products, services and information to more than 3.74 million members, including approximately 1 million served on behalf of other Blue Plans. BCBSNC was recognized as one of the World's Most Ethical Companies by Ethisphere Institute in 2012 and 2013.

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 operates as Wave Transit. The Cape Fear Public Transportation Authority 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, the UNCW Shuttle service and the historic downtown trolley. The City's operating subsidy to the Wave Transit system is \$1,292,849 for fiscal year ending June 30, 2013. There was no capital subsidy for the current fiscal year. 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** 25th Top Overall Container Port in North America. In the first quarter of 2012, Logistics Management magazine named North Carolina's Port of Wilmington number 18 on its list of U.S. Ports. 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 5,317,104 tons of cargo for the fiscal year ended June 30, 2013, an increase of 21.28% over 2012. 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. In May 2013, the NC Ports Board of Directors took a step toward the development of a wood pellet export facility at the Port of Wilmington. According to Acting Ports Executive Director Jeff Miles, the wood pellet company "Enviva"

would make an investment for the project and the NC Ports Authority would be the operator. According to Wilmington’s WWAY, this partnership could chop into North Carolina’s unemployment. Miles hopes to have this project in operation by January 2015.

Wilmington International Airport

The Wilmington International Airport, a component unit of New Hanover County (the “Airport”) is operated by the New Hanover County Airport Authority. The Airport is the 4th largest in the State. In calendar year 2012, the Airport served 795,912 passengers, a decrease of 9,599 or 1.19% under 2011. In calendar year 2013 through September the Airport saw an increase of 2,457 passengers or .41%. Two commercial airlines; US Airways and Delta provide regular jet and commuter service, offering direct (non-stop) service to five major cities: Atlanta, Charlotte, New York, Philadelphia, and Washington DC and one-stop connections to hundreds of destinations both domestic and international. The Airport is 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 6th 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 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 2013 enrollment of 13,733 full-time-equivalent undergraduate and graduate students.



UNCW has maintained its top 15 ranking as one of the best overall universities in the South, as well as its top 10 ranking as one of the best “public” institutions in the South according to *U.S. News and World Report*. UNCW has been named one of the “Best in the Southeast” on Princeton Review’s “2014 Best Colleges Region by Region” list and also made the list for “Best 297 Business Schools”.

Cape Fear Community College (CFCC) was founded in 1958 and is accredited by the Commission of Colleges of the Southern Association of Colleges and Schools. CFCC's main campus is located in historic downtown Wilmington on the banks of the Cape Fear River. There is also a north campus in north New Hanover County. CFCC is the 6th largest school of the 58 colleges within the North Carolina Department of Community Colleges System. CFCC offers 60 technical and vocational programs along with 21 college transfer programs and serves over 28,000 students every year. CFCC's enrollment in credit programs is 9,500 part-time and full-time equivalent students. Over 9,000 students registered for fall 2013 classes. CFCC has 553 full-time employees and employs 600-800 part-time employees at various times throughout the year. CFCC offers hundreds of continuing education courses as well. Free programs include basic skills, adult literacy, GED preparation and job skills to name a few. CFCC's Small Business Center offers free seminars for entrepreneurs and small business as well as free business counseling services. It was announced in March 2013, that with CFCC's state equipment funds, institutional funds and private donations from the CFCC Foundation, the college will purchase a new scientific research vessel for \$900,000 to replace its aging ship used to train marine technology students. Funding for CFCC is provided through the County, State and Federal governments.

CFCC's new Union Station opened August 16, 2013. The Union Station project was 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. Union Station is located at the corner of Front and Red Cross Street. The 250,000 square-foot building features more classrooms for general college classes, expanded health care training labs, a simulated operating room and hospital setting to train future health care workers, student services center and a new parking deck.



Union Station

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. In Fiscal Year 2013, a five year budget plan was adopted that 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 2013 results that are built into the 2013-2014 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. The grand opening of the center was January 13, 2011



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

So far through October 2013, the Center has more than 120 events tentatively or definitely booked, including 10 conventions. The annual number of attendees is projected to be more than 80,000 again for 2014.

Convention Center				2013 vs.
Event Types	FYE	FYE	FYE	2012
	2011 (a)	2012	2013	%
				Growth
Convention/TS/Conference	7	9	8	-11.11%
Public Shows	11	12	14	16.67%
Meetings/Other	19	32	37	15.63%
Banquets	36	60	83	38.33%
TOTALS	73	113	142	25.66%
Attendance	45,616	66,400	80,104	20.64%
Total Room Nights	3,068	3,774	5,731	51.85%
Repeat Users	-	17	77	352.94%

(a) 1st Year of Operation November 2010 - June 30, 2011

Sources: Wilmington Convention Center



Photo courtesy of © Mark Herboth Photography



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 Center has earned a number of awards since opening, including the Convention South 2011 New & Renovated Meeting Site Readers Choice Award. The Center is also LEED certified, meaning it is a “green” or environmentally-friendly building.

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 2nd 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. The Fine Arts Center, which is to include a 1,500-seat auditorium, is currently under construction.

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. This project is currently under construction.

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.

Fairfield Meridian - located at 4625 Fairview Drive in the Fairfield Park development, consists of 241 high-end multifamily units. This development is currently under review by the City.

Embassy Suites - a 186-room hotel adjacent to the City of Wilmington Convention Center, is currently under review by the City.

Progress 910 - a 204 unit multi-family development with recreational amenities, is currently under review by the City.

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, 2012. 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 thirty 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, Anthony Parker and Katherine Dimopoulos for their efforts and contributions to the preparation of this report and to 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



Government Finance Officers Association

**Certificate of
Achievement
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Presented to

**City of Wilmington
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Wilmington, North Carolina, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Wilmington's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 the City of Wilmington, North Carolina, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 8 to the financial statement, in the year ending June 30, 2013, the City adopted new accounting guidance Governmental Accounting Standard Board (GASB) 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance Schedules of Funding Progress and Employer Contributions, and Other Postemployment Benefits' Schedules of Funding Progress and the Employer Contributions on pages 4 through 13 and 100 through 103 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Wilmington's basic financial statements. The combining and individual fund financial statements and schedules listed in the table of contents and the Schedule of Expenditures of Federal and State Awards as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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. Such 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the combining and individual fund financial statements and schedules and the Schedule of Expenditures of Federal and State awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical tables of the Comprehensive Annual Financial Report 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 do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2013 on our consideration of the 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Wilmington's internal control over financial reporting and compliance.

McGladrey LLP

Wilmington, North Carolina
December 4, 2013



W CITY OF
WILMINGTON
NORTH CAROLINA

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, 2013. 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

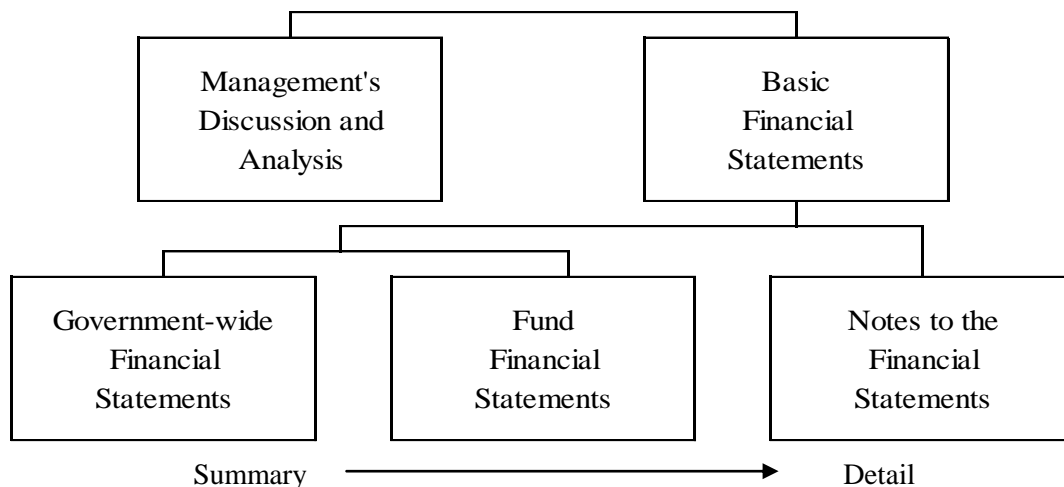
- The assets and deferred outflows of resources of the City of Wilmington exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$324,412,045 (*net position*).
- The government's total net position increased by \$8,506,767 (after the restatement of last year's net position amount for an accounting change). Included in this amount are increases in the net position of governmental activities and business-type activities due to normal operations of \$8,960,173 and \$1,703,540, respectively, and the restatement (reduction) of beginning net position in the amounts of \$1,871,568 and \$285,378, respectively, to remove the deferred charges of unamortized issue costs of debt pursuant to the implementation of GASB Statement No. 65.
- As of the close of the current fiscal year, the City of Wilmington's governmental funds combined ending fund balances decreased \$1,315,271 from the prior year to a total of \$98,553,402. Approximately 22.0% of this amount, or \$21,718,381, 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 \$29,245,251 or 41.8% of total general fund expenditures and 36.4% of total general fund expenditures including transfers for the fiscal year.
- The City of Wilmington's total long-term liabilities decreased by \$5,939,542 or 2.4% during the current fiscal year. Total long-term liabilities decreased for governmental activities by \$8,985,645 which was offset by an increase for the business-type activities by \$3,046,103.

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. After the notes, **supplemental information** is provided to show details about the City's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-wide Financial Statements

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

The two government-wide statements report the City's net position and how it has changed. Net position is the difference between the total of the City's assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Measuring net position 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 14 - 16 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 Position 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 Position 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 40 - 99 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 100 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 position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of the City of Wilmington exceeded its liabilities and deferred inflows of resources by \$324,412,045 as of June 30, 2013. The City's net position increased by \$8,506,767 (after the restatement of last year's net position amount for an accounting change) for the fiscal year ended June 30, 2013. A significant portion of the City's net position 229,385,109 (70.7%) reflects the City's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's net investment in 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's net position, \$37,834,298 (11.7%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$57,192,638 (17.6%) is unrestricted.

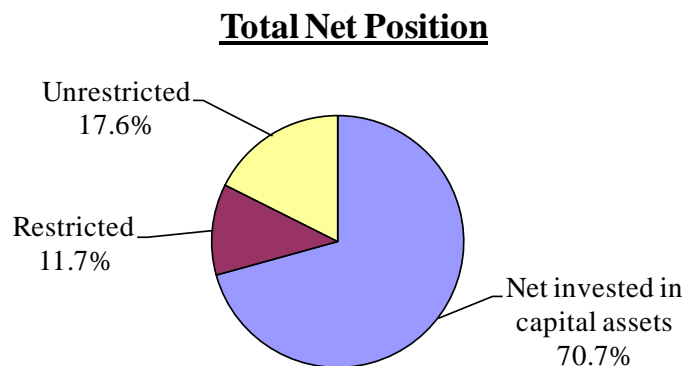
Several particular aspects of the City’s financial operations positively influenced the total unrestricted governmental net position:

- Continued diligence in the collections of property taxes by maintaining a tax collection percentage of 98.21%, which exceeds the statewide average of units without electrical systems with a population of 50,000 and above of 98.00%.
- Increased Sales tax revenues of \$840,629 due to economic growth in the City.

**Net Position
Figure 2**

	Governmental Activities		Business-type Activities		Total	
	2013	2012*	2013	2012*	2013	2012*
ASSETS:						
Current and other assets	\$ 138,381,980	\$ 147,356,679	\$ 21,164,099	\$ 17,516,859	\$ 159,546,079	\$ 164,873,538
Capital assets	<u>365,411,514</u>	<u>360,050,445</u>	<u>50,299,483</u>	<u>49,969,341</u>	<u>415,710,997</u>	<u>410,019,786</u>
Total assets	<u>503,793,494</u>	<u>507,407,124</u>	<u>71,463,582</u>	<u>67,486,200</u>	<u>575,257,076</u>	<u>574,893,324</u>
DEFERRED OUTFLOWS OF RESOURCES						
	<u>1,249,563</u>	<u>1,670,303</u>	<u>342,445</u>	<u>382,134</u>	<u>1,592,008</u>	<u>2,052,437</u>
LIABILITIES:						
Long-term liabilities	213,411,660	222,397,305	25,348,946	22,302,843	238,760,606	244,700,148
Current and other liabilities	<u>12,255,010</u>	<u>14,408,219</u>	<u>1,374,414</u>	<u>1,900,986</u>	<u>13,629,424</u>	<u>16,309,205</u>
Total liabilities	<u>225,666,670</u>	<u>236,805,524</u>	<u>26,723,360</u>	<u>24,203,829</u>	<u>252,390,030</u>	<u>261,009,353</u>
DEFERRED INFLOWS OF RESOURCES						
	<u>47,009</u>	<u>31,130</u>	<u>-</u>	<u>-</u>	<u>47,009</u>	<u>31,130</u>
NET POSITION:						
Net investment in capital assets	200,558,434	194,247,449	28,826,675	30,255,544	229,385,109	224,502,993
Restricted	35,729,753	36,203,247	2,104,545	2,368,578	37,834,298	38,571,825
Unrestricted	<u>43,041,191</u>	<u>41,790,077</u>	<u>14,151,447</u>	<u>11,040,383</u>	<u>57,192,638</u>	<u>52,830,460</u>
Total net position	<u>\$ 279,329,378</u>	<u>\$ 272,240,773</u>	<u>\$ 45,082,667</u>	<u>\$ 43,664,505</u>	<u>\$ 324,412,045</u>	<u>\$ 315,905,278</u>

* The prior year columns reclassify certain items as deferred outflows and inflows of resources, pursuant to GASB Statement No. 65.



Changes in Net Position
Figure 3

	Governmental		Business-type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 9,840,781	\$ 8,613,514	\$ 20,992,896	\$ 19,892,984	\$ 30,833,677	\$ 28,506,498
Operating grants and contributions	9,487,283	9,455,773	161,026	72,977	9,648,309	9,528,750
Capital grants and contributions	5,392,585	5,868,811	137,394	451,260	5,529,979	6,320,071
General revenues:						
Property taxes	57,152,307	52,713,699	-	-	57,152,307	52,713,699
Other taxes	27,589,886	26,642,829	-	-	27,589,886	26,642,829
Investment earnings	342,649	368,432	85,108	81,825	427,757	450,257
Net decrease in fair value of investments	(429,320)	-	(117,037)	-	(546,357)	-
Other	2,416,198	2,748,034	-	3,260	2,416,198	2,751,294
Total revenues	111,792,369	106,411,092	21,259,387	20,502,306	133,051,756	126,913,398
Expenses:						
General government	19,005,283	20,114,233	-	-	19,005,283	20,114,233
Public safety	43,916,157	44,197,292	-	-	43,916,157	44,197,292
Transportation	13,431,747	14,764,044	-	-	13,431,747	14,764,044
Economic and physical development	6,045,907	6,200,611	-	-	6,045,907	6,200,611
Culture and recreation	9,398,082	9,049,044	-	-	9,398,082	9,049,044
Transit system	1,296,849	1,242,136	-	-	1,296,849	1,242,136
Interest and other charges	9,008,791	9,974,724	-	-	9,008,791	9,974,724
Solid waste management	-	-	9,576,553	8,348,911	9,576,553	8,348,911
Storm water management	-	-	6,718,269	6,943,112	6,718,269	6,943,112
Parking facilities	-	-	2,695,420	2,694,467	2,695,420	2,694,467
Golf	-	-	1,294,985	1,285,853	1,294,985	1,285,853
Total expenses	102,102,816	105,542,084	20,285,227	19,272,343	122,388,043	124,814,427
Increase in net position before transfers	9,689,553	869,008	974,160	1,229,963	10,663,713	2,098,971
Transfers from (to) other funds	(729,380)	(2,640,816)	729,380	2,640,816	-	-
Increase in net position	8,960,173	(1,771,808)	1,703,540	3,870,779	10,663,713	2,098,971
Net position at beginning of year as previously stated	272,240,773	274,012,581	43,664,505	39,793,726	315,905,278	313,806,307
Restatement for accounting change (Note 8)	(1,871,568)	-	(285,378)	-	(2,156,946)	-
Net position at beginning of year as restated	270,369,205	274,012,581	43,379,127	39,793,726	313,748,332	313,806,307
Net position at end of year	\$ 279,329,378	\$ 272,240,773	\$ 45,082,667	\$ 43,664,505	\$ 324,412,045	\$ 315,905,278

Governmental activities. Governmental activities increased the City's net position by \$7,088,605 (after the restatement of last year's net position amount for an accounting change), thereby accounting for 83.3% of the total growth in the net position of the City. Of this amount, \$8,960,173 was an increase in net position due to normal operations offset by the restatement (reduction) of beginning net position in the amount of \$1,871,568 to remove the deferred charges of unamortized issue costs of debt pursuant to the implementation of GASB Statement No. 65. Key elements of this increase are as follows:

- Revenues related to governmental activities increased by \$5,381,277 or 5.1% from the prior year. The largest increase of \$4,438,608 was in property taxes due to the implementation of the three cent property tax increase earmarked for capital improvements in the debt service fund.
- Expenses related to governmental activities decreased by \$3,439,268 or 3.3% over the prior year. The three largest decreases were in Transportation of \$1,332,297, General Government of \$1,108,950 and \$965,933 in Interest and Other Charges.

Business-type activities. Business-type activities increased the City of Wilmington's net position by \$1,418,162 (after the restatement of last year's net position amount for an accounting change), accounting for 16.7% of the total growth in the City's net position. Of this amount, \$1,703,540 was an increase in net position due to normal operations offset by the restatement (reduction) of beginning net position in the amount of \$285,378 to remove the deferred charges of unamortized issue costs of debt pursuant to the implementation of GASB Statement No. 65. Key elements of the increase are as follows:

- Charges for services increased by \$1,099,912 or 5.5% over the prior year. The Storm water charges realized a 7.1% increase as the monthly fee was raised to \$6.09 per residence and Parking a 20.5% increase over the prior year as a result of new parking equipment installed in the decks and increased enforcement.
- Expenses related to business-type activities increased by \$1,012,884 or 5.3% largely in the Solid Waste Management Fund due to costs associated with a new roll-out cart recycling program.

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 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.

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 \$29,245,251, a 22.9% increase over the prior year; while total fund balance was \$43,457,091, a 17.8% 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 33.4% of the operating budget, while total fund balance represents 49.7% 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 41.8% of total General Fund expenditures, while total fund balance represents 62.1% of that same amount.

At June 30, 2013, the governmental funds of the City of Wilmington reported a combined fund balance of \$98,553,402, a 1.3% decrease (\$1,315,271) 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 \$6.6 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 \$4.8 million and \$1.8 million, respectively due to expenditures related to debt proceeds realized in prior years; and a \$1.9 million decrease in the Special Purpose Fund mainly due to the operations of the Convention Center. Additionally, the Debt Service Fund had an increase of \$877,070 and the total non-major funds had a decrease of \$119,234.

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 \$331,637 for the fiscal year. This increase was mainly due to an increase in sales tax receipts of \$724,141 which was partially offset by a decrease in franchise tax revenue of \$486,992.

Expenditures (excluding transfers) in the General Fund were \$6,976,673 less than the \$76,768,431 budget. The City experienced prolonged vacancies during the year which resulted in expenditure levels below the authorized budget in salary and wages, medical insurance, supplies, repairs, and workers compensation.

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 position of the Solid Waste Management Fund, Storm Water Management Fund and the Parking Facilities Fund at the end of the fiscal year amounted to \$2,464,825, \$6,964,213, and 3,395,619, respectively. The unrestricted net position of the Golf nonmajor proprietary fund totaled \$1,326,790.

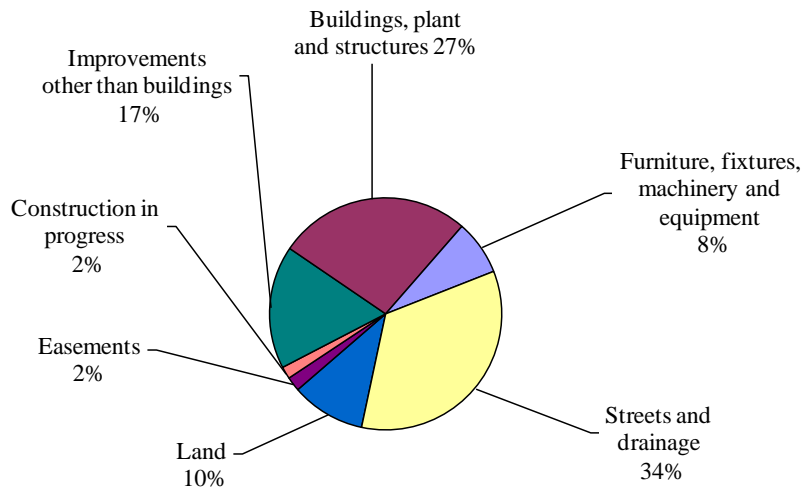
Capital Asset and Debt Administration

Capital assets. The City of Wilmington's investment in capital assets for its governmental and business-type activities as of June 30, 2013 was \$415,710,997 (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 North 3rd Street Improvements and various Streets, Sidewalks and Pedestrian improvements which was responsible for \$9,016,168 of the increase in Streets and Drainage.
- An increase of \$2,974,592 in improvements other than buildings for business-type activities represented the largest increase and was primarily comprised of Storm Water drainage improvements which was responsible for the majority of the decrease in construction in progress.

Capital Assets



**Capital Assets
Figure 4**

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 52,165,022	\$ 50,996,986	\$ 7,488,544	\$ 7,469,555	\$ 59,653,566	\$ 58,466,541
Easements	11,006,966	11,002,966	719,955	666,176	11,726,921	11,669,142
Construction in progress	8,196,426	8,309,950	1,830,237	3,135,858	10,026,663	11,445,808
Total non-depreciable assets	<u>71,368,414</u>	<u>70,309,902</u>	<u>10,038,736</u>	<u>11,271,589</u>	<u>81,407,150</u>	<u>81,581,491</u>
Improvements other than buildings	49,334,668	46,362,020	49,151,501	46,176,909	98,486,169	92,538,929
Buildings, plant and structures	140,112,139	139,410,000	14,835,851	14,835,851	154,947,990	154,245,851
Furniture, fixtures, machinery and equipment	42,809,903	39,536,717	1,109,769	1,094,961	43,919,672	40,631,678
Computer software	1,246,078	1,199,648	-	-	1,246,078	1,199,648
Streets and drainage	<u>197,759,983</u>	<u>188,743,815</u>	<u>-</u>	<u>-</u>	<u>197,759,983</u>	<u>188,743,815</u>
Total assets being depreciated	431,262,771	415,252,200	65,097,121	62,107,721	496,359,892	477,359,921
Accumulated depreciation	<u>(137,219,671)</u>	<u>(125,511,657)</u>	<u>(24,836,374)</u>	<u>(23,409,969)</u>	<u>(162,056,045)</u>	<u>(148,921,626)</u>
Total capital assets being depreciated, net	<u>294,043,100</u>	<u>289,740,543</u>	<u>40,260,747</u>	<u>38,697,752</u>	<u>334,303,847</u>	<u>328,438,295</u>
Total capital assets, net	<u>\$ 365,411,514</u>	<u>\$ 360,050,445</u>	<u>\$ 50,299,483</u>	<u>\$ 49,969,341</u>	<u>\$ 415,710,997</u>	<u>\$ 410,019,786</u>

Additional information on the City's capital assets can be found in note 3 on pages 60 - 62 of this report.

Long-term Debt. As of June 30, 2013, the City of Wilmington had total bonded debt outstanding of \$40,670,000. Of this amount, \$28,990,000 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, 2013 of the former water and sewer fund are \$5,255,000.

**General Obligation and Revenue Bonds
Figure 5**

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
General obligation bonds	\$ 28,990,000	\$ 33,565,000	\$ -	\$ -	\$ 28,990,000	\$ 33,565,000
Revenue bonds	-	-	11,680,000	12,160,000	11,680,000	12,160,000
Total	<u>\$ 28,990,000</u>	<u>\$ 33,565,000</u>	<u>\$ 11,680,000</u>	<u>\$ 12,160,000</u>	<u>\$ 40,670,000</u>	<u>\$ 45,725,000</u>

The City of Wilmington's total bonded debt decreased by \$5,055,000 during the past fiscal year. At June 30, 2013, 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 \$1,020,448,849.

The City's total debt decreased by \$10,107,241 (4.6%) during the past fiscal year, primarily due to principal retirements in general obligation, revenue bonds, installment obligations and other long-term obligations. These retirements were offset by the issuance of a \$949,150 installment agreement to fund a portion of the costs of a roll-out cart recycling program and a \$2,500,000 installment agreement for the acquisition of a portion of the Water Street Parking Deck.

**Total Debt Outstanding
Figure 6**

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
General obligation bonds	\$ 28,990,000	\$ 33,565,000	\$ -	\$ -	\$ 28,990,000	\$ 33,565,000
Revenue bonds	-	-	11,680,000	12,160,000	11,680,000	12,160,000
Installment Obligations	145,715,500	152,918,750	6,509,500	6,971,250	152,225,000	159,890,000
Other Long term obligations	14,559,692	15,312,750	3,365,817	-	17,925,509	15,312,750
Total	<u>\$ 189,265,192</u>	<u>\$ 201,796,500</u>	<u>\$ 21,555,317</u>	<u>\$ 19,131,250</u>	<u>\$ 210,820,509</u>	<u>\$ 220,927,750</u>

Additional information on the City of Wilmington's long-term debt can be found in note 3 on pages 76 - 89 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, 2013 of the former groundwater fund are \$13,605,000.

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 8.4% at June 30, 2013 was below the State average of 9.3% and above the national average of 7.8%.
- Increases in construction were evident as the building permits valued at \$354,079,996 in fiscal year 2013 were \$100,471,453 or 39.6% more than the permitted values in fiscal year 2012.
- Sales tax receipts (county-wide) ended the year up by 4.4% over the prior fiscal year but due to conservative projections and changes in projected property levies that affect the distribution method selected by New Hanover County, an 8.6% increase was projected for 2014.

All of these factors were included in preparing the City of Wilmington's budget for the 2014 fiscal year.

Budget Highlights for the Fiscal Year Ending June 30, 2014

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 the 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 8.6% higher or approximately \$1.4 million over the previous year's budget. The FY 2014 budget appropriates \$295,158 of fund balance for the establishment of a state-mandated reserve account for unemployment payments and for technology purchases. The budgeted expenditures, excluding transfers, in the General Fund are expected to increase by \$1.3 million from the final 2012-13 General Fund budget or 1.7% to \$77,145,908. This increase includes funding for thirteen (13) COPS grants officers for a full year, a newly established Police Department Mobile Field Force, across the board pay increases as well as merit increases and reinstates 1% of the contribution to employee deferred compensation for a total contribution of 4.5%.

Business-type Activities. Storm water rates increased by 5.9% to \$6.45 per month per residence - there were no increases in Solid Waste collection fees. Expenditure increases in the Parking Facilities Fund include continued replacement of equipment in the Second and Market Street decks as well as \$250,000 for improvements to the Hannah Block Parking Lot.

Requests for Information

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, City of Wilmington, 305 Chestnut Street, 5th Floor, Wilmington, N.C. 28401. You can also call 910-341-7822, visit our website www.wilmingtonnc.gov or send an email to finance@wilmingtonnc.gov.

BASIC FINANCIAL STATEMENTS



W CITY OF
WILMINGTON
NORTH CAROLINA

CITY OF WILMINGTON, NORTH CAROLINA

Statement of Net Position

June 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents/investments	\$ 66,792,628	\$ 17,840,078	\$ 84,632,706	\$ 437,923
Taxes receivable, net	1,361,220	-	1,361,220	-
Accounts receivable, net	1,496,993	2,693,805	4,190,798	6,044
Other receivables	605,373	28,090	633,463	-
Due from fiduciary funds	2,977	-	2,977	-
Due from component unit	266,667	-	266,667	-
Due from other governments	13,031,566	302,608	13,334,174	691,208
Inventories	677,043	118,311	795,354	125,782
Assets held for resale	39,414	-	39,414	-
Notes receivable	16,806,295	-	16,806,295	-
Prepays	1,324,634	181,207	1,505,841	-
Restricted assets:				
Cash and cash equivalents/investments	12,548,937	-	12,548,937	-
Other receivables	2,148	-	2,148	-
Due from other governments	4,236,451	-	4,236,451	-
Due from management company	329,634	-	329,634	-
Long-term receivables:				
Due within one year	3,865,000	-	3,865,000	-
Due in more than one year	14,995,000	-	14,995,000	-
Capital assets:				
Land, easements and construction in progress	71,368,414	10,038,736	81,407,150	3,482,302
Other capital assets, net of accumulated depreciation	294,043,100	40,260,747	334,303,847	7,227,915
Total assets	<u>503,793,494</u>	<u>71,463,582</u>	<u>575,257,076</u>	<u>11,971,174</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>1,249,563</u>	<u>342,445</u>	<u>1,592,008</u>	<u>-</u>
LIABILITIES				
Accounts payable	2,471,021	495,601	2,966,622	868,163
Due to other governments	1,983,206	-	1,983,206	133,000
Due to primary government	-	-	-	266,667
Accrued liabilities	6,532,492	695,317	7,227,809	53,281
Customer and escrow deposits	518,423	119,105	637,528	-
Unearned revenues	-	64,391	64,391	-
Derivative instrument - interest rate swap	284,174	-	284,174	-
Restricted liabilities:				
Accounts payable	406,920	-	406,920	-
Accrued liabilities	23,774	-	23,774	-
Unearned revenues	35,000	-	35,000	-
Long-term liabilities:				
Due within one year	17,041,009	1,638,494	18,679,503	141,333
Due in more than one year	196,370,651	23,710,452	220,081,103	-
Total liabilities	<u>225,666,670</u>	<u>26,723,360</u>	<u>252,390,030</u>	<u>1,462,444</u>
DEFERRED INFLOWS OF RESOURCES	<u>47,009</u>	<u>-</u>	<u>47,009</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	200,558,434	28,826,675	229,385,109	10,693,603
Restricted for:				
Stabilization by State statute	11,237,732	-	11,237,732	-
Community development housing loans	17,589,759	-	17,589,759	-
Convention center facility	5,404,798	-	5,404,798	-
Capital projects	-	2,104,545	2,104,545	-
Public safety	1,132,004	-	1,132,004	-
Transportation	26,995	-	26,995	-
Economic and physical development	254,020	-	254,020	-
Cultural and recreational	84,445	-	84,445	-
Unrestricted (deficiency)	43,041,191	14,151,447	57,192,638	(184,873)
Net position	<u>\$ 279,329,378</u>	<u>\$ 45,082,667</u>	<u>\$ 324,412,045</u>	<u>\$ 10,508,730</u>

See notes to financial statements.

CITY OF WILMINGTON, NORTH CAROLINA

Statement of Activities

Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 19,005,283	\$ 3,466,422	\$ 118,680	\$ -
Public safety	43,916,157	1,369,009	1,243,725	508,694
Transportation	13,431,747	1,396,371	4,617,001	3,719,899
Economic and physical development	6,045,907	2,865,612	2,053,120	-
Environmental protection	-	18,147	500	-
Cultural and recreational	9,398,082	725,220	80	1,163,992
Transit system	1,296,849	-	-	-
Hurricane disaster recovery	-	-	24,119	-
Interest and other charges	9,008,791	-	1,430,058	-
Total governmental activities	<u>102,102,816</u>	<u>9,840,781</u>	<u>9,487,283</u>	<u>5,392,585</u>
Business-type activities:				
Solid waste management	9,576,553	8,385,641	161,026	-
Storm water management	6,718,269	8,372,383	-	137,394
Parking facilities	2,695,420	3,105,607	-	-
Golf	1,294,985	1,129,265	-	-
Total business-type activities	<u>20,285,227</u>	<u>20,992,896</u>	<u>161,026</u>	<u>137,394</u>
Total primary government	<u>\$ 122,388,043</u>	<u>\$ 30,833,677</u>	<u>\$ 9,648,309</u>	<u>\$ 5,529,979</u>
Component unit	<u>\$ 9,212,078</u>	<u>\$ 2,398,529</u>	<u>\$ 4,041,202</u>	<u>\$ 920,066</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
- Net decrease in fair value of investments
- Miscellaneous

Total general revenues not including transfers

Transfers from (to) other funds

Total general revenues and transfers

Change in net position

Net position at beginning of year as previously stated

Restatement for accounting change (Note 8)

Net position at beginning of year as restated

Net position at end of year

Net (Expenses) Revenues and Changes in Net Position

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit
\$ (15,420,181)	\$ -	\$ (15,420,181)	\$ -
(40,794,729)	-	(40,794,729)	-
(3,698,476)	-	(3,698,476)	-
(1,127,175)	-	(1,127,175)	-
18,647	-	18,647	-
(7,508,790)	-	(7,508,790)	-
(1,296,849)	-	(1,296,849)	-
24,119	-	24,119	-
<u>(7,578,733)</u>	<u>-</u>	<u>(7,578,733)</u>	<u>-</u>
<u>(77,382,167)</u>	<u>-</u>	<u>(77,382,167)</u>	<u>-</u>
-	(1,029,886)	(1,029,886)	-
-	1,791,508	1,791,508	-
-	410,187	410,187	-
<u>-</u>	<u>(165,720)</u>	<u>(165,720)</u>	<u>-</u>
<u>-</u>	<u>1,006,089</u>	<u>1,006,089</u>	<u>-</u>
<u>(77,382,167)</u>	<u>1,006,089</u>	<u>(76,376,078)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,852,281)</u>
57,152,307	-	57,152,307	-
2,582,709	-	2,582,709	-
1,804,127	-	1,804,127	-
-	-	-	1,249,000
-	-	-	250,000
17,384,331	-	17,384,331	-
5,985,128	-	5,985,128	-
1,404,639	-	1,404,639	-
233,079	-	233,079	-
342,649	85,108	427,757	-
(429,320)	(117,037)	(546,357)	-
612,071	-	612,071	122,657
<u>87,071,720</u>	<u>(31,929)</u>	<u>87,039,791</u>	<u>1,621,657</u>
<u>(729,380)</u>	<u>729,380</u>	<u>-</u>	<u>-</u>
<u>86,342,340</u>	<u>697,451</u>	<u>87,039,791</u>	<u>1,621,657</u>
<u>8,960,173</u>	<u>1,703,540</u>	<u>10,663,713</u>	<u>(230,624)</u>
272,240,773	43,664,505	315,905,278	10,739,354
<u>(1,871,568)</u>	<u>(285,378)</u>	<u>(2,156,946)</u>	<u>-</u>
<u>270,369,205</u>	<u>43,379,127</u>	<u>313,748,332</u>	<u>10,739,354</u>
<u>\$ 279,329,378</u>	<u>\$ 45,082,667</u>	<u>\$ 324,412,045</u>	<u>\$ 10,508,730</u>

CITY OF WILMINGTON, NORTH CAROLINA

**Balance Sheet -
Governmental Funds**

June 30, 2013

	General Fund	Special Purpose Fund	Streets and Sidewalks Fund
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents/investments	\$ 41,005,984	\$ 501,430	\$ 3,762,179
Taxes receivable, net	1,262,246	-	-
Accounts receivable, net	1,252,510	-	-
Other receivables	571,431	110	1,328
Due from other funds	258,998	-	-
Due from component unit	266,667	-	-
Due from other governments	8,272,112	179,507	3,517,754
Assets held for resale	-	-	-
Notes receivable	247,620	98,467	-
Inventories	524,137	-	-
Prepays	1,145,200	-	-
Restricted assets:			
Cash and cash equivalents/investments	-	6,008,972	2,912,594
Other receivables	-	2,148	-
Due from management company	-	329,634	-
Due from other governments	-	554,604	23,073
Total assets	<u>\$ 54,806,905</u>	<u>\$ 7,674,872</u>	<u>\$ 10,216,928</u>
 LIABILITIES			
Accounts payable	\$ 926,939	\$ 7,944	\$ 1,200,624
Due to other funds	-	-	-
Due to other governments	1,983,206	-	-
Accrued liabilities	5,417,613	-	-
Customer and escrow deposits	300,028	-	-
Restricted liabilities:			
Accounts payable	-	259,860	145,191
Accrued liabilities	-	23,774	-
Unearned revenue	-	35,000	-
Total liabilities	<u>8,627,786</u>	<u>326,578</u>	<u>1,345,815</u>
 DEFERRED INFLOWS OF RESOURCES	<u>2,722,028</u>	<u>3,063</u>	<u>-</u>

Building Improvements Fund	Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
\$ 6,233,265	\$ 6,393,904	\$ 2,129,105	\$ 60,025,867
-	98,974	-	1,361,220
862	-	-	1,253,372
2,163	2,218	731	577,981
-	-	-	258,998
-	-	-	266,667
7,999	27,388	1,026,806	13,031,566
-	-	39,414	39,414
-	-	16,460,208	16,806,295
-	-	-	524,137
-	-	8,102	1,153,302
3,627,116	255	-	12,548,937
-	-	-	2,148
-	-	-	329,634
-	-	3,658,774	4,236,451
<u>\$ 9,871,405</u>	<u>\$ 6,522,739</u>	<u>\$ 23,323,140</u>	<u>\$ 112,415,989</u>
\$ 33,514	\$ 20,127	\$ 154,388	\$ 2,343,536
-	-	256,021	256,021
-	-	-	1,983,206
-	-	28,016	5,445,629
-	-	218,395	518,423
1,869	-	-	406,920
-	-	-	23,774
-	-	-	35,000
<u>35,383</u>	<u>20,127</u>	<u>656,820</u>	<u>11,012,509</u>
<u>862</u>	<u>103,694</u>	<u>20,431</u>	<u>2,850,078</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

June 30, 2013

	<u>General Fund</u>	<u>Special Purpose Fund</u>	<u>Streets and Sidewalks Fund</u>
FUND BALANCES			
Non Spendable:			
Inventories	\$ 524,137	\$ -	\$ -
Prepays	1,145,200	-	-
Restricted:			
Stabilization by State statute	11,237,732	-	12,286,899
Community development loans	-	98,467	-
Convention center	-	5,404,798	-
Capital projects	-	-	2,767,403
Debt service	-	-	-
Public safety	-	1,005,584	-
Transportation	-	26,995	-
Economic and physical development	-	254,020	-
Cultural and recreational	-	84,445	-
Committed:			
Capital projects	-	-	-
Debt service	-	-	-
Public safety	-	54,537	-
Transportation	-	261,051	-
Economic and physical development	-	151,577	-
Cultural and recreational	9,613	3,757	-
Assigned:			
Self-insurance	1,000,000	-	-
Subsequent year's expenditures	295,158	-	-
Unassigned (deficit)	29,245,251	-	(6,183,189)
Unassigned (deficit), reported in:			
Nonmajor special revenue funds	-	-	-
Total fund balances	<u>43,457,091</u>	<u>7,345,231</u>	<u>8,871,113</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 54,806,905</u>	<u>\$ 7,674,872</u>	<u>\$ 10,216,928</u>

<u>Building Improvements Fund</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 524,137
-	-	8,102	1,153,302
409,166	29,606	6,271,490	30,234,893
-	-	17,491,292	17,589,759
-	-	-	5,404,798
3,625,247	-	-	6,392,650
-	255	-	255
-	-	126,420	1,132,004
-	-	-	26,995
-	-	-	254,020
-	-	-	84,445
5,800,747	-	92,266	5,893,013
-	6,369,057	-	6,369,057
-	-	-	54,537
-	-	-	261,051
-	-	-	151,577
-	-	-	13,370
-	-	-	1,000,000
-	-	-	295,158
-	-	-	23,062,062
-	-	(1,343,681)	(1,343,681)
<u>9,835,160</u>	<u>6,398,918</u>	<u>22,645,889</u>	<u>98,553,402</u>
<u>\$ 9,871,405</u>	<u>\$ 6,522,739</u>	<u>\$ 23,323,140</u>	<u>\$ 112,415,989</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

June 30, 2013

Total fund balances - governmental funds	\$ 98,553,402
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	362,406,887
Long-term receivables are not available to pay for current expenditures and, therefore, are not reported in the funds.	18,860,000
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 position.	9,787,567
Liabilities for earned revenues considered deferred inflows of resources in fund statements.	2,803,069
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.	(213,103,997)
Other adjustment to net assets for investment income receivables not reported in the governmental funds.	<u>22,450</u>
Net position - governmental activities	<u>\$ 279,329,378</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, 2013

	General Fund	Special Purpose Fund	Streets and Sidewalks Fund
Revenues:			
Ad valorem taxes	\$ 50,943,098	\$ -	\$ -
Room occupancy tax	-	2,582,709	-
Other taxes	25,007,177	-	-
Unrestricted intergovernmental	1,627,624	-	-
Restricted intergovernmental	3,454,180	1,712,134	4,827,573
Licenses and permits	2,808,334	-	-
Sales and services	2,631,331	2,727,574	-
Fines and forfeits	142,141	-	-
Investment earnings	154,411	42,245	28,368
Net decrease in fair value of investments	(217,605)	(43,820)	(27,084)
Donations	-	2,990	-
Miscellaneous	338,883	937,074	-
Total revenues	<u>86,889,574</u>	<u>7,960,906</u>	<u>4,828,857</u>
Expenditures:			
Current:			
General government	16,427,404	-	-
Public safety	38,711,547	1,087,018	-
Transportation	7,116,780	1,353,668	9,770,255
Economic and physical development	138,125	3,898,486	-
Cultural and recreational	6,262,997	6,444	1,213,457
Transit system	1,296,849	-	-
Debt service:			
Principal retirement	-	1,460,000	-
Interest and other charges	-	2,776,773	-
Total expenditures	<u>69,953,702</u>	<u>10,582,389</u>	<u>10,983,712</u>
Excess (deficiency) of revenues over (under) expenditures	<u>16,935,872</u>	<u>(2,621,483)</u>	<u>(6,154,855)</u>
Other financing sources (uses):			
Transfers from other funds	50,199	669,904	1,564,152
Transfers to other funds	(10,492,027)	(43,449)	(450,199)
Issuance of other long-term obligations (1)	-	-	200,000
Total other financing sources (uses)	<u>(10,441,828)</u>	<u>626,455</u>	<u>1,313,953</u>
Net change in fund balances	6,494,044	(1,995,028)	(4,840,902)
Fund balances at beginning of year	36,891,610	9,340,259	13,712,015
Change in reserve for inventories	71,437	-	-
Fund balances at end of year	<u>\$ 43,457,091</u>	<u>\$ 7,345,231</u>	<u>\$ 8,871,113</u>

(1) Proceeds totaling \$200,000 related to an interlocal agreement with New Hanover County for the issuance of park development bonds during fiscal year 2010 were reallocated from the Nonmajor Parks and Recreation Fund to the Major Streets and Sidewalks Fund in the current year. In order to maintain the identity of these funds as proceeds from the issuance of debt, this reallocation was recorded as an increase in issuance of other long-term obligations in the Major Streets and Sidewalks Fund offset by a decrease in issuance of other long-term obligations in the Nonmajor Parks and Recreation Fund. This transaction did not increase or decrease City-wide outstanding debt.

Building Improvements Fund	Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
\$ -	\$ 6,250,760	\$ -	\$ 57,193,858
-	-	-	2,582,709
-	-	-	25,007,177
-	-	-	1,627,624
87,271	5,300,058	2,559,373	17,940,589
-	-	-	2,808,334
-	-	-	5,358,905
-	-	-	142,141
28,945	26,234	6,418	286,621
(41,023)	(41,123)	(13,838)	(384,493)
-	-	620,184	623,174
<u>37,982</u>	<u>-</u>	<u>118,649</u>	<u>1,432,588</u>
<u>113,175</u>	<u>11,535,929</u>	<u>3,290,786</u>	<u>114,619,227</u>
812,264	-	106,098	17,345,766
1,534,651	-	386,497	41,719,713
-	-	-	18,240,703
34,215	-	775,958	4,846,784
64,752	-	1,988,758	9,536,408
-	-	-	1,296,849
-	11,071,308	-	12,531,308
-	<u>6,479,572</u>	-	<u>9,256,345</u>
<u>2,445,882</u>	<u>17,550,880</u>	<u>3,257,311</u>	<u>114,773,876</u>
<u>(2,332,707)</u>	<u>(6,014,951)</u>	<u>33,475</u>	<u>(154,649)</u>
530,049	9,334,832	291,649	12,440,785
-	(2,442,811)	(244,358)	(13,672,844)
-	-	(200,000)	-
<u>530,049</u>	<u>6,892,021</u>	<u>(152,709)</u>	<u>(1,232,059)</u>
(1,802,658)	877,070	(119,234)	(1,386,708)
11,637,818	5,521,848	22,765,123	99,868,673
-	-	-	71,437
<u>\$ 9,835,160</u>	<u>\$ 6,398,918</u>	<u>\$ 22,645,889</u>	<u>\$ 98,553,402</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, 2013

Net change in fund balances - total governmental funds	\$ (1,386,708)
Amounts reported for governmental activities in the statement of activities are different because:	
Change in fund balance due to change in reserve for inventory	71,437
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.	4,798,423
Some revenues in the statement of activities, including tax and other receipts do not provide current financial resources and are therefore not reported as revenues in the funds.	159,821
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 position. Also, governmental funds report the effect of prepaid bond insurance, 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.	8,935,102
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.	(3,728,299)
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.	397,272
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>(286,875)</u>
Change in net position - governmental activities	<u>\$ 8,960,173</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Ad valorem tax	\$ 51,687,320	\$ 51,815,875	\$ 50,943,098	\$ (872,777)
Local option sales tax	16,660,190	16,660,190	17,384,331	724,141
Franchise tax	6,464,778	6,472,120	5,985,128	(486,992)
Video programming tax	1,511,854	1,511,854	1,404,639	(107,215)
Rental vehicle tax	150,000	150,000	233,079	83,079
Unrestricted intergovernmental	1,344,408	1,344,408	1,627,624	283,216
Restricted intergovernmental	3,268,135	3,268,135	3,454,180	186,045
Licenses and permits	2,499,265	2,499,265	2,808,334	309,069
Sales and services	2,339,279	2,364,279	2,631,331	267,052
Fines and forfeits	98,700	98,700	142,141	43,441
Interest earnings	99,577	99,577	154,411	54,834
Net decrease in fair value of investments	-	-	(217,605)	(217,605)
Miscellaneous	146,000	273,534	338,883	65,349
Total revenues	<u>86,269,506</u>	<u>86,557,937</u>	<u>86,889,574</u>	<u>331,637</u>
Expenditures:				
General Government	19,399,021	13,293,908	10,745,449	2,548,459
Public Safety	40,203,192	40,857,733	38,711,547	2,146,186
Transportation	7,935,663	14,375,796	12,774,916	1,600,880
Cultural and Recreational	7,394,416	6,926,634	6,262,997	663,637
Transit System	1,316,460	1,314,360	1,296,849	17,511
Total expenditures	<u>76,248,752</u>	<u>76,768,431</u>	<u>69,791,758</u>	<u>6,976,673</u>
Excess of revenues over expenditures	<u>10,020,754</u>	<u>9,789,506</u>	<u>17,097,816</u>	<u>7,308,310</u>
Other financing sources (uses):				
Transfers from other funds	-	50,199	50,199	-
Transfers to other funds	(10,467,661)	(10,694,564)	(10,653,971)	40,593
Appropriated fund balance	446,907	854,859	-	(854,859)
Total other financing uses	<u>(10,020,754)</u>	<u>(9,789,506)</u>	<u>(10,603,772)</u>	<u>(814,266)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	6,494,044	<u>\$ 6,494,044</u>
Fund balance at beginning of year			36,891,610	
Change in reserve for inventories			<u>71,437</u>	
Fund balance at end of year			<u>\$ 43,457,091</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			161,944	
General government expenditures			(23,819)	
Economic and physical development expenditures			(138,125)	
Fund balance at beginning of year			<u>-</u>	
Fund balance at end of year			<u>\$ 43,457,091</u>	

See notes to financial statements.

CITY OF WILMINGTON, NORTH CAROLINA

**Statement of Net Position -
Proprietary Funds**

June 30, 2013

	Enterprise Funds		
	Solid Waste Management Fund	Storm Water Management Fund	Parking Facilities Fund
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,453,544	\$ 9,220,420	\$ 3,530,839
Accounts receivable:			
Customers, net	1,512,538	1,176,909	4,358
Other receivables	2,548	21,773	2,572
Due from other governments	166,279	136,329	-
Inventory of materials and supplies	-	80,968	-
Prepays	62,889	103,848	-
Total current assets	5,197,798	10,740,247	3,537,769
Capital assets:			
Land	-	856,036	6,523,115
Easements	-	719,955	-
Improvements other than buildings	-	48,359,726	-
Buildings, plant and structures	-	1,202,630	13,147,873
Furniture, fixtures, machinery and equipment	24,093	370,203	344,163
Construction in progress	-	1,713,912	116,325
Less accumulated depreciation	(15,988)	(16,849,027)	(6,781,551)
Total capital assets, net of accumulated depreciation	8,105	36,373,435	13,349,925
Total assets	5,205,903	47,113,682	16,887,694
DEFERRED OUTFLOWS OF RESOURCES	-	540	341,905

Nonmajor Golf Fund	Total	Internal Service Funds
\$ 1,635,275	\$ 17,840,078	\$ 6,766,761
-	2,693,805	243,621
1,197	28,090	4,942
-	302,608	-
37,343	118,311	152,906
14,470	181,207	16,074
<u>1,688,285</u>	<u>21,164,099</u>	<u>7,184,304</u>
109,393	7,488,544	-
-	719,955	-
791,775	49,151,501	-
485,348	14,835,851	-
371,310	1,109,769	19,912,688
-	1,830,237	-
<u>(1,189,808)</u>	<u>(24,836,374)</u>	<u>(16,908,060)</u>
<u>568,018</u>	<u>50,299,483</u>	<u>3,004,628</u>
<u>2,256,303</u>	<u>71,463,582</u>	<u>10,188,932</u>
<u>-</u>	<u>342,445</u>	<u>-</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

June 30, 2013

	Enterprise Funds		
	<u>Solid Waste Management Fund</u>	<u>Storm Water Management Fund</u>	<u>Parking Facilities Fund</u>
LIABILITIES			
Current liabilities:			
Accounts payable:			
Trade	\$ 227,247	\$ 83,751	\$ 40,997
Contracts and retainage	-	105,307	199
Accrued liabilities:			
Personnel costs	335,095	217,776	8,286
Interest	132	49,607	42,694
Current portion of long-term liabilities:			
Bonds payable	-	500,000	-
Installment obligations	-	75,000	357,500
Other long-term obligations	189,150	-	166,667
Accrued vacation and sick leave	140,477	162,243	4,809
Customer and escrow deposits	-	119,105	-
Unearned revenues	-	-	-
Total current liabilities	<u>892,101</u>	<u>1,312,789</u>	<u>621,152</u>
Noncurrent liabilities:			
Noncurrent portion of long-term liabilities:			
Bonds payable	-	11,604,947	-
Installment obligations	-	857,202	6,003,937
Other long-term obligations	760,000	-	2,250,000
Accrued vacation and sick leave	58,180	67,195	1,992
Accrued other postemployment benefits	<u>1,022,692</u>	<u>866,505</u>	<u>43,173</u>
Total noncurrent liabilities	<u>1,840,872</u>	<u>13,395,849</u>	<u>8,299,102</u>
Total liabilities	<u>2,732,973</u>	<u>14,708,638</u>	<u>8,920,254</u>
NET POSITION			
Net investment in capital assets	8,105	23,336,826	4,913,726
Restricted for:			
Capital projects	-	2,104,545	-
Unrestricted	<u>2,464,825</u>	<u>6,964,213</u>	<u>3,395,619</u>
Net Position	<u>\$ 2,472,930</u>	<u>\$ 32,405,584</u>	<u>\$ 8,309,345</u>

Nonmajor Golf Fund	Total	Internal Service Funds
\$ 35,477	\$ 387,472	\$ 127,485
2,623	108,129	-
41,727	602,884	50,297
-	92,433	-
-	500,000	-
-	432,500	-
-	355,817	-
42,648	350,177	57,035
-	119,105	-
64,391	64,391	-
<u>186,866</u>	<u>3,012,908</u>	<u>234,817</u>
-	11,604,947	-
-	6,861,139	-
-	3,010,000	-
31,493	158,860	8,668
143,136	2,075,506	157,880
<u>174,629</u>	<u>23,710,452</u>	<u>166,548</u>
<u>361,495</u>	<u>26,723,360</u>	<u>401,365</u>
568,018	28,826,675	3,004,628
-	2,104,545	-
1,326,790	14,151,447	6,782,939
<u>\$ 1,894,808</u>	<u>\$ 45,082,667</u>	<u>\$ 9,787,567</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2013

	Enterprise Funds		
	Solid Waste Management Fund	Storm Water Management Fund	Parking Facilities Fund
Operating revenues:			
Charges for services	\$ 8,354,991	\$ 8,280,193	\$ 3,105,607
Other operating revenues	30,650	92,190	-
Total operating revenues	<u>8,385,641</u>	<u>8,372,383</u>	<u>3,105,607</u>
Operating expenses:			
Salaries, employee benefits and other personnel costs	4,164,663	3,189,723	127,341
Materials and fuels consumed	1,651,908	528,993	1,547
Landfill disposal fees	1,630,331	-	-
Services	1,007,485	660,090	1,333,142
Utilities	12,096	39,416	59,527
Depreciation	2,509	791,776	574,383
Amortization	-	2,294	-
Other operating expenses	1,097,207	1,022,061	287,884
Total operating expenses	<u>9,566,199</u>	<u>6,234,353</u>	<u>2,383,824</u>
Operating income (loss)	<u>(1,180,558)</u>	<u>2,138,030</u>	<u>721,783</u>
Nonoperating revenues (expenses):			
Investment earnings	15,873	45,265	15,955
Net decrease in fair value of investments	(23,091)	(61,190)	(21,912)
Restricted intergovernmental	161,026	-	-
Interest and other charges	(10,354)	(483,916)	(311,596)
Gain on disposal of capital assets, net	-	-	-
Total nonoperating revenues (expenses)	<u>143,454</u>	<u>(499,841)</u>	<u>(317,553)</u>
Income (loss) before capital contributions and transfers	<u>(1,037,104)</u>	<u>1,638,189</u>	<u>404,230</u>
Capital contributions	-	137,394	-
Transfers from other funds	-	-	802,059
Transfers to other funds	<u>(8,376)</u>	<u>(64,303)</u>	<u>-</u>
Change in net position	<u>(1,045,480)</u>	<u>1,711,280</u>	<u>1,206,289</u>
Net position at beginning of year as previously stated	3,518,410	30,908,478	7,174,260
Restatement for accounting change (Note 8)	<u>-</u>	<u>(214,174)</u>	<u>(71,204)</u>
Net position at beginning of year as restated	<u>3,518,410</u>	<u>30,694,304</u>	<u>7,103,056</u>
Net position at end of year	<u>\$ 2,472,930</u>	<u>\$ 32,405,584</u>	<u>\$ 8,309,345</u>

Nonmajor Golf Fund	Total	Internal Service Funds
\$ 1,120,813	\$ 20,861,604	\$ 5,158,098
8,452	131,292	42,820
<u>1,129,265</u>	<u>20,992,896</u>	<u>5,200,918</u>
639,559	8,121,286	761,014
252,726	2,435,174	15,140
-	1,630,331	-
39,463	3,040,180	920,219
33,395	144,434	4,882
64,186	1,432,854	1,193,983
-	2,294	-
<u>265,656</u>	<u>2,672,808</u>	<u>1,148,320</u>
<u>1,294,985</u>	<u>19,479,361</u>	<u>4,043,558</u>
<u>(165,720)</u>	<u>1,513,535</u>	<u>1,157,360</u>
8,015	85,108	33,578
(10,844)	(117,037)	(44,827)
-	161,026	-
-	(805,866)	-
-	-	124,403
<u>(2,829)</u>	<u>(676,769)</u>	<u>113,154</u>
(168,549)	836,766	1,270,514
-	137,394	115,608
-	802,059	485,924
-	(72,679)	(1,474,774)
<u>(168,549)</u>	<u>1,703,540</u>	<u>397,272</u>
2,063,357	43,664,505	9,390,295
-	(285,378)	-
<u>2,063,357</u>	<u>43,379,127</u>	<u>9,390,295</u>
<u>\$ 1,894,808</u>	<u>\$ 45,082,667</u>	<u>\$ 9,787,567</u>

CITY OF WILMINGTON, NORTH CAROLINA

**Statement of Cash Flows -
Proprietary Funds**

Year Ended June 30, 2013

	Enterprise Funds		
	Solid Waste Management Fund	Storm Water Management Fund	Parking Facilities Fund
Cash flows from operating activities:			
Receipts from customers and users	\$ 8,306,300	\$ 6,428,256	\$ 3,105,607
Receipts from interfund services provided	33,073	1,871,542	-
Payments to suppliers	(4,450,569)	(1,640,186)	(1,729,750)
Payments to or on behalf of employees	(3,744,374)	(2,871,777)	(114,288)
Payments for interfund services used	(953,955)	(601,594)	(11,029)
Net cash provided by (used in) operating activities	<u>(809,525)</u>	<u>3,186,241</u>	<u>1,250,540</u>
Cash flows from noncapital and related financing activities:			
Advances from other funds	-	-	(330,368)
Transfers from (to) other funds	-	(50,000)	802,059
Restricted Intergovernmental	150,254	-	-
Net cash provided by (used in) noncapital and related financing activities	<u>150,254</u>	<u>(50,000)</u>	<u>471,691</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(5,395)	(2,245,670)	(133,002)
Proceeds from other long-term obligations	949,150	-	2,500,000
Principal payments on bonds	-	(480,000)	-
Principal payments on installment obligations	-	(75,000)	(386,750)
Principal payments on other long-term obligations	-	-	(83,333)
Interest and other charges	-	(498,131)	(289,736)
Issuance costs on other long-term obligations	(10,222)	-	(25,321)
Proceeds from sale of capital assets	-	-	-
Capital contributions	-	429,591	-
Net cash provided by (used in) capital and related financing activities	<u>933,533</u>	<u>(2,869,210)</u>	<u>1,581,858</u>
Cash flows from investing activities:			
Investment earnings	15,107	43,289	14,263
Net decrease in fair value of investments	(23,091)	(61,190)	(21,912)
Net cash used in investing activities	<u>(7,984)</u>	<u>(17,901)</u>	<u>(7,649)</u>
Net increase (decrease) in cash and cash equivalents	266,278	249,130	3,296,440
Cash and cash equivalents at beginning of year	<u>3,187,266</u>	<u>8,971,290</u>	<u>234,399</u>
Cash and cash equivalents at end of year	<u>\$ 3,453,544</u>	<u>\$ 9,220,420</u>	<u>\$ 3,530,839</u>

Nonmajor Golf Fund	Total	Internal Service Funds
\$ 1,139,705	\$ 18,979,868	\$ 262,045
-	1,904,615	4,853,400
(561,915)	(8,382,420)	(2,262,395)
(582,632)	(7,313,071)	(780,927)
<u>(31,794)</u>	<u>(1,598,372)</u>	<u>(8,596)</u>
<u>(36,636)</u>	<u>3,590,620</u>	<u>2,063,527</u>
-	(330,368)	-
-	752,059	480,000
<u>-</u>	<u>150,254</u>	<u>-</u>
<u>-</u>	<u>571,945</u>	<u>480,000</u>
(21,785)	(2,405,852)	(3,159,957)
-	3,449,150	-
-	(480,000)	-
-	(461,750)	-
-	(83,333)	-
-	(787,867)	-
-	(35,543)	-
-	-	125,421
<u>-</u>	<u>429,591</u>	<u>-</u>
<u>(21,785)</u>	<u>(375,604)</u>	<u>(3,034,536)</u>
7,728	80,387	32,493
<u>(10,844)</u>	<u>(117,037)</u>	<u>(44,827)</u>
<u>(3,116)</u>	<u>(36,650)</u>	<u>(12,334)</u>
(61,537)	3,750,311	(503,343)
<u>1,696,812</u>	<u>14,089,767</u>	<u>7,270,104</u>
<u>\$ 1,635,275</u>	<u>\$ 17,840,078</u>	<u>\$ 6,766,761</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2013

	Enterprise Funds		
	<u>Solid Waste Management Fund</u>	<u>Storm Water Management Fund</u>	<u>Parking Facilities Fund</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (1,180,558)	\$ 2,138,030	\$ 721,783
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation and amortization	2,509	794,070	574,383
Changes in assets and liabilities:			
Accounts receivable	(46,268)	(106,059)	-
Due from other governments	-	33,474	-
Inventory of materials and supplies	-	(15,438)	-
Prepays	8,272	6,540	190
Accounts payable and accrued liabilities	30,726	62,089	(57,764)
Accrued vacation and sick leave	11,844	(22,483)	(4,924)
Accrued other postemployment benefits	363,950	296,018	16,872
Deferred outflows of resources	-	-	-
Net cash provided by (used in) operating activities	<u>\$ (809,525)</u>	<u>\$ 3,186,241</u>	<u>\$ 1,250,540</u>
Noncash investing, capital and financing activities:			
Capital assets acquired on account	\$ 8,376	\$ (630,865)	\$ -
Disposal of capital assets	-	(5,790)	-
Transfer of capital assets between proprietary funds	-	(5,924)	-
Capital contributions receivable	-	(292,197)	-
Donation of capital assets to governmental funds	(8,376)	(8,379)	-
Capital contributions from governmental funds	-	-	-
Net effect of noncash activities	<u>\$ -</u>	<u>\$ (943,155)</u>	<u>\$ -</u>

Nonmajor Golf Fund	Total	Internal Service Funds
\$ (165,720)	\$ 1,513,535	\$ 1,157,360
64,186	1,435,148	1,193,983
-	(152,327)	(85,473)
-	33,474	-
(12,486)	(27,924)	(1,529)
838	15,840	4,740
12,323	47,374	(198,026)
9,674	(5,889)	(28,815)
44,109	720,949	21,287
10,440	10,440	-
<u>\$ (36,636)</u>	<u>\$ 3,590,620</u>	<u>\$ 2,063,527</u>
\$ -	\$ (622,489)	\$ -
-	(5,790)	-
-	(5,924)	5,924
-	(292,197)	-
-	(16,755)	(1,474,774)
-	-	115,608
<u>\$ -</u>	<u>\$ (943,155)</u>	<u>\$ (1,353,242)</u>

CITY OF WILMINGTON, NORTH CAROLINA

**Statement of Fiduciary Net Position -
Fiduciary Funds**

June 30, 2013

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents/investments	\$ 1,492,674	\$ 489,889
Other receivables	<u>829</u>	<u>109</u>
Total assets	<u>1,493,503</u>	<u>489,998</u>
LIABILITIES		
Accounts payable	675	56
Due to General Fund	2,977	-
Escrow funds and deposits	<u>-</u>	<u>489,942</u>
Total liabilities	<u>3,652</u>	<u>489,998</u>
NET POSITION		
Assets held in trust for pension and other postemployment benefits	<u>\$ 1,489,851</u>	<u>\$ -</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2013

	<u>Pension Trust Funds</u>
Additions:	
Contributions:	
Employer	\$ 1,651,109
Plan members	<u>289,515</u>
Total contributions	1,940,624
Investment earnings	5,603
Net decrease in fair value of investments	<u>(7,464)</u>
Total additions	<u>1,938,763</u>
Deductions:	
Benefit payments	1,848,132
Administrative expense	<u>143,222</u>
Total deductions	<u>1,991,354</u>
Change in net position	(52,591)
Net position at beginning of year	<u>1,542,442</u>
Net position at end of year	<u><u>\$ 1,489,851</u></u>

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CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements June 30, 2013

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 109,689. 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, 2013

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 and as amended May 15, 2013, 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 in an amount not to exceed \$400,000, less any additional operating funds provided by the County in excess of the County's annual appropriation for public transportation, as an advance on awarded federal and/or State operating funds that the Authority has not received. Advances shall be repaid the earlier of June 30 of each year or 120 days following the advance. In the event the Authority does not repay the advance, the City will withhold the outstanding balance from its annual appropriation. 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, 2013 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 position 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, 2013

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. Although the Streets and Sidewalks 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 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, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. BASIS OF PRESENTATION (continued)

Building Improvements Fund. Although the Building Improvements 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 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 as well as certain other long-term obligations issued for the acquisition of the Water Street parking deck and accounted for in the Parking Facilities Fund, a business-type activity. Additionally, this fund passes through and accumulates resources pursuant to the Council adopted Five Year Capital Improvement Plan. In accordance with this plan, resources earmarked for the pay-as-you-go portion, or 20%, of the projected costs of certain capital projects are passed through to the related capital project funds while resources are accumulated to pay related debt service on the remaining 80% of the projected costs.

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.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)

June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. BASIS OF PRESENTATION (continued)

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.

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.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (continued)

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 2012 through February 2013 apply to the fiscal year ended June 30, 2013. Uncollected taxes that were billed during this period are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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 position 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.

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.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)

June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. BUDGETARY DATA (continued)

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, DEFERRED INFLOWS AND OUTFLOWS, AND FUND EQUITY

DEPOSITS AND INVESTMENTS

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

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

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

CASH AND CASH EQUIVALENTS

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

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)

June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. ASSETS, LIABILITIES, DEFERRED INFLOWS AND OUTFLOWS, AND FUND EQUITY (continued)

RESTRICTED ASSETS

Unspent donations 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, 2012. For collection purposes, taxes receivable are written off at the end of ten years in accordance with North Carolina General Statutes.

ALLOWANCES FOR DOUBTFUL ACCOUNTS

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

INVENTORIES 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. Included in prepaid items in the government-wide financial statements are unamortized bond insurance costs.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. ASSETS, LIABILITIES, DEFERRED INFLOWS AND OUTFLOWS, AND FUND EQUITY (continued)

CAPITAL ASSETS

Capital assets are defined by the City 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 GASB Statement No. 62, and other related pronouncements. During the year ended June 30, 2013, a total of \$125,072 was capitalized in the Storm Water Management Fund and \$2,312 was capitalized in the Parking Facilities Fund.

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.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. ASSETS, LIABILITIES, DEFERRED INFLOWS AND OUTFLOWS, AND FUND EQUITY (continued)

CAPITAL ASSETS (continued)

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.

Capital assets 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.

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of resources that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has two items that meet this criterion in the statement of net position – a loss on refunding and an accumulated decrease in fair value of an interest rate swap, both of which had previously been classified as an asset. In addition to liabilities, the statement of net position and/or balance sheet can also report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of resources that applies to a future period and so will not be recognized as revenue until then. The City has two items that meet the criterion for this category – prepaid taxes and motor vehicle licenses, and receivables that do not meet the availability criterion.

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 position. 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, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid bond insurance costs are reported as prepaid items and amortized over the term of the related debt using the straight-line method.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)

June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. ASSETS, LIABILITIES, DEFERRED INFLOWS AND OUTFLOWS, AND FUND EQUITY (continued)

LONG-TERM OBLIGATIONS (continued)

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

The City has entered into an interest rate swap agreement to modify interest rates on outstanding debt. The net interest expense resulting from the agreement is recorded in the financial statements. In addition, the swap's accumulated decrease in (negative) fair value and the related 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 31st of each year. Any unused days not exceeding twice the annual accrual level will be paid upon termination of employment. Full time employees receive up to twelve paid holidays per year. If scheduled holidays cannot be taken, nonexempt employees who are in classifications approved for banking accrued holidays 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 in good standing with a hire date before July 1, 2009 and with at least five years of continuous service may, upon the authorization of the city manager, 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 are recorded as the leave is earned (vacation and partial sick leave). 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, 2013 the Authority recorded a liability of \$141,333 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.

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.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)

June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. ASSETS, LIABILITIES, DEFERRED INFLOWS AND OUTFLOWS, AND FUND EQUITY (continued)

COMPENSATED ABSENCES (continued)

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 POSITION

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represents 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 nonspendable fund balances as of June 30, 2013:

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, 2013:

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 inflows of resources.

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, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. ASSETS, LIABILITIES, DEFERRED INFLOWS AND OUTFLOWS, AND FUND 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 service payments. This amount represents the balance of interest earnings in certain escrow accounts related to debt obligations.

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, 2013:

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, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. ASSETS, LIABILITIES, DEFERRED INFLOWS AND OUTFLOWS, AND FUND 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, 2013:

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

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

Unassigned fund balance - This classification is the portion of fund balance that has not been restricted, committed or assigned to specific purposes or other funds as of June 30, 2013.

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 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, 2013, the portion of fund balance that is available for appropriation equates to unassigned fund balance.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. COMPARATIVE DATA

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

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

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

The governmental funds balance sheet includes a reconciliation between total fund balances – governmental funds and net position – governmental activities as reported in the government-wide statement of net position. 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	\$ 28,990,000
Installment obligations	145,715,500
Unamortized prepaid bond insurance, premiums and similar items	4,461,900
Accrued interest payable	1,036,567
Other long-term obligations	14,559,692
Accrued vacation and sick leave	5,998,129
Accrued other postemployment benefits	11,514,927
Net pension obligation	<u>827,282</u>
	<u>\$ 213,103,997</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 position - governmental activities as reported in the government-wide statement of activities. One item of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period, including amounts for donations and disposals.”

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2013

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

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

The details of those items are as follows:

Capital outlay	\$ 14,527,115
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.	330,000
Net transfers of capital assets from proprietary funds increase net position in the statement of activities, but do not appear in governmental funds because they are not financial resources.	1,375,921
The net book value of capital assets disposed decreases net position in the statement of activities, but does not appear in governmental funds because they are not financial resources.	(7,200)
Depreciation expense	<u>(11,427,413)</u>
	<u>\$ 4,798,423</u>

Another item of that reconciliation states that “some revenues in the statement of activities, including tax and other receipts do not provide current financial resources and are therefore not reported as revenues in the funds.” The details of this item are as follows:

Accrued interest receivable	\$ 22,450
Tax and other receipts deferred in funds	<u>137,371</u>
	<u>\$ 159,821</u>

Another element of that reconciliation states that “the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of prepaid bond insurance 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:

Principal payments:	
Bonds payable	\$ 1,630,000
Installment obligations	6,278,250
Other long-term obligations	753,058
Amortization of prepaid bond insurance, premiums and loss on refundings	<u>273,794</u>
	<u>\$ 8,935,102</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2013

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

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

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

Accrued vacation and sick leave	\$ (257,224)
Accrued other postemployment benefits	(3,444,835)
Accrued interest payable	<u>(26,240)</u>
	<u>\$ (3,728,299)</u>

NOTE 3 – DETAIL NOTES ON ALL FUNDS

A. ASSETS

DEPOSITS AND INVESTMENTS

All of the City's and the Authority's deposits are either insured or collateralized under the Pooling Method. Under the Pooling Method, which is a 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, 2013, the City's deposits had a carrying amount of \$48,797,093 and a bank balance of \$50,813,796. Of the bank balance, \$1,000,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. Cash on hand at June 30, 2013, was \$93,184.

At June 30, 2013, the Authority's deposits had a carrying amount of \$436,358 and a bank balance of \$130,224. Of the bank balance, \$250,000 was covered by federal depository insurance. The Authority's cash on hand at June 30, 2013 consisted of various petty cash funds totaling \$722.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

A. ASSETS (continued)

DEPOSITS AND INVESTMENTS (continued)

At June 30, 2013, 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	\$ 13,838,839	\$ 13,838,839	\$ -	\$ -
North Carolina Capital Management Trust, Term Portfolio	5,003,970	5,003,970	-	-
U.S. Government Agencies	<u>31,431,120</u>	<u>-</u>	<u>16,779,090</u>	<u>14,652,030</u>
Total investments	<u>\$ 50,273,929</u>	<u>\$ 18,842,809</u>	<u>\$ 16,779,090</u>	<u>\$ 14,652,030</u>

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 (including deposits) to no more than 12 months. The weighted average maturity of the investment portfolio as of June 30, 2013 is 9.7 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 held to maturity.

Credit Risk

The City has no formal policy on managing credit risk. As of June 30, 2013, the City's investment in the NCCMT Cash Portfolio carried a credit rating of AAAM by Standard & Poor's. The City's investment in the NCCMT Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. agencies, and in high grade money market instruments as permitted under G.S. 159-30 as amended. 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 23.1%, 17.9%, 11.7% and 9.8%, respectively, of the City's total investments.

At June 30, 2013, 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, 2013

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, 2013, were as follows:

	Taxes	Accounts	Other Governments	Notes	Restricted	Other	Total
General Fund	\$ 2,346,167	\$ 1,672,505	\$ 8,272,112	\$ 247,620	\$ -	\$ 584,323	\$ 13,122,727
Special Purpose Fund	-	-	179,507	98,467	886,386	2,593	1,166,953
Streets and Sidewalks Fund	-	-	3,517,754	-	23,073	2,772	3,543,599
Building Improvements Fund	-	862	7,999	-	-	4,540	13,401
Debt Service Fund	114,201	-	27,388	-	-	4,656	146,245
Nonmajor							
Governmental Funds	-	-	1,026,806	16,460,208	3,658,774	1,547	21,147,335
Internal Service Funds	-	243,621	-	-	-	4,942	248,563
Total receivables	2,460,368	1,916,988	13,031,566	16,806,295	4,568,233	605,373	39,388,823
Allowance for doubtful accounts	(1,099,148)	(419,995)	-	-	-	-	(1,519,143)
Total governmental activities	<u>\$ 1,361,220</u>	<u>\$ 1,496,993</u>	<u>\$ 13,031,566</u>	<u>\$ 16,806,295</u>	<u>\$ 4,568,233</u>	<u>\$ 605,373</u>	<u>\$ 37,869,680</u>

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

Local government sales and use taxes	\$ 4,764,222
Franchise tax	1,408,948
Video programming sales tax	359,213
PEG channel support	7,837
Refund of sales and use tax paid	639,683
ABC revenues	199,166
Due from other governments - Expended parks development bonds issued by New Hanover County	191,584
Other grants and reimbursements	<u>5,460,913</u>
	<u>\$ 13,031,566</u>

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

Due from management company for convention center	\$ 329,634
Interest on room occupancy tax	2,148
Due from other governments - Room occupancy tax	554,604
Due from other governments - Unexpended parks development bonds issued by New Hanover County	<u>3,681,847</u>
	<u>\$ 4,568,233</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2013

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, 2013 is as follows:

	General obligation bonds	Installment obligations	Total
Long-term receivable	\$ 5,255,000	\$ 13,605,000	\$ 18,860,000

Receivables for business-type activities at the government-wide level at June 30, 2013, were as follows:

	Accounts	Other Governments	Other	Total
Solid Waste Management Fund	\$ 2,108,003	\$ 166,279	\$ 2,548	\$ 2,276,830
Storm Water Management Fund	1,497,699	136,329	21,773	1,655,801
Parking Facilities Fund	4,358	-	2,572	6,930
Nonmajor Golf Fund	-	-	1,197	1,197
Total receivables	3,610,060	302,608	28,090	3,940,758
Allowance for doubtful accounts	(916,255)	-	-	(916,255)
Total business-type activities	\$ 2,693,805	\$ 302,608	\$ 28,090	\$ 3,024,503

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

Refund of sales and use tax paid	\$ 17,633
Solid waste disposal tax	9,910
Cape Fear Public Utility Authority	250,065
Other grants and reimbursements	25,000
	\$ 302,608

The amount due from other governments for the Authority as of June 30, 2013 consists of the following:

State operating grant revenues	\$ 68,529
Federal operating grant revenues	452,196
Local government sales and use taxes	43,199
Other local government receivables	127,284
	\$ 691,208

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2013

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, 2013, was as follows:

	July 1, 2012	Increases	Decreases	Transfers	June 30, 2013
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 50,996,986	\$ 1,373,036	\$ -	\$ (205,000)	\$ 52,165,022
Easements	11,002,966	4,000	-	-	11,006,966
Construction in progress	8,309,950	5,466,928	-	(5,580,452)	8,196,426
Total capital assets not being depreciated	70,309,902	\$ 6,843,964	\$ -	\$ (5,785,452)	71,368,414
Capital assets being depreciated:					
Improvements other than buildings	46,362,020	\$ 1,200,128	\$ -	\$ 1,772,520	49,334,668
Buildings, plant and structures	139,410,000	354,174	-	347,965	140,112,139
Furniture, fixtures, machinery and equipment	39,536,717	3,948,252	(922,258)	247,192	42,809,903
Computer software	1,199,648	46,430	-	-	1,246,078
Streets and drainage	188,743,815	5,575,056	-	3,441,112	197,759,983
Total capital assets being depreciated	415,252,200	\$ 11,124,040	\$ (922,258)	\$ 5,808,789	431,262,771
Less accumulated depreciation for:					
Improvements other than buildings	10,292,558	\$ 2,401,747	\$ -	\$ -	12,694,305
Buildings, plant and structures	24,558,402	3,442,388	-	-	28,000,790
Furniture, fixtures, machinery and equipment	34,028,264	2,887,317	(914,040)	658	36,002,199
Computer software	616,512	198,925	-	-	815,437
Streets and drainage	56,015,921	3,691,019	-	-	59,706,940
Total accumulated depreciation	125,511,657	\$ 12,621,396	\$ (914,040)	\$ 658	137,219,671
Total capital assets being depreciated, net	289,740,543				294,043,100
Governmental activities capital assets, net	\$ 360,050,445				\$ 365,411,514

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

General government	\$ 1,183,485
Public safety	2,538,903
Transportation	4,089,810
Economic and physical development	1,254,441
Cultural and recreational	2,360,774
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	1,193,983
	\$ 12,621,396

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2013

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, 2013, was as follows:

	July 1, 2012	Increases	Decreases	Transfers	June 30, 2013
Solid waste:					
Capital assets being depreciated:					
Furniture, fixtures, machinery and equipment	\$ 18,698	\$ <u>13,771</u>	\$ <u>-</u>	\$ <u>(8,376)</u>	\$ 24,093
Less accumulated depreciation for:					
Furniture, fixtures, machinery and equipment	<u>13,479</u>	<u>\$ 2,509</u>	<u>\$ -</u>	<u>\$ -</u>	<u>15,988</u>
Solid waste capital assets, net	<u>5,219</u>				<u>8,105</u>
Storm water:					
Capital assets not being depreciated:					
Land	856,036	\$ -	\$ -	\$ -	856,036
Easements	666,176	53,779	-	-	719,955
Construction in progress	<u>3,135,858</u>	<u>363,704</u>	<u>-</u>	<u>(1,785,650)</u>	<u>1,713,912</u>
Total capital assets not being depreciated	<u>4,658,070</u>	<u>\$ 417,483</u>	<u>\$ -</u>	<u>\$ (1,785,650)</u>	<u>3,289,903</u>
Capital assets being depreciated:					
Improvements other than buildings	45,385,134	\$ 1,188,942	\$ -	\$ 1,785,650	48,359,726
Buildings, plant and structures	1,202,630	-	-	-	1,202,630
Furniture, fixtures, machinery and equipment	<u>382,575</u>	<u>8,379</u>	<u>(5,790)</u>	<u>(14,961)</u>	<u>370,203</u>
Total capital assets being depreciated	<u>46,970,339</u>	<u>\$ 1,197,321</u>	<u>\$ (5,790)</u>	<u>\$ 1,770,689</u>	<u>49,932,559</u>
Less accumulated depreciation for:					
Improvements other than buildings	15,664,755	\$ 731,016	\$ -	\$ -	16,395,771
Buildings, plant and structures	104,910	30,065	-	-	134,975
Furniture, fixtures, machinery and equipment	<u>294,035</u>	<u>30,694</u>	<u>(5,790)</u>	<u>(658)</u>	<u>318,281</u>
Total accumulated depreciation	<u>16,063,700</u>	<u>\$ 791,775</u>	<u>\$ (5,790)</u>	<u>\$ (658)</u>	<u>16,849,027</u>
Total capital assets being depreciated, net	<u>30,906,639</u>				<u>33,083,532</u>
Storm water capital assets, net	<u>35,564,709</u>				<u>36,373,435</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

A. ASSETS (continued)

CAPITAL ASSETS (continued)

	July 1, 2012	Increases	Decreases	Transfers	June 30, 2013
Parking facilities:					
Capital assets not being depreciated:					
Land	\$ 6,504,126	\$ 18,989	\$ -	\$ -	\$ 6,523,115
Construction in progress	<u>-</u>	<u>116,325</u>	<u>-</u>	<u>-</u>	<u>116,325</u>
Total capital assets not being depreciated	<u>6,504,126</u>	<u>\$ 135,314</u>	<u>\$ -</u>	<u>\$ -</u>	<u>6,639,440</u>
Capital assets being depreciated:					
Buildings, plant and structures	13,147,873	\$ -	\$ -	\$ -	13,147,873
Furniture, fixtures, machinery and equipment	<u>344,163</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>344,163</u>
Total capital assets being depreciated	<u>13,492,036</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>13,492,036</u>
Less accumulated depreciation for:					
Buildings, plant and structures	6,036,007	\$ 519,903	\$ -	\$ -	6,555,910
Furniture, fixtures, machinery and equipment	<u>171,161</u>	<u>54,480</u>	<u>-</u>	<u>-</u>	<u>225,641</u>
Total accumulated depreciation	<u>6,207,168</u>	<u>\$ 574,383</u>	<u>\$ -</u>	<u>\$ -</u>	<u>6,781,551</u>
Total capital assets being depreciated, net	<u>7,284,868</u>				<u>6,710,485</u>
Parking facilities capital assets, net	<u>13,788,994</u>				<u>13,349,925</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	791,775	\$ -	\$ -	\$ -	791,775
Buildings, plant and structures	485,348	-	-	-	485,348
Furniture, fixtures, machinery and equipment	<u>349,525</u>	<u>21,785</u>	<u>-</u>	<u>-</u>	<u>371,310</u>
Total capital assets being depreciated	<u>1,626,648</u>	<u>\$ 21,785</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,648,433</u>
Less accumulated depreciation for:					
Improvements other than buildings	646,800	\$ 24,489	\$ -	\$ -	671,289
Buildings, plant and structures	182,410	10,134	-	-	192,544
Furniture, fixtures, machinery and equipment	<u>296,412</u>	<u>29,563</u>	<u>-</u>	<u>-</u>	<u>325,975</u>
Total accumulated depreciation	<u>1,125,622</u>	<u>\$ 64,186</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,189,808</u>
Total capital assets being depreciated, net	<u>501,026</u>				<u>458,625</u>
Golf capital assets, net	<u>610,419</u>				<u>568,018</u>
Business-type activities capital assets, net	<u>\$ 49,969,341</u>				<u>\$ 50,299,483</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

A. ASSETS (continued)

CAPITAL ASSETS (continued)

COMMITMENTS FOR CAPITAL PROJECTS

At June 30, 2013, the City has commitments for active projects as follows:

	Spent to date	Remaining commitment
Governmental funds:		
Capital projects	<u>\$ 20,659,934</u>	<u>\$ 11,933,548</u>
Enterprise funds:		
Storm Water capital projects	\$ 2,254,757	\$ 1,094,868
Parking Facilities capital projects	46,495	90,725
Golf capital projects	<u>15,940</u>	<u>930</u>
Total enterprise funds	<u>\$ 2,317,192</u>	<u>\$ 1,186,523</u>

DISCRETELY PRESENTED COMPONENT UNIT

Activity for the Cape Fear Public Transportation Authority for the year ended June 30, 2013, is as follows:

	June 30, 2012	Increases	Decreases	June 30, 2013
Capital assets not being depreciated:				
Land	\$ 2,717,404	\$ -	\$ -	\$ 2,717,404
Construction in progress	<u>188,288</u>	<u>576,610</u>	<u>-</u>	<u>764,898</u>
Total capital assets not being depreciated	<u>2,905,692</u>	<u>\$ 576,610</u>	<u>\$ -</u>	<u>3,482,302</u>
Capital assets being depreciated:				
Buildings and improvements	5,428,224	\$ -	\$ -	5,428,224
Furniture, fixtures, machinery and equipment	<u>11,763,575</u>	<u>458,031</u>	<u>(195,945)</u>	<u>12,025,661</u>
Total capital assets being depreciated	<u>17,191,799</u>	<u>\$ 458,031</u>	<u>\$ (195,945)</u>	<u>17,453,885</u>
Less accumulated depreciation for:				
Buildings and improvements	726,508	\$ 150,223	\$ -	876,731
Furniture, fixtures, machinery and equipment	<u>8,339,519</u>	<u>1,205,823</u>	<u>(196,103)</u>	<u>9,349,239</u>
Total accumulated depreciation	<u>9,066,027</u>	<u>\$ 1,356,046</u>	<u>\$ (196,103)</u>	<u>10,225,970</u>
Total capital assets being depreciated, net	<u>8,125,772</u>			<u>7,227,915</u>
Authority capital assets, net	<u>\$ 11,031,464</u>			<u>\$ 10,710,217</u>

At June 30, 2013 the Authority has remaining commitments for an active project totaling \$8,660,833. The original commitment was for \$8,976,500.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2013

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 6.74% and 6.77%, 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, 2013, 2012, and 2011 were \$2,979,966, \$3,045,064, and \$2,772,747, respectively. Contributions by the Authority to LGERS for the years ended June 30, 2013, 2012, and 2011 were \$53,628, \$67,353, and \$33,190, 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, 2012, the date of the latest actuarial valuation, the Separation Allowance's membership consisted of:

Retirees currently receiving benefits	16
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>260</u>
Total	<u><u>276</u></u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2013

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 Pension Trust Fund for the Special 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, 2011 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, 2011 was 19 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	\$ 543,485
Interest on net pension obligation	27,020
Adjustment to annual required contribution	<u>(33,630)</u>
Annual pension cost	536,875
Contributions made	<u>(250,000)</u>
Change in net pension obligation	286,875
Net pension obligation, beginning of year	<u>540,407</u>
Net pension obligation, end of year	<u>\$ 827,282</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2013

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
June 30, 2011	\$ 561,268	44.54 %	\$ 301,173
June 30, 2012	489,234	51.10	540,407
June 30, 2013	536,875	46.57	827,282

d. Funded status and funding progress.

As of December 31, 2012, the most recent actuarial valuation date, the plan was 18.28% funded. The actuarial accrued liability for benefits was \$5,667,108, and the actuarial value of assets was \$1,035,723, resulting in an unfunded actuarial liability (UAAL) of \$4,631,385. The covered payroll (annual payroll of active employees covered by the plan) was \$12,955,959, and the ratio of the UAAL to the covered payroll was 35.75%.

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, 2013:

Statement of Net Position

Assets	
Cash and cash equivalents	\$ 1,137,508
Other receivables	829
Total assets	\$ 1,138,337
Net Position	
Assets held in trust for pension benefits	\$ 1,138,337

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2013

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 Position

Additions

Contributions:

Employer \$ 250,000

Investment earnings 5,422

Net decrease in fair value of investments (7,464)

Total additions 247,958

Deductions

Benefits 295,053

Change in net position (47,095)

Net position at beginning of year 1,185,432

Net Position at end of year \$ 1,138,337

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, 2013, the City's required contribution was \$653,979 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. Effective January 1, 2013, the City's contribution is 3.5%, which changed from 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, 2013

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 \$808,232 for the year ended June 30, 2013. Employee contributions to this plan, including law enforcement officers, included in salary expense for the year ended June 30, 2013, were \$895,690.

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 \$7,165 and employee contributions were \$20,850 for the year ended June 30, 2013.

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, 2013

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, 2013 active employee contribution requirements range from \$126 to \$566 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, 2013

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 13.53% of annual covered payroll. For the current year, the City contributed \$1,401,109 or 3.30% of annual covered payroll for current premiums. The City of Wilmington is self-insured. Contributions of \$289,515 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, 2013

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 No. 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	\$ 5,737,392
Interest on net OPEB obligation	382,450
Adjustment to annual required contribution	<u>(531,662)</u>
Annual OPEB cost	5,588,180
Contributions made	<u>(1,401,109)</u>
Change in net OPEB obligation	4,187,071
Net OPEB obligation, beginning of year	<u>9,561,242</u>
Net OPEB obligation, end of year	<u>\$ 13,748,313</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2013

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 2013, 2012 and 2011 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, 2011	\$ 3,814,829	35.00 %	\$ 6,534,233
June 30, 2012	4,487,296	32.50	9,561,242
June 30, 2013	5,588,180	25.10	13,748,313

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, 2013

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, 2013:

Statement of Net Position

Assets	
Cash and cash equivalents	\$ 355,166
Liabilities	
Accounts payable	675
Due to General Fund	<u>2,977</u>
Total liabilities	<u>3,652</u>
Net Position	
Assets held in trust for other postemployment benefits	<u>\$ 351,514</u>

Statement of Changes in Net Position

Additions	
Contributions:	
Employer	\$ 1,401,109
Plan members	<u>289,515</u>
Total contributions	1,690,624
Investment earnings	<u>181</u>
Total additions	<u>1,690,805</u>
Deductions	
Benefits	1,553,079
Administrative expense	<u>143,222</u>
Total deductions	<u>1,696,301</u>
Change in net position	(5,496)
Net position at beginning of year	<u>357,010</u>
Net Position at end of year	<u><u>\$ 351,514</u></u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)

June 30, 2013

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, 2013, were \$264,134 that was matched by the City.

Employer contributions to the 457 Deferred Compensation Plan totaled \$1,031,634 for the year ended June 30, 2013. This amount included the 3% contribution and matching contributions for fire fighters as well as the 2.5% and increased rate of 3.5% 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, 2013, were \$324,230.

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, 2013, the City was provided temporary relief of contributions to the State for death benefits. This relief is in effect for three years beginning July 1, 2012. 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, 2013

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, 2013, the City paid \$91,652 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 OUTFLOWS AND INFLOWS OF RESOURCES

The balance in deferred outflows of resources at June 30, 2013 is summarized as follows:

	Storm Water Management Fund	Parking Facilities Funds	Governmental Activities	Business-type Activities
Deferred amount for loss on refunded debt	\$ 540	\$ 341,905	\$ 965,389	\$ 342,445
Accumulated decrease in fair value of interest rate swap	-	-	284,174	-
	\$ 540	\$ 341,905	\$ 1,249,563	\$ 342,445

The balance in deferred inflows of resources at June 30, 2013 is summarized as follows:

	General Fund	Special Purpose Fund	Building Improvements Fund	Debt Service Fund	Nonmajor Governmental Funds	Governmental Activities
Unavailable Revenue:						
Taxes receivable, net	\$ 1,262,246	\$ -	\$ -	\$ 98,974	\$ -	\$ -
Accounts receivable	1,169,873	-	862	-	-	-
Due from other governments	-	3,063	-	-	-	-
Notes receivable	247,620	-	-	-	20,431	-
Unearned Revenue:						
Prepaid property taxes	37,767	-	-	4,720	-	42,487
Prepaid motor vehicle licenses	4,522	-	-	-	-	4,522
	\$ 2,722,028	\$ 3,063	\$ 862	\$ 103,694	\$ 20,431	\$ 47,009

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

UNEARNED REVENUES

The balance in unearned revenues at June 30, 2013 is summarized as follows:

	Nonmajor Golf Fund	Special Purpose Fund	Governmental Activities (Restricted)	Business-type Activities
Prepaid convention center capital contribution from management company - restricted	\$ -	\$ 35,000	\$ 35,000	\$ -
Prepaid golf course green	64,391	-	-	64,391
	\$ 64,391	\$ 35,000	\$ 35,000	\$ 64,391

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, 2013 are comprised of the following issues:

	Governmental activities
\$28,825,000 Synthetic Refunding Bonds, Series 2002 issued to refund General Obligation Water Bonds; principal payments due annually on June 1 in varying amounts from \$2,355,000 to \$2,900,000 through June 1, 2015; variable rate semiannual interest payments due June 1 and December 1.	\$ 5,255,000
\$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 3.375 to 3.875 percent.	1,275,000
\$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.	4,480,000

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

General Obligation Bonds (continued)

	<u>Governmental activities</u>
<p>\$9,000,000 General Obligation Bonds, Series 2008B issued for streets, highways and sidewalks; principal payments due annually on September 1 in installments of \$450,000 through September 1, 2028; semiannual interest payments due March 1 and September 1 with rates from 3.50 to 4.25 percent.</p>	\$ 7,200,000
<p>\$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 through July 1, 2031; semiannual interest payments due January 1 and July 1 with rates from 2.00 to 4.00 percent.</p>	3,660,000
<p>\$3,120,000 Refunding; Series 2011B General Obligation Bonds issued to refund \$1,010,000 of outstanding 1997A Public Improvement General Obligation Bonds and to refund \$2,150,000 of outstanding 2000 Public Improvements General Obligation Bonds; principal payments due annually on January 1 ranging from \$305,000 to \$535,000 through January 1, 2018; semiannual interest payments due January 1 and July 1 with rates from 2.00 to 3.00 percent.</p>	2,120,000
<p>\$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 through July 1, 2031; semiannual interest payments due January 1 and July 1 with rates from 2.00 to 4.00 percent.</p>	<u>5,000,000</u>
<p>Serviced by Debt Service Fund</p>	<u>\$ 28,990,000</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

General Obligation Bonds (continued)

Annual debt service requirements to maturity for general obligation bonds at June 30, 2013 are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
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	1,750,000	605,031
2019-2023	5,950,000	2,303,263
2024-2028	5,950,000	1,136,831
2029-2032	2,570,000	162,713
	<u>\$ 28,990,000</u>	<u>\$ 7,491,703</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, 2013 of the former water and sewer fund are \$5,255,000.

Revenue Bonds

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

Revenue bonds outstanding at June 30, 2013 are comprised of the following individual issue:

<p>\$14,035,000 Storm Water Fee Revenue Bonds, Series 2007 issued for storm water system improvements and to refund \$3,130,000 of outstanding Series 1997A Public Improvements Bonds; principal installments due annually on June 1 in varying amounts from \$445,000 to \$725,000 through June 1, 2033; semiannual interest payments due June 1 and December 1 a fixed rate of 5.00 percent; serviced by the Storm Water Management Fund.</p>	<p style="text-align: center;"><u>Business-type activities</u></p> <p style="text-align: right;"><u>\$ 11,680,000</u></p>
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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 \$1,053,131 or 36% of available net revenues of \$2,916,175.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

Revenue Bonds (continued)

Certain covenants are contained in the revenue bond order. The City was in compliance with the covenants during the fiscal year ended June 30, 2013. The revenue coverage calculation as of June 30, 2013 is as follows:

Revenues (1)			
Operating revenues	\$	8,280,193	
Other operating revenue		92,190	
Investment earnings		45,265	
Net decrease in fair value of investments		<u>(61,190)</u>	<u>\$ 8,356,458</u>
Current Expenses (2)			
Operating expenses		6,234,353	
Less depreciation		(791,776)	
Less amortization		<u>(2,294)</u>	<u>5,440,283</u>
Revenues available for debt service			<u>2,916,175</u>
Principal and interest requirements (3)			
Revenue bonds (at 120%)		1,263,277	
Other indebtedness (at 100%)		<u>117,550</u>	<u>1,380,827</u>
Revenues in excess of principal and interest requirements			<u>\$ 1,535,348</u>

(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.

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

Year Ending <u>June 30</u>	Business-type Activities	
	Principal	Interest
2014	\$ 500,000	\$ 552,731
2015	520,000	531,481
2016	545,000	509,381
2017	565,000	486,219
2018	590,000	462,206
2019-2023	3,090,000	1,886,251
2024-2028	2,580,000	1,222,500
2029-2033	<u>3,290,000</u>	<u>509,750</u>
	<u>\$ 11,680,000</u>	<u>\$ 6,160,519</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

Installment Obligations

Certificates of Participation and Limited Obligation Bonds have been issued for the purchase of real property, construction of public facilities, construction of parking facilities and improvements to streets. All issues are tax-exempt with the exception of Limited Obligation Bonds, Series 2010B of which a portion are Build America Bonds issued for municipal improvements and another portion are refunding bonds issued to refund outstanding, taxable Certificates of Participation, Series 2008C, which were issued for the construction of the private business use portion of the parking facility adjacent to the Convention Center. Principal and interest requirements are provided by appropriation in the year in which they become due.

Installment obligations outstanding at June 30, 2013 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 4.00 to 5.00 percent.</p>		
Serviced by Debt Service Fund	\$ 27,945,000	\$ -
Serviced by Storm Water Management Fund	-	875,000
<p>\$17,235,000 Certificates of Participation, Series 2006A issued to refund \$16,965,000 of outstanding Series 1999A Certificates of Participation; principal payments due annually on June 1 in installments ranging from \$965,000 to \$1,550,000 through June 1, 2024; semiannual interest payments due June 1 and December 1 at rates from 4.2 to 5.00 percent.</p>		
Serviced by Debt Service Fund	13,605,000	-

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

Installment Obligations (continued)

	Governmental activities	Business-type activities
<p>\$46,560,000 Certificates of Participation, Series 2008A issued for construction of the Convention Center; principal payments due annually on June 1 in installments ranging from \$1,010,000 to \$3,825,000 beginning June 1, 2017 through June 1, 2038; semiannual interest payments due June 1 and December 1 at rates from 4.00 to 5.00 percent.</p> <p style="padding-left: 20px;">Serviced by Convention Center Fund</p>	\$ 46,560,000	\$ -
<p>\$7,190,000 Certificates of Participation, Series 2008B issued for construction of the public use portion of the parking deck adjacent to the Convention Center; principal payments due annually on June 1 in installments ranging from \$425,000 to \$700,000 through June 1, 2028; annual interest payments due June 1 at a rate of 4.21 percent.</p> <p style="padding-left: 20px;">Serviced by Convention Center Fund</p>	7,190,000	-
<p>\$4,600,000 Limited Obligation Bonds, Series 2010A issued for Thalian Hall renovations, Market Street bulkhead replacement and North Downtown streetscape improvements; principal payments due annually on June 1 in installments of \$1,150,000 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>	3,450,000	-

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

Installment Obligations (continued)

	Governmental activities	Business-type activities
<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 3.11 to 6.33 percent.</p>		
Served by Debt Service Fund	\$ 19,270,000	\$ -
Served by Convention Center Fund	4,615,000	-
<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>		
Served by Debt Service Fund	23,080,500	-
Served by Parking Facilities Fund	-	5,634,500
	\$ 145,715,500	\$ 6,509,500
<p>Installment Obligations Served By:</p>		
Debt Service Fund	\$ 87,350,500	\$ -
Convention Center Fund	58,365,000	-
Storm Water Management Fund	-	875,000
Parking Facilities Fund	-	5,634,500
	\$ 145,715,500	\$ 6,509,500

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

Installment Obligations (continued)

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

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
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	7,350,000	5,775,815	400,000	234,880
2019-2023	37,088,750	23,727,852	2,326,250	873,005
2024-2028	32,090,000	14,995,553	2,115,000	306,750
2029-2033	22,815,000	7,439,290	-	-
2034-2038	17,385,000	2,692,499	-	-
	<u>\$ 145,715,500</u>	<u>\$ 80,702,740</u>	<u>\$ 6,509,500</u>	<u>\$ 2,500,115</u>

In prior years, Certificates of Participation were issued to purchase two private water systems and were repaid from revenues of the ground water fund. In connection with the transfer of assets and liabilities of the City to the Cape Fear Public Utility Authority (CFPUA) on July 1, 2008, installment obligation annual debt service requirements of the former ground water fund continue to be obligations of the City and are reimbursed to the City by the CFPUA. Installment obligations outstanding at June 30, 2013 of the former groundwater fund are \$13,605,000.

Defeased Debt

The City has defeased certain Certificates of Participation by placing the proceeds in an irrevocable trust to provide for all future debt service payments on the old debt. Accordingly, the trust account assets and liabilities for the defeased certificates are not included in the City's financial statements. At June 30, 2013, \$9,210,000 of outstanding certificates are considered defeased.

Other Long-Term Obligations

The City is financing the acquisition of certain equipment and real property for governmental activities through installment notes. All issues are tax-exempt with the exception of the October 2012 installment agreement issued for the acquisition of a portion of the Water Street Parking Deck. 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, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

Other Long-Term Obligations (continued)

Other long-term obligations outstanding at June 30, 2013 are comprised of the following individual issues:

	Governmental activities	Business-Type activities
<p>\$12,000,000 installment agreement executed in June 2008 for development of parks; principal payments due annually on June 1 in 7 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.</p> <p style="padding-left: 40px;">Serviced by Debt Service Fund</p>	\$ 10,000,000	\$ -
<p>\$5,065,808 installment agreement executed in June 2010 for development of parks; principal payments due annually on June 1 in 15 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.</p> <p style="padding-left: 40px;">Serviced by Debt Service Fund</p>	4,559,692	-
<p>\$2,500,000 taxable installment agreement executed in October 2012 for the acquisition of a portion of the Water Street Parking Deck; principal payments due semiannually on April 9 and October 9 in installments of \$83,333 plus interest at 3.97 percent through October 9, 2027.</p> <p style="padding-left: 40px;">Serviced by Parking Facilities Fund</p>	-	2,416,667

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

Other Long-Term Obligations (continued)

	Governmental activities	Business-Type activities
\$949,150 installment agreement executed in June 2013 for a portion of the costs of a roll-out cart recycling program; principal payments due semiannually on June 1 and December 1 in 9 installments of \$95,000 and one installment of \$94,150 plus interest at 1.28 percent through June 1, 2018.		
Serviced by Solid Waste Management Fund	\$ -	\$ 949,150
	\$ 14,559,692	\$ 3,365,817
Other Long-Term Obligations Serviced By:		
Debt Service Fund	\$ 14,559,692	\$ -
Parking Facilities Fund	-	2,416,667
Solid Waste Management Fund	-	949,150
	\$ 14,559,692	\$ 3,365,817

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

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2014	\$ 753,058	\$ 593,086	\$ 355,817	\$ 104,957
2015	753,058	563,025	356,667	96,791
2016	753,058	539,269	356,667	87,742
2017	753,058	512,997	356,667	78,694
2018	753,058	486,655	356,667	69,645
2019-2023	4,440,287	1,949,379	833,333	239,853
2024-2028	4,890,287	939,393	750,000	74,438
2034-2038	1,463,828	87,038	-	-
	\$ 14,559,692	\$ 5,670,842	\$ 3,365,817	\$ 752,120

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)

June 30, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

Interest Rate Swap Agreement

Objective of the interest rate swap. As a means to lower its borrowing costs and increase its savings, when compared against fixed-rate refunding bonds at the time of issuance in February 2002; the City entered into a pay-fixed, receive variable interest rate swap in connection with its \$28,825,000 Variable Rate General Obligation Refunding Bonds, Series 2002. The intention of the swap agreement was to effectively change the City's interest rate on the bonds to a synthetic fixed rate of 3.815%. The swap is accounted for as a cash flow hedge and is determined to be effective using the synthetic instrument method.

Terms. The bonds and the related swap agreement mature on June 1, 2015 and the swap's notional amount of \$5,255,000 at June 30, 2013 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 an accumulated decrease in (negative) fair value of \$284,174 as of June 30, 2013 which is reported on the government-wide Statement of Net Position 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, 2013, 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, 2013 of 3.75%. As of June 30, 2013, the rate on the City's Bonds was .06% whereas 67% of LIBOR was .13%

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, 2013

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, 2013, 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.

Ending June 30	Principal	Interest	Swap, Net	Total
2014	\$ 2,900,000	\$ 3,153	\$ 193,657	\$ 3,096,810
2015	2,355,000	1,413	86,786	2,443,199
	\$ 5,255,000	\$ 4,566	\$ 280,443	\$ 5,540,009

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, 2013:

Governmental Activities:

Interest rate swaps:

Effective cash flow hedge:

	Notional Value June 30, 2013	Fair Value July 1, 2012	Additions	Reductions	Fair Value June 30, 2013
2002 pay-fixed, receive variable interest rate swap	\$ 5,255,000	\$ (555,134)	\$ 270,960	\$ -	\$ (284,174)

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, 2013 amounts to \$1,020,448,849 resulting in a legal debt margin of \$826,563,340.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2013

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 2013 were as follows:

	Balance July 1, 2012 *	Additions	Reductions	Balance June 30, 2013	Due Within One Year
General obligation bonds	\$ 33,565,000	\$ -	\$ (4,575,000)	\$ 28,990,000	\$ 4,800,000
Installment obligations	152,918,750	-	(7,203,250)	145,715,500	7,362,500
Other long-term obligations	15,312,750	-	(753,058)	14,559,692	753,058
Less deferred amounts:					
For issuance discount	(36,997)	-	-	(36,997)	-
Plus deferred amounts:					
For issuance premium	6,055,287	-	(435,743)	5,619,544	-
Compensated absences	5,835,423	4,229,227	(4,000,818)	6,063,832	4,125,451
Net pension obligation	540,407	536,875	(250,000)	827,282	-
Other postemployment benefits	<u>8,206,685</u>	<u>4,776,842</u>	<u>(1,310,720)</u>	<u>11,672,807</u>	<u>-</u>
Governmental activity long-term liabilities	<u>\$222,397,305</u>	<u>\$ 9,542,944</u>	<u>\$(18,528,589)</u>	<u>\$213,411,660</u>	<u>\$ 17,041,009</u>

* The balance in the prior years column excludes deferred amounts on refunding. Deferred amounts for loss on refunded debt have been reclassified as deferred outflows of resources pursuant to GASB Statement No. 65.

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, \$65,703 of internal service funds' compensated absences and \$157,880 in other postemployment benefits are included in the above amounts. Also, for the governmental activities, compensated absences are generally liquidated by the general fund.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2013

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 business-type activities during fiscal year 2013 were as follows:

	Balance July 1, 2012 *	Additions	Reductions	Balance June 30, 2013	Due Within One Year
Revenue bonds	\$ 12,160,000	\$ -	\$ (480,000)	\$ 11,680,000	\$ 500,000
Installment obligations	6,971,250	-	(461,750)	6,509,500	432,500
Other long-term obligations	-	3,449,150	(83,333)	3,365,817	355,817
Plus deferred amounts:					
For issuance premium	1,302,110	-	(93,024)	1,209,086	-
Compensated absences	514,926	593,215	(599,104)	509,037	350,177
Other postemployment benefits	1,354,557	811,338	(90,389)	2,075,506	-
Business-type activity long-term liabilities	<u>\$ 22,302,843</u>	<u>\$ 4,853,703</u>	<u>\$ (1,807,600)</u>	<u>\$ 25,348,946</u>	<u>\$ 1,638,494</u>

* The balance in the prior years column excludes deferred amounts on refunding. Deferred amounts for loss on refunded debt have been reclassified as deferred outflows of resources pursuant to GASB Statement No. 65.

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; which was amended to extend the agreement until October 31, 2015. 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. For the year ended June 30, 2013, the City paid \$105,564 for this service. The City's obligation for the year ending June 30, 2014 is \$107,675 and per the agreement the FY 2015 and FY 2016 obligations will be adjusted based on the CPI-U-South Region index.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

COMMITMENTS AND CONTINGENCIES (continued)

The City's Second Street, Market Street, and Water Street Parking Decks, and the Second Street and Hannah Block parking lots 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, 2013 the City paid \$1,141,989 for these services. The remaining contract extension costs are \$679,211 through January 2014. The City is in the process of reviewing proposals for Parking Management which will be awarded after December 2013.

The Authority retains a transit management company to provide management and operational services for the public transportation system. For the year ended June 30, 2013, 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, 2013, the Authority incurred management fees totaling \$342,312. The contract with FTI is for one more year and provides for minimum payments of \$373,927 for the period ending June 30, 2014.

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 15th of 2013, the sixth year after occupancy. In the seventh through tenth years following occupancy (2015-2018), a total of 1,000 additional jobs must be provided and the direct investment must exceed \$80 million. The new jobs are in addition to the benchmark employment of 1,000 jobs that existed prior to the incentive agreement. The incentive agreement includes a reduced payment provision based on a weighted average of direct investment and employment.

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, 2013 are as follows:

General Fund	\$ 1,785,887
Special Purpose Fund	391,439
Streets and Sidewalks Fund	10,791,869
Building Improvements Fund	401,004
Solid Waste Management Fund	55,469
Storm Water Management Fund	1,189,571
Parking Facilities Fund	108,646
Nonmajor Governmental Funds	1,681,991
Nonmajor Golf Fund	11,510
Internal Service Funds	374,903
Total encumbrances	<u>\$ 16,792,292</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2013

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, 2013.

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, 2013, are as follows:

	General Fund
Receivable fund	\$ 525,665
Payable fund:	
Nonmajor Governmental Funds	\$ 256,021
Fiduciary Funds	2,977
Component Unit	266,667
Total	\$ 525,665

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.

The City provided an advance to the Authority of \$266,667 in May 2014 in accordance with the amended interlocal agreement between the City and the Authority as further described in Note 1.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

C. INTERFUND BALANCES AND ACTIVITY (continued)

Interfund transfers for the year ended June 30, 2013 were as follows:

	General Fund	Special Purpose Fund	Streets and Sidewalks Fund	Debt Service Fund	Nonmajor Governmental Funds	Solid Waste Management Fund	Storm Water Management Fund	Internal Service Funds	Total	Governmental Activities Capital Assets
Transfers out	<u>\$10,492,027</u>	<u>\$ 43,449</u>	<u>\$ 450,199</u>	<u>\$ 2,442,811</u>	<u>\$ 244,358</u>	<u>\$ 8,376</u>	<u>\$ 64,303</u>	<u>\$ 1,474,774</u>	<u>\$15,220,297</u>	<u>\$ 115,608</u>
Transfers in:										
General Fund	\$ -	\$ -	\$ 50,199	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,199	\$ -
Special Purpose Fund	587,444	-	-	-	82,460	-	-	-	669,904	-
Streets and Sidewalks Fund	-	-	-	1,514,152	-	-	50,000	-	1,564,152	-
Building Improvements Fund	-	43,449	400,000	86,600	-	-	-	-	530,049	-
Debt Service Fund	9,334,832	-	-	-	-	-	-	-	9,334,832	-
Nonmajor Governmental Funds	-	-	-	-	161,898	-	-	-	161,898	-
Parks and Recreation Fund	61,435	-	-	40,000	-	-	-	-	101,435	-
Public Improvement Fund	28,316	-	-	-	-	-	-	-	28,316	-
Parking Facilities Fund	-	-	-	802,059	-	-	-	-	802,059	-
Internal Service Funds	<u>480,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,924</u>	<u>-</u>	<u>485,924</u>	<u>115,608</u>
Total	<u>\$10,492,027</u>	<u>\$ 43,449</u>	<u>\$ 450,199</u>	<u>\$ 2,442,811</u>	<u>\$ 244,358</u>	<u>\$ -</u>	<u>\$ 55,924</u>	<u>\$ -</u>	<u>\$13,728,768</u>	<u>\$ 115,608</u>
Governmental Activities Capital Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,376</u>	<u>\$ 8,379</u>	<u>\$ 1,474,774</u>	<u>\$ 1,491,529</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.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2013

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. 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, 2013, such interfund premiums did not exceed reimbursable expenditures.

MEDICAL SELF-INSURANCE PROGRAM

The City has contracted with Blue Cross and Blue Shield of North Carolina to administer its group medical self-insurance program. In addition, the City has a contract with Blue Cross and Blue Shield of North Carolina to provide for individual stop-loss above a specified amount which provides a method by which the group limits claims charged to its account. The specific stop-loss provides that during any one contract period the total accumulated claims expense paid for any one participant above \$150,000 will not be charged to the group during the remainder of that contract period for that participant.

As of June 30, 2013, the City has recorded a liability of \$541,618 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>2012</u>	<u>2013</u>
Unpaid claims, beginning	\$ 587,145	\$ 548,574
Incurred claims (including IBNRs)	8,114,062	7,853,856
Claim payments	<u>(8,152,633)</u>	<u>(7,860,812)</u>
Unpaid claims, ending, due within one year	<u>\$ 548,574</u>	<u>\$ 541,618</u>

DENTAL AND VISION SELF-INSURANCE PROGRAMS

As of June 30, 2013, 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 dental program and Ameritas Life Insurance Corporation to administer the vision program. As of June 30, 2013, the City has recorded a liability of \$18,920 and \$1,620 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.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)

June 30, 2013

NOTE 4 – RISK MANAGEMENT (continued)

DENTAL AND VISION SELF-INSURANCE PROGRAMS (continued)

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

	<u>2012</u>	<u>2013</u>
Unpaid claims, beginning	\$ 55,066	\$ 21,536
Incurred claims (including IBNRs)	370,254	435,236
Claim payments	<u>(403,784)</u>	<u>(437,852)</u>
Unpaid claims, ending, due within one year	<u>\$ 21,536</u>	<u>\$ 18,920</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.

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 \$400,000 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 (\$400,000/\$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, 2013, the City has recorded a liability of \$836,947 for estimated claims in accordance with the guidelines of GASB Statement No. 10, which requires that a liability for claims be reported if it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Claim liabilities include an amount for claims that have been incurred but not reported (IBNR) and are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors.

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

	<u>2012</u>	<u>2013</u>
Unpaid claims, beginning	\$ 393,654	\$ 916,082
Incurred claims (including IBNRs)	1,527,795	1,128,973
Claim payments	<u>(1,005,367)</u>	<u>(1,208,108)</u>
Unpaid claims, ending, due within one year	<u>\$ 916,082</u>	<u>\$ 836,947</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)

June 30, 2013

NOTE 4 – RISK MANAGEMENT (continued)

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.

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 employees that have access to \$100 or more at any given time of the Authority's funds are performance bonded through a commercial surety bond. The Director of Finance is individually bonded for \$250,000.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2013

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, 2013, the Authority was a defendant in various lawsuits. In the opinion of the Authority's management, 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.

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, 2013. 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 ended June 30, 2013, the City recognized \$2,582,709 in tax revenue as result of the tax levy with a total of \$20,699,092 collected since the levy was enacted.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2013

NOTE 5 – SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES (continued)

D. ROOM OCCUPANCY AND TOURISM DEVELOPMENT TAX (continued)

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.

NOTE 7 – SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS

The City entered into an incentive agreement in July 2013 with Castle Branch, Inc. to provide incentive payments to the company in exchange for the company's commitment to construct, equip and staff its world headquarters in the City. Castle Branch is required to make a direct investment in the facility of at least \$9 million and to provide 400 new full time equivalent employees with an average annual compensation of \$35,000 per year by fiscal year 2019. The City's obligation under the agreement is \$50,000 per year for five years commencing when Castle Branch secures a Certificate of Occupancy and demonstrates that the minimum required levels of new full time employees have been hired and the minimum level of direct investment has been attained. The \$50,000 annual incentive is divided into two separate payments of: \$25,000 Direct Investment and \$25,000 New Full Time Equivalent Employees.

The City entered into an incentive agreement in November 2013 with Live Oak Bancshares, Inc. to provide incentive payments to the company in exchange for the company's commitment to construct, equip and staff a new facility in the City. Live Oak Bancshares is required to make a direct investment in the facility of at least \$16 million and to provide 120 new full time equivalent employees with an average annual compensation of \$80,000 per year by fiscal year 2019. The City's obligation under the agreement is \$50,000 per year for five years commencing when Live Oak Bancshares secures a Certificate of Occupancy and demonstrates that the minimum required levels of new full time employees have been hired and the minimum level of direct investment has been attained. The \$50,000 annual incentive is divided into two separate payments of: \$25,000 Direct Investment and \$25,000 New Full Time Equivalent Employees.

In December 2013, the City purchased 6.63 acres along the northern downtown riverfront for \$3,861,408. This acquisition is part of a long term plan and is anticipated to be an economic development opportunity that will respond to the increasing number of groups seeking locations to have public events, charitable fund raisers and community gatherings in the downtown urban setting.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2013

NOTE 8 – CHANGE IN ACCOUNTING PRINCIPLES/RESTATEMENT

The City implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement No. 65, *Items Previously Reported as Assets and Liabilities*, in the fiscal year ended June 30, 2013. In accordance with GASB Statement No. 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Under Statement No. 63, items on the Statement of Net Position are now classified into Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position. Certain Deferred Outflows and Inflows can exist in balance sheets presented. The implementation of Statement No. 63 only changed terminology used at the City.

The GASB Statement No. 65 requires, among other things, that bond issuance costs, which were previously deferred and amortized, be included in current expenses. Accounting changes adopted to conform to the provisions of Statement No. 65 are to be applied retroactively and reported as a restatement of beginning net position. Previously deferred bond issuance costs totaling \$1,871,568 were recognized as an adjustment to beginning net position in the governmental activities column of the government-wide Statement of Net Position in the current year. As a result, beginning net position of governmental activities decreased from \$272,240,773 to \$270,369,205. Previously deferred bond issuance costs totaling \$285,378 were recognized as an adjustment to beginning net position in the business-type activities column of the government-wide Statement of Net Position in the current year. As a result, beginning net position of government-wide business-type activities decreased from \$43,664,505 to \$43,379,127. Previously deferred bond issuance costs totaling \$214,174 and \$71,204 were recognized as an adjustment to beginning net position in the Major Storm Water Management Fund and the Major Parking Facilities Fund, respectively, on the Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds. As a result, beginning net position of the Major Storm Water Management Fund and the Major Parking Facilities Fund decreased from \$30,908,478 to \$30,694,304, and \$7,174,260 to \$7,103,056, respectively.

Deferred charges resulting from loss on refundings, previously reported as liabilities, are now reported as deferred outflows of resources. Additionally, certain items previously reported as liabilities are now reported as deferred inflows of resources. The items are detailed in Note 3.

NOTE 9 – PRONOUNCEMENTS ISSUED, NOT YET EFFECTIVE

The GASB has issued pronouncements prior to June 30, 2013 that have effective dates that may impact future financial presentations.

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

- GASB Statement No. 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 No. 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 No. 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.
- GASB Statement No. 69 – “Government Combinations and Disposals of Government Operations” will be effective for the City beginning with its year ending June 30, 2015.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)

June 30, 2013

NOTE 9 – PRONOUNCEMENTS ISSUED, NOT YET EFFECTIVE (continued)

- GASB Statement No. 70 – “Accounting and Financial Reporting for Nonexchange Financial Guarantees” will be effective for the City beginning with its year ending June 30, 2014.

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)
12-31-03	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
12-31-12	1,035,723	5,667,108	4,631,385	18.28	12,955,959	35.75

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>
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
2013	543,485	46.0

Notes to the Required Schedules:

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

Valuation date	12-31-2012
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	18 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
2013	5,737,392	24.4

Notes to the Required Schedules:

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

Valuation date	12-31-2011
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, 2013

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents/investments	\$ 1,210,258	\$ 918,847	\$ 2,129,105
Other receivables	412	319	731
Due from other governments	417,818	608,988	1,026,806
Assets held for resale	39,414	-	39,414
Notes receivable	16,460,208	-	16,460,208
Prepays	8,102	-	8,102
Restricted assets:			
Due from other governments	<u> -</u>	<u>3,658,774</u>	<u>3,658,774</u>
Total assets	<u>\$ 18,136,212</u>	<u>\$ 5,186,928</u>	<u>\$ 23,323,140</u>
 LIABILITIES			
Accounts payable	\$ 68,482	\$ 85,906	\$ 154,388
Due to other funds	256,021	-	256,021
Accrued liabilities	28,016	-	28,016
Customer and escrow deposits	<u>218,395</u>	<u> -</u>	<u>218,395</u>
Total liabilities	<u>570,914</u>	<u>85,906</u>	<u>656,820</u>
 DEFERRED INFLOWS OF RESOURCES	<u>20,431</u>	<u> -</u>	<u>20,431</u>
 FUND BALANCES			
Non Spendable:			
Prepays	8,102	-	8,102
Restricted:			
Stabilization by State statute	1,262,734	5,008,756	6,271,490
Community development loans	17,491,292	-	17,491,292
Public safety	126,420	-	126,420
Committed:			
Capital projects	-	92,266	92,266
Unassigned (deficit)	<u>(1,343,681)</u>	<u> -</u>	<u>(1,343,681)</u>
Total fund balances	<u>17,544,867</u>	<u>5,101,022</u>	<u>22,645,889</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 18,136,212</u>	<u>\$ 5,186,928</u>	<u>\$ 23,323,140</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

June 30, 2013

	Community Development Fund	Home Investment Partnership Fund	Rental Rehabilitation Loan Fund	Commercial Loan Fund	Rehabilitation Loan Fund
ASSETS					
Cash and cash equivalents/investments	\$ 17,223	\$ 4,911	\$ 51,621	\$ -	\$ 347,280
Other receivables	-	-	18	-	132
Due from other governments	129,476	191,942	-	-	-
Assets held for resale	-	-	-	-	39,414
Notes receivable	-	7,231,560	155,335	996,646	2,966,254
Prepays	<u>7,007</u>	<u>1,095</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 153,706</u>	<u>\$ 7,429,508</u>	<u>\$ 206,974</u>	<u>\$ 996,646</u>	<u>\$ 3,353,080</u>
LIABILITIES					
Accounts payable	\$ 65,397	\$ -	\$ -	\$ -	\$ 2,179
Due to other funds	64,079	191,942	-	-	-
Accrued liabilities	24,230	3,786	-	-	-
Customer and escrow deposits	<u>-</u>	<u>74,670</u>	<u>843</u>	<u>395</u>	<u>109,526</u>
Total liabilities	<u>153,706</u>	<u>270,398</u>	<u>843</u>	<u>395</u>	<u>111,705</u>
DEFERRED INFLOWS OF RESOURCES					
	<u>-</u>	<u>173</u>	<u>343</u>	<u>-</u>	<u>427</u>
FUND BALANCES					
Non Spendable:					
Prepays	7,007	1,095	-	-	-
Restricted:					
Stabilization by State statute	332,114	930,620	-	-	-
Community development loans	-	7,231,387	205,788	996,646	3,240,948
Public safety	-	-	-	-	-
Unassigned (deficit)	<u>(339,121)</u>	<u>(1,004,165)</u>	<u>-</u>	<u>(395)</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>7,158,937</u>	<u>205,788</u>	<u>996,251</u>	<u>3,240,948</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 153,706</u>	<u>\$ 7,429,508</u>	<u>\$ 206,974</u>	<u>\$ 996,646</u>	<u>\$ 3,353,080</u>

CDBG HOP Loan Fund	GF HOP Loan Fund	Economic Development Loan Fund	Firemen's Relief Fund	Firemen's Benefit Fund	Total Nonmajor Special Revenue Funds
\$ 138,232	\$ 354,335	\$ 266,645	\$ 14,955	\$ 15,056	\$ 1,210,258
38	122	93	4	5	412
-	-	-	96,400	-	417,818
-	-	-	-	-	39,414
1,764,956	3,217,650	127,807	-	-	16,460,208
-	-	-	-	-	8,102
<u>\$ 1,903,226</u>	<u>\$ 3,572,107</u>	<u>\$ 394,545</u>	<u>\$ 111,359</u>	<u>\$ 15,061</u>	<u>\$ 18,136,212</u>
\$ 374	\$ 43	\$ 489	\$ -	\$ -	\$ 68,482
-	-	-	-	-	256,021
-	-	-	-	-	28,016
<u>6,869</u>	<u>25,877</u>	<u>215</u>	<u>-</u>	<u>-</u>	<u>218,395</u>
<u>7,243</u>	<u>25,920</u>	<u>704</u>	<u>-</u>	<u>-</u>	<u>570,914</u>
-	444	19,044	-	-	20,431
-	-	-	-	-	8,102
-	-	-	-	-	1,262,734
1,895,983	3,545,743	374,797	-	-	17,491,292
-	-	-	111,359	15,061	126,420
-	-	-	-	-	(1,343,681)
<u>1,895,983</u>	<u>3,545,743</u>	<u>374,797</u>	<u>111,359</u>	<u>15,061</u>	<u>17,544,867</u>
<u>\$ 1,903,226</u>	<u>\$ 3,572,107</u>	<u>\$ 394,545</u>	<u>\$ 111,359</u>	<u>\$ 15,061</u>	<u>\$ 18,136,212</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

June 30, 2013

	Parks and Recreation Fund	Public Improvements Fund	Total Nonmajor Capital Projects Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents/investments	\$ 915,079	\$ 3,768	\$ 918,847
Other receivables	319	-	319
Due from other governments	557,979	51,009	608,988
Restricted assets:			
Due from other governments	<u>3,658,774</u>	<u>-</u>	<u>3,658,774</u>
Total assets	<u>\$ 5,132,151</u>	<u>\$ 54,777</u>	<u>\$ 5,186,928</u>
 LIABILITIES			
Accounts payable	<u>\$ 84,032</u>	<u>\$ 1,874</u>	<u>\$ 85,906</u>
 FUND BALANCES			
Restricted:			
Stabilization by State statute	4,957,747	51,009	5,008,756
Committed:			
Capital projects	<u>90,372</u>	<u>1,894</u>	<u>92,266</u>
Total fund balances	<u>5,048,119</u>	<u>52,903</u>	<u>5,101,022</u>
Total liabilities and fund balances	<u>\$ 5,132,151</u>	<u>\$ 54,777</u>	<u>\$ 5,186,928</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2013

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Restricted intergovernmental	\$ 1,825,080	\$ 734,293	\$ 2,559,373
Investment earnings	2,589	3,829	6,418
Net decrease in fair value of investments	(7,595)	(6,243)	(13,838)
Donations	-	620,184	620,184
Miscellaneous	<u>118,649</u>	<u>-</u>	<u>118,649</u>
Total revenues	<u>1,938,723</u>	<u>1,352,063</u>	<u>3,290,786</u>
Expenditures:			
General government	106,098	-	106,098
Public safety	76,644	309,853	386,497
Economic and physical development	775,958	-	775,958
Cultural and recreational	<u>-</u>	<u>1,988,758</u>	<u>1,988,758</u>
Total expenditures	<u>958,700</u>	<u>2,298,611</u>	<u>3,257,311</u>
Excess (deficiency) of revenues over (under) expenditures	<u>980,023</u>	<u>(946,548)</u>	<u>33,475</u>
Other financing sources (uses):			
Transfers from other funds	161,898	129,751	291,649
Transfers to other funds	(244,358)	-	(244,358)
Issuance of other long-term obligations (1)	<u>-</u>	<u>(200,000)</u>	<u>(200,000)</u>
Total other financing uses	<u>(82,460)</u>	<u>(70,249)</u>	<u>(152,709)</u>
Net change in fund balances	897,563	(1,016,797)	(119,234)
Fund balances at beginning of year	<u>16,647,304</u>	<u>6,117,819</u>	<u>22,765,123</u>
Fund balances at end of year	<u>\$ 17,544,867</u>	<u>\$ 5,101,022</u>	<u>\$ 22,645,889</u>

(1) Proceeds totaling \$200,000 related to an interlocal agreement with New Hanover County for the issuance of park development bonds during fiscal year 2010 were reallocated from the Nonmajor Parks and Recreation Fund to the Major Streets and Sidewalks Fund in the current year. In order to maintain the identity of these funds as proceeds from the issuance of debt, this reallocation was recorded as an increase in issuance of other long-term obligations in the Major Streets and Sidewalks Fund offset by a decrease in issuance of other long-term obligations in the Nonmajor Parks and Recreation Fund. This transaction did not increase or decrease City-wide outstanding debt.

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2013

	Community Development Fund	Home Investment Partnership Fund	Rental Rehabilitation Loan Fund	Commercial Loan Fund	Rehabilitation Loan Fund
Revenues:					
Restricted intergovernmental	\$ 717,794	\$ 1,107,286	\$ -	\$ -	\$ -
Investment earnings	-	-	234	-	-
Net decrease in fair value of investments	-	-	(334)	-	(2,455)
Miscellaneous	-	10,604	1,639	-	3,280
Total revenues	<u>717,794</u>	<u>1,117,890</u>	<u>1,539</u>	<u>-</u>	<u>825</u>
Expenditures:					
General government	80,335	25,763	-	-	-
Public safety	-	-	-	-	-
Economic and physical development	703,874	67,604	-	-	4,437
Total expenditures	<u>784,209</u>	<u>93,367</u>	<u>-</u>	<u>-</u>	<u>4,437</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(66,415)</u>	<u>1,024,523</u>	<u>1,539</u>	<u>-</u>	<u>(3,612)</u>
Other financing sources (uses):					
Transfers from other funds	66,415	3,126	-	-	619
Transfers to other funds	-	(619)	(5,558)	(1,007)	(35,676)
Total other financing sources (uses)	<u>66,415</u>	<u>2,507</u>	<u>(5,558)</u>	<u>(1,007)</u>	<u>(35,057)</u>
Net change in fund balances	-	1,027,030	(4,019)	(1,007)	(38,669)
Fund balances at beginning of year	<u>-</u>	<u>6,131,907</u>	<u>209,807</u>	<u>997,258</u>	<u>3,279,617</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 7,158,937</u>	<u>\$ 205,788</u>	<u>\$ 996,251</u>	<u>\$ 3,240,948</u>

CDBG HOP Loan Fund	GF HOP Loan Fund	Economic Development Loan Fund	Firemen's Relief Fund	Firemen's Benefit Fund	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,825,080
-	1,515	589	195	56	2,589
(648)	(2,181)	(1,790)	(98)	(89)	(7,595)
<u>167</u>	<u>281</u>	<u>6,278</u>	<u>96,400</u>	<u>-</u>	<u>118,649</u>
<u>(481)</u>	<u>(385)</u>	<u>5,077</u>	<u>96,497</u>	<u>(33)</u>	<u>1,938,723</u>
-	-	-	-	-	106,098
-	-	-	-	76,644	76,644
<u>-</u>	<u>43</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>775,958</u>
<u>-</u>	<u>43</u>	<u>-</u>	<u>-</u>	<u>76,644</u>	<u>958,700</u>
<u>(481)</u>	<u>(428)</u>	<u>5,077</u>	<u>96,497</u>	<u>(76,677)</u>	<u>980,023</u>
-	-	-	-	91,738	161,898
<u>-</u>	<u>(27,300)</u>	<u>(82,460)</u>	<u>(91,738)</u>	<u>-</u>	<u>(244,358)</u>
<u>-</u>	<u>(27,300)</u>	<u>(82,460)</u>	<u>(91,738)</u>	<u>91,738</u>	<u>(82,460)</u>
(481)	(27,728)	(77,383)	4,759	15,061	897,563
<u>1,896,464</u>	<u>3,573,471</u>	<u>452,180</u>	<u>106,600</u>	<u>-</u>	<u>16,647,304</u>
<u>\$ 1,895,983</u>	<u>\$ 3,545,743</u>	<u>\$ 374,797</u>	<u>\$ 111,359</u>	<u>\$ 15,061</u>	<u>\$ 17,544,867</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2013

	<u>Parks and Recreation Fund</u>	<u>Public Improvements Fund</u>	<u>Total Nonmajor Capital Projects Funds</u>
Revenues:			
Restricted intergovernmental	\$ 515,398	\$ 218,895	\$ 734,293
Investment earnings	3,829	-	3,829
Net decrease in fair value of investments	(6,243)	-	(6,243)
Donations	<u>620,184</u>	<u>-</u>	<u>620,184</u>
Total revenues	<u>1,133,168</u>	<u>218,895</u>	<u>1,352,063</u>
Expenditures:			
Public safety	-	309,853	309,853
Cultural and recreational	<u>1,988,758</u>	<u>-</u>	<u>1,988,758</u>
Total expenditures	<u>1,988,758</u>	<u>309,853</u>	<u>2,298,611</u>
Excess of expenditures over revenues	<u>(855,590)</u>	<u>(90,958)</u>	<u>(946,548)</u>
Other financing sources (uses):			
Transfers from other funds	101,435	28,316	129,751
Issuance of other long-term obligations (1)	<u>(200,000)</u>	<u>-</u>	<u>(200,000)</u>
Total other financing sources (uses)	<u>(98,565)</u>	<u>28,316</u>	<u>(70,249)</u>
Net change in fund balances	(954,155)	(62,642)	(1,016,797)
Fund balances at beginning of year	<u>6,002,274</u>	<u>115,545</u>	<u>6,117,819</u>
Fund balances at end of year	<u>\$ 5,048,119</u>	<u>\$ 52,903</u>	<u>\$ 5,101,022</u>

(1) Proceeds totaling \$200,000 related to an interlocal agreement with New Hanover County for the issuance of park development bonds during fiscal year 2010 were reallocated from the Nonmajor Parks and Recreation Fund to the Major Streets and Sidewalks Fund in the current year. In order to maintain the identity of these funds as proceeds from the issuance of debt, this reallocation was recorded as an increase in issuance of other long-term obligations in the Major Streets and Sidewalks Fund offset by a decrease in issuance of other long-term obligations in the Nonmajor Parks and Recreation Fund. This transaction did not increase or decrease City-wide outstanding debt.

CITY OF WILMINGTON, NORTH CAROLINA

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

June 30, 2013

	Law Enforcement Officers' Pension Trust Fund	Other Postemployment Benefits	Total Pension Trust Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents/investments	\$ 1,137,508	\$ 355,166	\$ 1,492,674
Other receivables	829	-	829
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>1,138,337</u>	<u>355,166</u>	<u>1,493,503</u>
 LIABILITIES			
Accounts payable	-	675	675
Due to General Fund	-	2,977	2,977
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>3,652</u>	<u>3,652</u>
 NET POSITION			
Assets held in trust for pension and other postemployment benefits	<u>\$ 1,138,337</u>	<u>\$ 351,514</u>	<u>\$ 1,489,851</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2013

	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	\$ 1,401,109	\$ 1,651,109
Plan members	-	289,515	289,515
Total contributions	<u>250,000</u>	<u>1,690,624</u>	<u>1,940,624</u>
Investment earnings	5,422	181	5,603
Net decrease in fair value of investments	<u>(7,464)</u>	<u>-</u>	<u>(7,464)</u>
Total additions	<u>247,958</u>	<u>1,690,805</u>	<u>1,938,763</u>
Deductions:			
Benefits	295,053	1,553,079	1,848,132
Administrative expense	<u>-</u>	<u>143,222</u>	<u>143,222</u>
Total deductions	<u>295,053</u>	<u>1,696,301</u>	<u>1,991,354</u>
Change in net position	(47,095)	(5,496)	(52,591)
Net position at beginning of year	<u>1,185,432</u>	<u>357,010</u>	<u>1,542,442</u>
Net position at end of year	<u>\$ 1,138,337</u>	<u>\$ 351,514</u>	<u>\$ 1,489,851</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2013

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2013</u>
CHDO Proceeds Fund				
Assets:				
Cash and cash equivalents/ investments	\$ 279,843	\$ 76,617	\$ 42,059	\$ 314,401
Other receivables	<u>147</u>	<u>109</u>	<u>147</u>	<u>109</u>
Total assets	<u>\$ 279,990</u>	<u>\$ 76,726</u>	<u>\$ 42,206</u>	<u>\$ 314,510</u>
Liabilities:				
Accounts payable	\$ -	\$ 56	\$ -	\$ 56
Escrow funds and deposits	<u>279,990</u>	<u>76,670</u>	<u>42,206</u>	<u>314,454</u>
Total liabilities	<u>\$ 279,990</u>	<u>\$ 76,726</u>	<u>\$ 42,206</u>	<u>\$ 314,510</u>
Law Enforcement Seizure Fund				
Assets:				
Cash and cash equivalents	<u>\$ 125,399</u>	<u>\$ 63,123</u>	<u>\$ 13,034</u>	<u>\$ 175,488</u>
Liabilities:				
Escrow funds and deposits	<u>\$ 125,399</u>	<u>\$ 63,123</u>	<u>\$ 13,034</u>	<u>\$ 175,488</u>
Totals - All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 405,242	\$ 139,740	\$ 55,093	\$ 489,889
Other receivables	<u>147</u>	<u>109</u>	<u>147</u>	<u>109</u>
Total assets	<u>\$ 405,389</u>	<u>\$ 139,849</u>	<u>\$ 55,240</u>	<u>\$ 489,998</u>
Liabilities:				
Accounts payable	\$ -	\$ 56	\$ -	\$ 56
Escrow funds and deposits	<u>405,389</u>	<u>139,793</u>	<u>55,240</u>	<u>489,942</u>
Total liabilities	<u>\$ 405,389</u>	<u>\$ 139,849</u>	<u>\$ 55,240</u>	<u>\$ 489,998</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, 2013
With Comparative Actual Amounts for Year Ended June 30, 2012**

	2013		Variance Positive (Negative)	2012 Actual
	Budget	Actual		
Revenues:				
Ad valorem taxes:				
Current year	\$ 51,140,961	\$ 50,011,705	\$ (1,129,256)	\$ 52,020,321
Prior years	524,914	714,083	189,169	613,455
Penalties and interest	150,000	217,310	67,310	236,095
Total	<u>51,815,875</u>	<u>50,943,098</u>	<u>(872,777)</u>	<u>52,869,871</u>
Other taxes:				
Local option sales tax	16,660,190	17,384,331	724,141	16,543,702
Franchise tax	6,472,120	5,985,128	(486,992)	5,993,214
Video programming sales tax	1,511,854	1,404,639	(107,215)	1,425,834
Rental vehicle tax	150,000	233,079	83,079	209,722
Total	<u>24,794,164</u>	<u>25,007,177</u>	<u>213,013</u>	<u>24,172,472</u>
Unrestricted intergovernmental:				
Beer and wine	465,088	437,407	(27,681)	463,090
ABC revenue	832,320	1,155,556	323,236	1,083,121
Court fees	47,000	34,661	(12,339)	39,156
Total	<u>1,344,408</u>	<u>1,627,624</u>	<u>283,216</u>	<u>1,585,367</u>
Restricted intergovernmental:				
Powell bill	2,742,062	2,832,661	90,599	2,742,253
PEG channel support	15,000	31,409	16,409	32,721
Categorical grants:				
Transportation	285,500	375,727	90,227	293,678
Hurricane disaster assistance	-	24,119	24,119	864,616
Other	225,573	190,264	(35,309)	218,588
Total	<u>3,268,135</u>	<u>3,454,180</u>	<u>186,045</u>	<u>4,151,856</u>
Licenses and permits:				
Privilege licenses	1,870,901	2,262,221	391,320	1,962,112
Motor vehicle licenses	358,278	356,947	(1,331)	349,861
Other permits and fees	270,086	189,166	(80,920)	222,763
Total	<u>2,499,265</u>	<u>2,808,334</u>	<u>309,069</u>	<u>2,534,736</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, 2013
With Comparative Actual Amounts for Year Ended June 30, 2012**

	2013		Variance Positive (Negative)	2012 Actual
	Budget	Actual		
Revenues: (continued)				
Sales and services:				
Recreation department sales and service	\$ 591,628	\$ 722,590	\$ 130,962	\$ 670,556
Other departmental charges	1,772,651	1,908,741	136,090	2,246,372
Total	<u>2,364,279</u>	<u>2,631,331</u>	<u>267,052</u>	<u>2,916,928</u>
Fines and forfeits:				
Fire code violations	7,500	300	(7,200)	13,700
False alarm citations	40,000	102,221	62,221	108,120
Civil citations	<u>51,200</u>	<u>39,620</u>	<u>(11,580)</u>	<u>53,255</u>
Total	<u>98,700</u>	<u>142,141</u>	<u>43,441</u>	<u>175,075</u>
Interest earnings:				
Investment earnings	99,577	152,408	52,831	159,833
Net decrease in fair value of investments	-	(217,605)	(217,605)	-
Interest on liens	<u>-</u>	<u>2,003</u>	<u>2,003</u>	<u>3,634</u>
Total	<u>99,577</u>	<u>(63,194)</u>	<u>(162,771)</u>	<u>163,467</u>
Miscellaneous:				
Sale of real estate, equipment and material	-	25,453	25,453	12,457
Rents	116,750	164,474	47,724	226,034
Other	<u>156,784</u>	<u>148,956</u>	<u>(7,828)</u>	<u>367,833</u>
Total	<u>273,534</u>	<u>338,883</u>	<u>65,349</u>	<u>606,324</u>
 Total revenues	 <u>86,557,937</u>	 <u>86,889,574</u>	 <u>331,637</u>	 <u>89,176,096</u>
Expenditures:				
General government:				
City Council and Clerk		351,984		344,005
City Manager		1,197,906		1,208,285
City Attorney		786,230		771,456
Human Resource Management		594,493		598,756
Finance		1,761,915		1,858,529
Information Technology Services		1,984,923		1,917,535
Contributions to other agencies		873,109		900,339
Nondepartmental		<u>3,194,889</u>		<u>3,890,522</u>
Total	<u>13,293,908</u>	<u>10,745,449</u>	<u>2,548,459</u>	<u>11,489,427</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, 2013
With Comparative Actual Amounts for Year Ended June 30, 2012**

	2013		Variance Positive (Negative)	2012 Actual
	Budget	Actual		
Expenditures: (continued)				
Public safety:				
Police		\$ 24,018,501		\$ 23,595,088
Fire		14,693,046		14,689,002
Total	\$ 40,857,733	38,711,547	\$ 2,146,186	38,284,090
Transportation:				
Development Services		1,319,063		1,301,907
Public Services		4,339,073		4,114,301
Traffic engineering		3,637,577		3,671,622
Streets		1,714,521		1,539,348
Storm water management fee		1,764,682		1,627,935
Total	14,375,796	12,774,916	1,600,880	12,255,113
Cultural and recreational:				
Community Services		1,072,373		1,151,909
Parks and recreation		5,190,624		4,975,309
Total	6,926,634	6,262,997	663,637	6,127,218
Transit system:				
Cape Fear Public Transportation Authority	1,314,360	1,296,849	17,511	1,215,737
Total expenditures	76,768,431	69,791,758	6,976,673	69,371,585
Excess of revenues over expenditures	9,789,506	17,097,816	7,308,310	19,804,511
Other financing sources (uses):				
Operating transfer - in:				
Street and Sidewalks Fund	50,199	50,199	-	-
Operating transfers - out:				
Debt Service Fund	(9,334,832)	(9,334,832)	-	(9,334,832)
Special Purpose Fund	(587,444)	(587,444)	-	(497,846)
CDBG/Home Administration Fund	(202,537)	(161,944)	40,593	(96,566)
Streets and Sidewalks Fund	-	-	-	(1,564,500)
Parks and Recreation Fund	(61,435)	(61,435)	-	(633,650)
Building Improvements Fund	-	-	-	(1,280,000)
Public Improvements Fund	(28,316)	(28,316)	-	(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, 2013
With Comparative Actual Amounts for Year Ended June 30, 2012**

	2013		Variance Positive (Negative)	2012 Actual
	Budget	Actual		
Other financing sources (uses): (continued)				
Operating transfers - out: (continued)				
Parking Facilities Capital Projects Fund	\$ -	\$ -	\$ -	\$ (3,000)
Personal Computer Replacement Fund	(480,000)	(480,000)	-	(480,000)
Total operating transfers - out	<u>(10,694,564)</u>	<u>(10,653,971)</u>	<u>40,593</u>	<u>(13,993,269)</u>
Appropriated fund balance	<u>854,859</u>	<u>-</u>	<u>(854,859)</u>	<u>-</u>
Total other financing uses	<u>(9,789,506)</u>	<u>(10,603,772)</u>	<u>(814,266)</u>	<u>(13,993,269)</u>
Net change in fund balance	<u>\$ -</u>	6,494,044	<u>\$ 6,494,044</u>	5,811,242
Fund balance at beginning of year		36,891,610		31,040,098
Change in reserve for inventories		<u>71,437</u>		<u>40,270</u>
Fund balance at end of year		<u>\$ 43,457,091</u>		<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		161,944		96,566
General government expenditures		(23,819)		(19,924)
Economic and physical development expenditures		(138,125)		(76,642)
Fund balance at beginning of year		<u>-</u>		<u>-</u>
Fund balance at end of year		<u>\$ 43,457,091</u>		<u>\$ 36,891,610</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, 2013

	Grant Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Taxes:					
Room occupancy tax	\$ 20,029,792	\$ 18,116,383	\$ 2,582,709	\$ 20,699,092	\$ 669,300
Restricted intergovernmental:					
Federal grants	6,539,703	5,427,532	1,177,175	6,604,707	65,004
State grants	4,075,851	2,844,603	215,943	3,060,546	(1,015,305)
Other governments	939,412	573,176	319,016	892,192	(47,220)
Total restricted intergovernmental	<u>11,554,966</u>	<u>8,845,311</u>	<u>1,712,134</u>	<u>10,557,445</u>	<u>(997,521)</u>
Investment earnings:					
Investment earnings	330,085	1,835,362	41,963	1,877,325	1,547,240
Net decrease in fair value of investments	-	-	(42,455)	(42,455)	(42,455)
Total investment earnings	<u>330,085</u>	<u>1,835,362</u>	<u>(492)</u>	<u>1,834,870</u>	<u>1,504,785</u>
Donations	<u>238,952</u>	<u>168,582</u>	<u>2,990</u>	<u>171,572</u>	<u>(67,380)</u>
Miscellaneous:					
Red light traffic cameras	4,135,678	3,239,437	892,707	4,132,144	(3,534)
Other program income	500,215	631,277	20,898	652,175	151,960
Sale of Property	25,234	25,235	23,469	48,704	23,470
Total miscellaneous	<u>4,661,127</u>	<u>3,895,949</u>	<u>937,074</u>	<u>4,833,023</u>	<u>171,896</u>
Total revenues	<u>36,814,922</u>	<u>32,861,587</u>	<u>5,234,415</u>	<u>38,096,002</u>	<u>1,281,080</u>
Expenditures:					
General government projects:					
LEAP energy assurance - ARRA	<u>200,000</u>	<u>199,806</u>	-	<u>199,806</u>	<u>194</u>
Public safety projects:					
Santa cop program	1,125	750	-	750	375
Governors Highway Safety Program	523,816	417,932	-	417,932	105,884
SABLE-Helicopter unit	607,139	396,317	193,463	589,780	17,359
Building futures	198,164	198,163	-	198,163	1
Bulletproof vest partnership	88,810	78,310	-	78,310	10,500
Federal forfeiture - SABLE	1,045,075	847,166	145,562	992,728	52,347
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	352,933	276,257	51,429	327,686	25,247
Gang resistance and intervention	874,883	644,547	-	644,547	230,336
Vocational pathways - KMI	241,235	240,735	-	240,735	500
JAG-equipment/NHC - ARRA	602,939	580,120	22,498	602,618	321
COPS hiring - ARRA	2,005,809	1,402,524	278,312	1,680,836	324,973

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, 2013

	Grant Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Totals to Date	
Expenditures: (continued)					
Public safety projects: (continued)					
JAG-DNA database	\$ 146,531	\$ 143,096	\$ -	\$ 143,096	\$ 3,435
COPS equipment - ARRA	40,000	27,743	-	27,743	12,257
Criminal justice improvement	112,594	94,850	-	94,850	17,744
JAG part-time chemist	132,779	94,070	29,221	123,291	9,488
Second chance reentry	300,000	78,011	192,360	270,371	29,629
COPS technology program	315,000	315,000	-	315,000	-
Port security program	270,510	270,510	-	270,510	-
Integrated risk management	28,750	22,252	-	22,252	6,498
Protective order enforcement team	124,047	67,675	-	67,675	56,372
Domestic Enforcement Wilm	117,432	-	73,498	73,498	43,934
Cop camp	7,823	6,373	-	6,373	1,450
Federal forfeiture	1,425,347	1,366,117	23,518	1,389,635	35,712
North Carolina drug tax	497,539	293,026	77,157	370,183	127,356
Court judgments	21,225	14,450	-	14,450	6,775
Project ASSIST	1,000	1,000	-	1,000	-
Total public safety	<u>10,221,810</u>	<u>8,006,995</u>	<u>1,087,018</u>	<u>9,094,013</u>	<u>1,127,797</u>
Transportation projects:					
Metropolitan Planning	68,549	-	17,125	17,125	51,424
Red light traffic cameras	6,013,838	4,435,186	1,262,434	5,697,620	316,218
Fit community initiative	61,550	50,263	-	50,263	11,287
NCDOT Study Pender County	100,000	100,000	-	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	23,741	-	23,741	1,258
Greenway plan	<u>200,000</u>	<u>125,891</u>	<u>74,109</u>	<u>200,000</u>	<u>-</u>
Total transportation	<u>6,508,236</u>	<u>4,760,641</u>	<u>1,353,668</u>	<u>6,114,309</u>	<u>393,927</u>
Economic and physical development projects:					
Homeless plan (10 year)	318,619	260,120	50,000	310,120	8,499
Historic preservation education	24,750	22,776	950	23,726	1,024
Tree mitigation	163,725	125,862	4,188	130,050	33,675
Lead hazard control	382,880	18,968	30,585	49,553	333,327
Urgent repair grant	75,000	70,989	-	70,989	4,011
Rhodes Armed Forces Center	70,000	-	2,646	2,646	67,354
Brownfields program	400,000	12,589	197,455	210,044	189,956
Wilmington Waterfront Plan Study	180,000	-	-	-	180,000
Affordable housing program	1,175,000	1,142,577	9,955	1,152,532	22,468

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, 2013

	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	\$ 80,615	\$ 9,691	\$ 90,306	\$ 23,644
UDAG income projects	1,202,298	1,162,011	31,146	1,193,157	9,141
Trees forever	65,755	6,087	-	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>4,225,693</u>	<u>2,952,227</u>	<u>336,616</u>	<u>3,288,843</u>	<u>936,850</u>
Cultural and recreational projects:					
Dog park development	35,490	19,620	-	19,620	15,870
Riverfront farmers market	58,242	58,242	-	58,242	-
Downtown business alliance	34,170	23,723	6,444	30,167	4,003
Boating infrastructure	114,098	24,915	-	24,915	89,183
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	5,991	-	5,991	159
Total cultural and recreational	<u>403,396</u>	<u>186,294</u>	<u>6,444</u>	<u>192,738</u>	<u>210,658</u>
Total expenditures	<u>21,559,135</u>	<u>16,105,963</u>	<u>2,783,746</u>	<u>18,889,709</u>	<u>2,669,426</u>
Excess of revenues over expenditures	<u>15,255,787</u>	<u>16,755,624</u>	<u>2,450,669</u>	<u>19,206,293</u>	<u>3,950,506</u>
Other financing sources (uses):					
Operating transfers - in:					
UDAG Loan Fund	759,754	759,754	-	759,754	-
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	82,460	168,353	82,460
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	2,661,977	2,047,191	587,444	2,634,635	(27,342)
Total operating transfers - in	<u>5,358,221</u>	<u>4,743,838</u>	<u>669,904</u>	<u>5,413,742</u>	<u>55,521</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, 2013

	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	(17,529,792)	(11,941,561)	(5,218,017)	(17,159,578)	370,214
Building Improvements Fund	(2,500,000)	-	(43,449)	(43,449)	2,456,551
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>(9,539)</u>	-	<u>(9,539)</u>	<u>1</u>
Total operating transfers - out	<u>(20,614,008)</u>	<u>(12,525,761)</u>	<u>(5,261,466)</u>	<u>(17,787,227)</u>	<u>2,826,781</u>
Total other financing uses	<u>(15,255,787)</u>	<u>(7,781,923)</u>	<u>(4,591,562)</u>	<u>(12,373,485)</u>	<u>2,882,302</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 8,973,701</u>	(2,140,893)	<u>\$ 6,832,808</u>	<u>\$ 6,832,808</u>
Fund balance at beginning of year			<u>8,973,701</u>		
Fund balance at end of year			<u>\$ 6,832,808</u>		
A legally budgeted Convention Center Fund is consolidated into the Special Purpose Fund for reporting purposes:					
Sales and services			2,727,574		
Investment earnings			282		
Net decrease in fair value if investmmts			(1,365)		
Transfer from Special Purpose Fund			5,218,017		
Economic and physical development expenditures			(3,561,870)		
Debt service:					
Principal retirement			(1,460,000)		
Interest and other charges			(2,776,773)		
Fund balance at beginning of year			268,091		
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>\$ 7,345,231</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, 2013

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Sales and services:					
Convention center	\$ 4,954,784	\$ 2,769,746	\$ 2,572,462	\$ 5,342,208	\$ 387,424
Parking deck	<u>517,445</u>	<u>180,904</u>	<u>155,112</u>	<u>336,016</u>	<u>(181,429)</u>
Total sales and services	5,472,229	2,950,650	2,727,574	5,678,224	205,995
Investment earnings	120,000	119,518	282	119,800	(200)
Net decrease in fair value of investments	<u>-</u>	<u>-</u>	<u>(1,365)</u>	<u>(1,365)</u>	<u>(1,365)</u>
Total revenues	<u>5,592,229</u>	<u>3,070,168</u>	<u>2,726,491</u>	<u>5,796,659</u>	<u>204,430</u>
Expenditures:					
Economic and physical development project:					
Convention Center operations	9,724,425	5,975,359	3,479,069	9,454,428	269,997
Parking deck operations	<u>346,789</u>	<u>132,830</u>	<u>82,801</u>	<u>215,631</u>	<u>131,158</u>
Total economic and physical development	<u>10,071,214</u>	<u>6,108,189</u>	<u>3,561,870</u>	<u>9,670,059</u>	<u>401,155</u>
Debt service:					
Principal retirement	4,295,000	2,835,000	1,460,000	4,295,000	-
Interest and other charges	14,662,604	11,873,948	2,776,773	14,650,721	11,883
Reserved for debt service	<u>166,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>166,702</u>
Total debt service	<u>19,124,306</u>	<u>14,708,948</u>	<u>4,236,773</u>	<u>18,945,721</u>	<u>178,585</u>
Total expenditures	<u>29,195,520</u>	<u>20,817,137</u>	<u>7,798,643</u>	<u>28,615,780</u>	<u>579,740</u>
Excess of expenditures over revenues	<u>(23,603,291)</u>	<u>(17,746,969)</u>	<u>(5,072,152)</u>	<u>(22,819,121)</u>	<u>784,170</u>
Other financing sources (uses):					
Operating transfers - in:					
Special Purpose Fund	17,529,792	11,941,561	5,218,017	17,159,578	(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>23,603,291</u>	<u>18,015,060</u>	<u>5,218,017</u>	<u>23,233,077</u>	<u>(370,214)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 268,091</u>	145,865	<u>\$ 413,956</u>	<u>\$ 413,956</u>
Fund balance at beginning of year			<u>268,091</u>		
Fund balance at end of year			<u>\$ 413,956</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, 2013

	Grant Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Restricted intergovernmental:					
Federal grants	\$ 12,208,436	\$ 10,868,375	\$ 717,794	\$ 11,586,169	\$ (622,267)
Miscellaneous:					
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	12,681,624	11,351,120	717,794	12,068,914	(612,710)
Expenditures:					
Economic and physical development projects:					
Acquisition		541,000	-	541,000	
Public facilities		1,936,415	168,347	2,104,762	
Disposition		21,910	1,032	22,942	
Demolition		147,546	2,535	150,081	
Domestic Violence		253,000	31,907	284,907	
Shelter for homeless		319,500	-	319,500	
Community Boys Club		150,847	-	150,847	
Community Land Trust		61,997	-	61,997	
Shaw-Speaks Center		14,852	-	14,852	
Lot cleaning		20,000	-	20,000	
Volunteers of America		157,145	-	157,145	
Coastal Horizon Center		-	30,117	30,117	
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		264,266	6,650	270,916	
Amigos International		8,025	-	8,025	
First Fruit Ministries		30,000	7,135	37,135	
Housing counseling		34,910	-	34,910	
Carousel Center		10,000	-	10,000	
Wilmington interfaith network		10,000	-	10,000	
Joint Project		377,154	121,010	498,164	
YWCA - Kids Making It		25,000	-	25,000	
Salvation Army		30,000	-	30,000	
Relocation		98,637	-	98,637	
Energy repairs/housing		345,957	12,476	358,433	

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, 2013

	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		\$ 34,926	\$ -	\$ 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>9,132,899</u>	<u>381,209</u>	<u>9,514,108</u>	
Total expenditures	\$ 9,985,143	<u>9,132,899</u>	<u>381,209</u>	<u>9,514,108</u>	\$ 471,035
Excess of revenues over expenditures	<u>2,696,481</u>	<u>2,218,221</u>	<u>336,585</u>	<u>2,554,806</u>	<u>(141,675)</u>
Other financing sources (uses):					
Operating transfers - in:					
Rental Rehabilitation Loan Fund	156,823	153,514	5,558	159,072	2,249
Commercial Loan Fund	112,697	109,031	1,007	110,038	(2,659)
Rehabilitation Loan Fund	185,366	152,816	32,550	185,366	-
General Fund HOP Loan Fund	<u>27,300</u>	<u>-</u>	<u>27,300</u>	<u>27,300</u>	<u>-</u>
Total operating transfers - in	<u>482,186</u>	<u>415,361</u>	<u>66,415</u>	<u>481,776</u>	<u>(410)</u>
Operating transfers - out:					
Commercial Loan Fund	(1,470,683)	(1,330,610)	-	(1,330,610)	140,073
CDBG/HOME Administration Fund	(1,615,000)	(1,210,000)	(403,000)	(1,613,000)	2,000
Streets and Sidewalks Fund	<u>(92,984)</u>	<u>(92,972)</u>	<u>-</u>	<u>(92,972)</u>	<u>12</u>
Total operating transfers - out	<u>(3,178,667)</u>	<u>(2,633,582)</u>	<u>(403,000)</u>	<u>(3,036,582)</u>	<u>142,085</u>
Total other financing uses	<u>(2,696,481)</u>	<u>(2,218,221)</u>	<u>(336,585)</u>	<u>(2,554,806)</u>	<u>141,675</u>
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -
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			403,000		
General government expenditures			(80,335)		
Economic and physical development expenditures			(322,665)		
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, 2013
With Comparative Actual Amounts for Year Ended June 30, 2012**

	2013		Variance Positive (Negative)	2012 Actual
	Budget	Actual		
Expenditures:				
General government:				
Finance		\$ 129,917		\$ 129,195
Economic and physical development:				
Economic and community development		495,027		432,371
Total expenditures	<u>\$ 667,537</u>	<u>624,944</u>	<u>\$ 42,593</u>	<u>561,566</u>
Other financing sources:				
Operating transfers-in:				
General Fund	202,537	161,944	(40,593)	96,566
Community Development Fund	405,000	403,000	(2,000)	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>667,537</u>	<u>624,944</u>	<u>(42,593)</u>	<u>561,566</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, 2013

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental:					
Federal grants	\$ 8,197,851	\$ 6,007,788	\$ 1,107,286	\$ 7,115,074	\$ (1,082,777)
Miscellaneous	218,842	155,630	-	155,630	(63,212)
Total revenues	<u>8,416,693</u>	<u>6,163,418</u>	<u>1,107,286</u>	<u>7,270,704</u>	<u>(1,145,989)</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>3,577,153</u>	<u>2,965,532</u>	<u>-</u>	<u>2,965,532</u>	<u>611,621</u>
Excess of revenues over expenditures	<u>4,839,540</u>	<u>3,197,886</u>	<u>1,107,286</u>	<u>4,305,172</u>	<u>(534,368)</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	2,078,680	1,872,936	179,727	2,052,663	(26,017)
Total operating transfers - in	<u>2,157,830</u>	<u>2,144,468</u>	<u>179,727</u>	<u>2,324,195</u>	<u>166,365</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, 2013

	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	\$ (240,000)	\$ (180,000)	\$ (60,000)	\$ (240,000)	\$ -
Home Loan Fund	<u>(6,757,370)</u>	<u>(5,162,354)</u>	<u>(1,227,013)</u>	<u>(6,389,367)</u>	<u>368,003</u>
Total operating transfers - out	<u>(6,997,370)</u>	<u>(5,342,354)</u>	<u>(1,287,013)</u>	<u>(6,629,367)</u>	<u>368,003</u>
Total other financing uses	<u>(4,839,540)</u>	<u>(3,197,886)</u>	<u>(1,107,286)</u>	<u>(4,305,172)</u>	<u>534,368</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
Fund balance at beginning of year			-		
Fund balance at end of year			<u>\$ -</u>		
A portion of a legally budgeted CDBG/HOME Grant and Administration Fund is consolidated into the Home Investment Partnership Fund for reporting purposes:					
Transfer from Home Investment Partnership Fund			60,000		
General government expenditures			(25,763)		
Economic and physical development expenditures			(34,237)		
Fund balance at beginning of year			-		
An unbudgeted Home Loan Fund is consolidated into the Home Investment Partnership Fund for reporting purposes:					
Miscellaneous income			10,604		
Transfer from Home Investment Partnership Fund			1,227,013		
Transfer from Rehabilitation Loan Fund			3,126		
Economic and physical development expenditures			(33,367)		
Transfer to Home Investment Partnership Fund			(179,727)		
Transfer to Rehabilitation Loan Fund			(619)		
Fund balance at beginning of year			<u>6,131,907</u>		
Fund balance at end of year			<u>\$ 7,158,937</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, 2013

	Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Restricted intergovernmental	\$ 10,855,127	\$ 4,281,291	\$ 4,827,573	\$ 9,108,864	\$ (1,746,263)
Investment earnings	1,954,381	2,149,621	28,368	2,177,989	223,608
Net decrease in fair value of investments	-	-	(27,084)	(27,084)	(27,084)
Donations	763,290	260,125	-	260,125	(503,165)
Miscellaneous	272,023	272,024	-	272,024	1
Total revenues	13,844,821	6,963,061	4,828,857	11,791,918	(2,052,903)
Expenditures:					
Transportation:					
Water Street/Riverfront improvements	258,764	-	65,070	65,070	193,694
5th Street bridge	651,178	651,177	-	651,177	1
Bridge repairs 2004-05	412,732	204,917	85,328	290,245	122,487
Street rehabilitation 2004-05	13,679,273	2,215,184	391,712	2,606,896	11,072,377
Independence Boulevard phase II	5,977,356	5,977,355	-	5,977,355	1
Intersection improvements	167,459	162,500	-	162,500	4,959
Neighborhood traffic management	1,400,000	1,343,634	-	1,343,634	56,366
Masonboro/Pine Grove intersection	925,330	787,595	122,977	910,572	14,758
Eastwood Road path	29,214	-	-	-	29,214
Military Cutoff preservation maps	800,000	441,329	-	441,329	358,671
Independence Boulevard phase III	3,309,258	-	-	-	3,309,258
North downtown streetscape	6,692,357	6,358,407	-	6,358,407	333,950
North 3rd Street improvements	13,470,260	6,566,646	5,370,112	11,936,758	1,533,502
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	2,530,848	-	2,530,848	243,509
Market/Water Streets bulkhead	1,423,546	1,423,546	-	1,423,546	-
Signal system upgrade	4,998,274	4,949,626	48,648	4,998,274	-
Monkey Junction Annexation	10,159,300	644,816	7,847	652,663	9,506,637
3rd & Ann Street pedestrian improvements	76,500	60,034	-	60,034	16,466
Independence/Park pedestrian crossing	64,123	22,305	37,741	60,046	4,077
Bradley Creek/Safe Routes to School	364,746	6,878	76,912	83,790	280,956
Princess Place/17th to 25th Streets	157,000	-	-	-	157,000
Market Street sidewalks	16,971	-	-	-	16,971
Downtown street improvements	1,254,129	-	-	-	1,254,129
Pocket Park shoreline stabilization	564,200	-	50,042	50,042	514,158
Market Street H-piles stabilization	1,050,338	-	389,457	389,457	660,881
North/South 17th Street	250,000	-	-	-	250,000
Sign inventory and assessment	30,000	-	-	-	30,000
Way finding signage	72,000	-	-	-	72,000
Front/Castle pedestrian improvements	29,500	-	-	-	29,500
College/Peachtree pedestrian crossing	24,500	-	24,409	24,409	91
College/Oleander pedestrian crossing	50,000	-	-	-	50,000
Heidi Trask Walkway	10,000	-	-	-	10,000
Marstellar CSX railroad crossing	15,000	-	14,925	14,925	75
Wooster Street sidewalks	165,000	11,097	1,486	12,583	152,417

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, 2013

	Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Expenditures: (continued)					
Transportation: (continued)					
Randall Parkway widening	\$ 8,989,223	\$ 2,259,188	\$ 3,067,231	\$ 5,326,419	\$ 3,662,804
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	1,970,947	1,148,736	(1,050)	1,147,686	823,261
Pedestrian/Bike Improvements	2,202,941	998,238	17,408	1,015,646	1,187,295
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
Total transportation	<u>87,453,367</u>	<u>40,393,399</u>	<u>9,770,255</u>	<u>50,163,654</u>	<u>37,289,713</u>
Cultural and recreational:					
Water Street/Riverfront improvements	96,357	-	-	-	96,357
Riverwalk North convention center	2,594,625	2,584,345	-	2,584,345	10,280
Riverwalk North marina	8,438,098	3,854,168	836,571	4,690,739	3,747,359
Market/Water Streets bulkhead	388,002	-	28,845	28,845	359,157
Independence/Park Avenue-Gary Shell Cross City Trail	70,089	-	70,089	70,089	-
Riverfront Assessment	1,288,068	156,342	97,771	254,113	1,033,955
Randall Parkway-Gary Shell Cross City Trail	200,000	-	180,181	180,181	19,819
Total cultural and recreational	<u>13,075,239</u>	<u>6,594,855</u>	<u>1,213,457</u>	<u>7,808,312</u>	<u>5,266,927</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>100,779,606</u>	<u>47,139,600</u>	<u>10,983,712</u>	<u>58,123,312</u>	<u>42,656,294</u>
Excess of expenditures over revenues	<u>(86,934,785)</u>	<u>(40,176,539)</u>	<u>(6,154,855)</u>	<u>(46,331,394)</u>	<u>40,603,391</u>
Other financing sources (uses):					
Operating transfers - in:					
General Fund	13,121,788	12,690,041	-	12,690,041	(431,747)
Debt Service fund	3,008,705	-	1,514,152	1,514,152	(1,494,553)
Building Improvements Fund	399,500	399,500	-	399,500	-
Public Improvements Fund	81,729	81,729	-	81,729	-
Storm Water Capital Project Fund	263,970	213,970	50,000	263,970	-
Total operating transfers - in	<u>16,875,692</u>	<u>13,385,240</u>	<u>1,564,152</u>	<u>14,949,392</u>	<u>(1,926,300)</u>
Operating transfers - out:					
General Fund	(1,384,199)	(1,334,000)	(50,199)	(1,384,199)	-
Building Improvements Fund	<u>(900,000)</u>	<u>(500,000)</u>	<u>(400,000)</u>	<u>(900,000)</u>	<u>-</u>
Total operating transfers - out	<u>(2,284,199)</u>	<u>(1,834,000)</u>	<u>(450,199)</u>	<u>(2,284,199)</u>	<u>-</u>

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, 2013

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Other financing sources (uses): (continued)					
Issuance of bonds	\$ 30,298,129	\$ 26,988,872	\$ -	\$ 26,988,872	\$ (3,309,257)
Issuance of installment obligations	41,179,719	14,683,000	-	14,683,000	(26,496,719)
Issuance of other long-term obligations	200,000	-	200,000	200,000	-
Premium on bonds	488,021	488,020	-	488,020	(1)
Premium on installment obligations	<u>177,423</u>	<u>177,422</u>	-	<u>177,422</u>	<u>(1)</u>
Total other financing sources	<u>86,934,785</u>	<u>53,888,554</u>	<u>1,313,953</u>	<u>55,202,507</u>	<u>(31,732,278)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 13,712,015</u>	(4,840,902)	<u>\$ 8,871,113</u>	<u>\$ 8,871,113</u>
Fund balance at beginning of year			<u>13,712,015</u>		
Fund balance at end of year			<u>\$ 8,871,113</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, 2013

	Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Restricted intergovernmental	\$ 10,486,313	\$ 8,929,294	\$ 515,398	\$ 9,444,692	\$ (1,041,621)
Investment earnings	597,484	692,577	3,829	696,406	98,922
Net decrease in fair value of investments	-	-	(6,243)	(6,243)	(6,243)
Donations	985,289	542,704	620,184	1,162,888	177,599
Total revenues	12,069,086	10,164,575	1,133,168	11,297,743	(771,343)
Expenditures:					
Cultural and recreational:					
Park facility improvements 2004-05	1,288,327	841,734	239,106	1,080,840	207,487
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	300,000	45,563	175,834	221,397	78,603
Dobo Park property	745,590	745,588	-	745,588	2
Annexation parks	6,960	6,960	-	6,960	-
Olsen Park Phase I	8,784,990	8,543,722	4,675	8,548,397	236,593
Greenfield Park amphitheater	1,248,429	1,247,943	-	1,247,943	486
Cross city trail system	7,841,985	5,065,315	856,030	5,921,345	1,920,640
10th & Fanning park development	75,000	-	-	-	75,000
Tennis complex	1,769,985	1,693,375	13,276	1,706,651	63,334
Love Grove Park	818,109	818,106	-	818,106	3
Park land purchase	1,151,339	81,520	2,850	84,370	1,066,969
Dram tree boat ramp	938,573	861,282	67,417	928,699	9,874
Legion Stadium turf improvements	979,396	842,634	-	842,634	136,762
Inland Greens acquisition	1,973,000	642,723	77,834	720,557	1,252,443
HUD Open Spaces initiative	267,500	42,586	204,913	247,499	20,001
MLK Center improvements	30,000	11,751	-	11,751	18,249
Seagate Park	174,500	-	432	432	174,068
Portia Mills Hines Park	25,000	14,197	900	15,097	9,903
Baseball Stadium	533,650	154,541	157,848	312,389	221,261
Empie Park tennis court resurfacing	31,700	-	30,187	30,187	1,513
Boating dock repair/replace	75,000	63,946	9,077	73,023	1,977
Smith Creek kayak launch	232,435	-	-	-	232,435
Tree mitigation plantings	154,000	-	40,000	40,000	114,000
Riverfront Park improvements	320,476	67,741	-	67,741	252,735
Land acquisition and economic development	250,000	12,038	-	12,038	237,962
Riverwalk signage	150,000	35,427	108,379	143,806	6,194
Legion Stadium	6,485,260	6,485,260	-	6,485,260	-
Total expenditures	38,112,067	29,784,418	1,988,758	31,773,176	6,338,891
Excess of expenditures over revenues	(26,042,981)	(19,619,843)	(855,590)	(20,475,433)	5,567,548

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, 2013

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Other financing sources (uses):					
Operating transfers - in:					
General Fund	\$ 5,742,060	\$ 5,738,703	\$ 61,435	\$ 5,800,138	\$ 58,078
Debt Service Fund	130,000	-	40,000	40,000	(90,000)
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>6,272,060</u>	<u>6,143,703</u>	<u>101,435</u>	<u>6,245,138</u>	<u>(26,922)</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>(630,734)</u>	-	<u>(630,734)</u>	-
Issuance of other long-term obligations	20,017,462	19,697,463	(200,000)	19,497,463	(519,999)
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 (uses)	<u>26,042,981</u>	<u>25,622,117</u>	<u>(98,565)</u>	<u>25,523,552</u>	<u>(519,429)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 6,002,274</u>	<u>(954,155)</u>	<u>\$ 5,048,119</u>	<u>\$ 5,048,119</u>
Fund balance at beginning of year			<u>6,002,274</u>		
Fund balance at end of year			<u>\$ 5,048,119</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, 2013

	Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Restricted intergovernmental	\$ 1,128,792	\$ 969,702	\$ 87,271	\$ 1,056,973	\$ (71,819)
Investment earnings	847,695	1,786,191	28,945	1,815,136	967,441
Net decrease in fair value of investments	-	-	(41,023)	(41,023)	(41,023)
Rents	61,078	132,414	37,982	170,396	109,318
Donations	215,442	215,442	-	215,442	-
Miscellaneous	22,760	22,960	-	22,960	200
Total revenues	2,275,767	3,126,709	113,175	3,239,884	964,117
Expenditures:					
General government:					
Building improvements 2004-05	1,761,222	573,512	355,045	928,557	832,665
ITS infrastructure improvements	319,057	263,568	20,230	283,798	35,259
City Hall improvements	619,692	425,119	-	425,119	194,573
Time & attendance system	516,862	516,860	-	516,860	2
Northern warehouse purchase	1,797,078	1,766,940	3,185	1,770,125	26,953
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	536,089	5,265	541,354	16,522
Naviline Select	152,000	134,183	-	134,183	17,817
Council chambers security	50,000	-	-	-	50,000
City Hall/Thalian energy stimulus	1,039,900	880,811	83,353	964,164	75,736
City council chambers	679,267	657,589	-	657,589	21,678
Document imaging	129,576	127,340	2,236	129,576	-
Building security	243,108	178,958	-	178,958	64,150
ADA compliance	4,116,092	2,035,266	342,950	2,378,216	1,737,876
Total general government	12,469,854	8,574,468	812,264	9,386,732	3,083,122
Public safety:					
Training facility	3,468,864	3,468,863	-	3,468,863	1
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	5,382	1,999,159	841
Fire station security	50,833	50,833	-	50,833	-
Empie fire station replacement	2,623,500	2,493,083	110,767	2,603,850	19,650
WPD southeast substation	1,526,700	1,520,249	-	1,520,249	6,451
Masonboro annexation fire station	3,008,339	3,002,998	-	3,002,998	5,341
Firing range & training facility	2,131,136	-	-	-	2,131,136
Cinema Drive fire station	3,802,715	-	780,128	780,128	3,022,587
Shipyard fire station #5	3,571,337	-	638,374	638,374	2,932,963
Total public safety	25,549,020	15,864,362	1,534,651	17,399,013	8,150,007

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, 2013

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Expenditures: (continued)					
Transportation:					
Multi-modal facility study	\$ 1,449,442	\$ 979,380	\$ -	\$ 979,380	\$ 470,062
Economic and physical development:					
Convention Center	59,313,200	51,700,674	34,215	51,734,889	7,578,311
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>55,504,174</u>	<u>34,215</u>	<u>55,538,389</u>	<u>7,578,311</u>
Cultural and recreational:					
Hilton riverwalk bulkhead	4,135,133	4,113,694	-	4,113,694	21,439
Thalian Hall renovations	3,315,967	3,252,599	63,368	3,315,967	-
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	46,225	1,384	47,609	2,391
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>10,716,724</u>	<u>10,124,802</u>	<u>64,752</u>	<u>10,189,554</u>	<u>527,170</u>
Transit system:					
Bus garage	<u>501,426</u>	<u>501,426</u>	<u>-</u>	<u>501,426</u>	<u>-</u>
Total expenditures	<u>113,803,166</u>	<u>91,548,612</u>	<u>2,445,882</u>	<u>93,994,494</u>	<u>19,808,672</u>
Excess of expenditures over revenues	<u>(111,527,399)</u>	<u>(88,421,903)</u>	<u>(2,332,707)</u>	<u>(90,754,610)</u>	<u>20,772,789</u>
Other financing sources (uses):					
Operating transfers - in:					
General Fund	18,733,855	18,804,977	-	18,804,977	71,122
Debt Service Fund	142,800	-	86,600	86,600	(56,200)
Special Purpose Fund	2,500,000	-	43,449	43,449	(2,456,551)
Streets and Sidewalks Fund	900,000	500,000	400,000	900,000	-
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>22,835,210</u>	<u>19,863,532</u>	<u>530,049</u>	<u>20,393,581</u>	<u>(2,441,629)</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, 2013

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Other financing sources (uses): (continued)					
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>
Issuance of bonds	-	477	-	477	477
Issuance of installment obligations	76,376,167	67,785,694	-	67,785,694	(8,590,473)
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>111,527,399</u>	<u>100,059,721</u>	<u>530,049</u>	<u>100,589,770</u>	<u>(10,937,629)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 11,637,818</u>	<u>(1,802,658)</u>	<u>\$ 9,835,160</u>	<u>\$ 9,835,160</u>
Fund balance at beginning of year			<u>11,637,818</u>		
Fund balance at end of year			<u>\$ 9,835,160</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, 2013

	Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Restricted intergovernmental	\$ 1,642,750	\$ 706,669	\$ 218,895	\$ 925,564	\$ (717,186)
Investment earnings	84,796	84,796	-	84,796	-
Donations	52,000	52,000	-	52,000	-
Miscellaneous	-	17,749	-	17,749	17,749
Total revenues	1,779,546	861,214	218,895	1,080,109	(699,437)
Expenditures:					
General government:					
Building improvements 2004-05	77,873	77,873	-	77,873	-
ADA compliance	348,423	346,206	-	346,206	2,217
Total general government	426,296	424,079	-	424,079	2,217
Public safety:					
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	22,329	93,601	13,725
EOD render safe equipment	7,711	-	7,648	7,648	63
Bulletproof vests 2010-11	98,750	49,901	43,149	93,050	5,700
Port security equipment 2008-09	266,000	160,472	103,006	263,478	2,522
Port security equipment 2010-11	401,300	-	-	-	401,300
JAG-Rotor Blades/NHC	107,624	-	107,624	107,624	-
Governors Highway Safety Program - Radar Units	30,000	-	26,097	26,097	3,903
Firefighters Assistance (FEMA)	104,081	-	-	-	104,081
Total public safety	1,830,481	778,494	309,853	1,088,347	742,134
Transportation:					
Masonboro/Pine Grove intersection	10,800	10,800	-	10,800	-
Eastwood Road path	7,786	-	-	-	7,786
Pedestrian/bike improvements	548	548	-	548	-
Total transportation	19,134	11,348	-	11,348	7,786
Cultural and recreational:					
Legion Stadium improvements	30,000	30,000	-	30,000	-
Hilton riverwalk bulkhead	186,733	178,057	-	178,057	8,676
Total cultural and recreational	216,733	208,057	-	208,057	8,676
Total expenditures	2,492,644	1,421,978	309,853	1,731,831	760,813
Excess of expenditures over revenues	(713,098)	(560,764)	(90,958)	(651,722)	61,376

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, 2013

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Totals to Date</u>	<u>Variance Positive (Negative)</u>
Other financing sources (uses):					
Operating transfers - in:					
General Fund	\$ 703,817	\$ 667,028	\$ 28,316	\$ 695,344	\$ (8,473)
Special Purpose Fund	<u>9,540</u>	<u>9,539</u>	<u>-</u>	<u>9,539</u>	<u>(1)</u>
Total operating transfers - in	713,357	676,567	28,316	704,883	(8,474)
Operating transfers - out:					
General Fund	<u>(259)</u>	<u>(258)</u>	<u>-</u>	<u>(258)</u>	<u>1</u>
Total other financing sources	<u>713,098</u>	<u>676,309</u>	<u>28,316</u>	<u>704,625</u>	<u>(8,473)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 115,545</u>	<u>(62,642)</u>	<u>\$ 52,903</u>	<u>\$ 52,903</u>
Fund balance at beginning of year			<u>115,545</u>		
Fund balance at end of year			<u>\$ 52,903</u>		

DEBT SERVICE FUND TAB (FRONT)

DEBT SERVICE FUND TAB (BACK)

CITY OF WILMINGTON, NORTH CAROLINA

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

**Year Ended June 30, 2013
With Comparative Actual Amounts for Year Ended June 30, 2012**

	2013		Variance	2012
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Ad valorem taxes	\$ 5,936,004	\$ 6,250,760	\$ 314,756	\$ -
Restricted intergovernmental revenues	5,366,401	5,300,058	(66,343)	5,477,175
Investment earnings	21,418	26,234	4,816	20,135
Net decrease in fair value of investments	-	(41,123)	(41,123)	-
Total revenues	11,323,823	11,535,929	212,106	5,497,310
Expenditures:				
Debt service:				
Principal retirement		11,071,308		9,104,457
Interest and other charges		6,479,572		7,408,351
Total expenditures	18,215,844	17,550,880	664,964	16,512,808
Excess of expenditures over revenues	(6,892,021)	(6,014,951)	877,070	(11,015,498)
Other financing sources (uses):				
Operating transfer-in:				
General Fund	9,334,832	9,334,832	-	9,334,832
Operating transfers-out:				
Streets and Sidewalks Fund	(1,514,152)	(1,514,152)	-	-
Parks and Recreation Fund	(40,000)	(40,000)	-	-
Building Improvements Fund	(86,600)	(86,600)	-	-
Parking Facilities Fund	(132,959)	(132,959)	-	-
Parking Facilities Capital Projects Fund	(669,100)	(669,100)	-	-
Total operating transfers-out	(2,442,811)	(2,442,811)	-	-
Issuance of refunding installment obligations	-	-	-	24,673,750
Premium on refunding installment obligations	-	-	-	3,044,534
Payment to refund outstanding installment financings	-	-	-	(12,976,827)
Payment to refund outstanding other long-term obligations	-	-	-	(14,022,484)
Total other financing sources	6,892,021	6,892,021	-	10,053,805
Net change in fund balance	\$ -	877,070	\$ 877,070	(961,693)
Fund balance at beginning of year		5,521,848		6,483,541
Fund balance at end of year		\$ 6,398,918		\$ 5,521,848

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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, 2013
With Comparative Actual Amounts for Year Ended June 30, 2012**

	2013		Variance Positive (Negative)	2012 Actual
	Budget	Actual		
Revenues:				
Operating revenues:				
Charges for services:				
Refuse collection	\$ 8,615,843	\$ 8,323,959	\$ (291,884)	\$ 8,195,409
Recycling	20,000	31,032	11,032	34,575
Other operating revenues	<u>30,650</u>	<u>30,650</u>	<u>-</u>	<u>42,416</u>
Total operating revenues	<u>8,666,493</u>	<u>8,385,641</u>	<u>(280,852)</u>	<u>8,272,400</u>
Nonoperating revenues:				
Restricted intergovernmental	157,810	161,026	3,216	72,977
Investment earnings	9,708	14,556	4,848	16,359
Net decrease in fair value of investments	<u>-</u>	<u>(23,091)</u>	<u>(23,091)</u>	<u>-</u>
Total nonoperating revenues	<u>167,518</u>	<u>152,491</u>	<u>(15,027)</u>	<u>89,336</u>
Total revenues	<u>8,834,011</u>	<u>8,538,132</u>	<u>(295,879)</u>	<u>8,361,736</u>
Expenditures:				
Operating expenditures:				
Administration		334,250		344,715
Customer refuse		3,618,201		3,680,384
Recycling		1,867,043		895,860
Yard waste		1,904,190		1,788,140
Downtown collection		828,344		825,720
Other operating expenditures		<u>649,639</u>		<u>618,770</u>
Total operating expenditures	9,730,178	9,201,667	528,511	8,153,589
Nonoperating expenditures:				
Interest and other charges	<u>246,130</u>	<u>10,222</u>	<u>235,908</u>	<u>-</u>
Total expenditures	<u>9,976,308</u>	<u>9,211,889</u>	<u>764,419</u>	<u>8,153,589</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,142,297)</u>	<u>(673,757)</u>	<u>468,540</u>	<u>208,147</u>
Other financing sources:				
Issuance of other long-term obligations	949,150	949,150	-	-
Appropriated fund balance	<u>193,147</u>	<u>-</u>	<u>(193,147)</u>	<u>-</u>
Total other financing sources	<u>1,142,297</u>	<u>949,150</u>	<u>(193,147)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>275,393</u>	<u>\$ 275,393</u>	<u>208,147</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, 2013
With Comparative Actual Amounts for Year Ended June 30, 2012**

	2013		Variance Positive (Negative)	2012 Actual
	Budget	Actual		
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Vacation and sick leave accrual		\$ (11,844)		\$ 12,515
Other postemployment benefits accrual		(363,950)		(204,647)
Depreciation		(2,509)		(3,190)
Capital asset expenditures		13,771		-
Investment earnings accrual		1,317		-
Transfers of capital assets to governmental funds		(8,376)		-
Interest expense accrual		(132)		-
Proceeds from other long-term obligations		<u>(949,150)</u>		<u>-</u>
Change in net position		<u>\$ (1,045,480)</u>		<u>\$ 12,825</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

**Year Ended June 30, 2013
With Comparative Actual Amounts for Year Ended June 30, 2012**

	2013		Variance	2012
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Operating revenues:				
Charges for services:				
Utility fees	\$ 6,594,254	\$ 6,515,511	\$ (78,743)	\$ 6,120,331
City streets	1,764,682	1,764,682	-	1,627,935
Other operating revenues	<u>57,000</u>	<u>84,190</u>	<u>27,190</u>	<u>67,391</u>
Total operating revenues	<u>8,415,936</u>	<u>8,364,383</u>	<u>(51,553)</u>	<u>7,815,657</u>
Nonoperating revenues:				
Facility fees	-	-	-	44
Investment earnings	25,443	41,830	16,387	41,620
Net decrease in fair value of investments	<u>-</u>	<u>(60,881)</u>	<u>(60,881)</u>	<u>-</u>
Total nonoperating revenue	<u>25,443</u>	<u>(19,051)</u>	<u>(44,494)</u>	<u>41,664</u>
Total revenues	<u>8,441,379</u>	<u>8,345,332</u>	<u>(96,047)</u>	<u>7,857,321</u>
Expenditures:				
Operating expenditures:				
Engineering		837,987		796,401
Operations		3,625,098		3,467,883
Other operating expenditures		<u>586,416</u>		<u>687,947</u>
Total operating expenditures	<u>5,639,635</u>	<u>5,049,501</u>	<u>590,134</u>	<u>4,952,231</u>
Nonoperating expenditures:				
Interest and fiscal charges		623,201		642,814
Principal payments on bonds		<u>555,000</u>		<u>540,000</u>
Total nonoperating expenditures	<u>1,918,036</u>	<u>1,178,201</u>	<u>739,835</u>	<u>1,182,814</u>
Total expenditures	<u>7,557,671</u>	<u>6,227,702</u>	<u>1,329,969</u>	<u>6,135,045</u>
Excess of revenues over expenditures	<u>883,708</u>	<u>2,117,630</u>	<u>1,233,922</u>	<u>1,722,276</u>
Other financing sources (uses):				
Operating transfers out:				
Storm Water Capital Projects Fund	(1,264,033)	(1,264,033)	-	(863,500)
Appropriated fund balance	<u>380,325</u>	<u>-</u>	<u>(380,325)</u>	<u>-</u>
Total other financing uses	<u>(883,708)</u>	<u>(1,264,033)</u>	<u>(380,325)</u>	<u>(863,500)</u>
Net change in fund balance	<u>\$ -</u>	<u>853,597</u>	<u>\$ 853,597</u>	<u>858,776</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, 2013
With Comparative Actual Amounts for Year Ended June 30, 2012**

	2013		Variance Positive (Negative)	2012 Actual
	Budget	Actual		
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Vacation and sick leave accrual		\$ 22,483		\$ (8,175)
Other post employment benefits accrual		(296,018)		(212,050)
Change in inventory		15,438		(18,422)
Capital asset expenditures		8,379		(440,082)
Depreciation		(791,776)		(740,416)
Amortization		(2,294)		(12,763)
Other noncapital expenses - Storm Water Capital Projects Fund		(141,065)		(78,017)
Operating transfer - Storm Water Capital Projects Fund		1,264,033		863,500
Investment earnings accrual		3,516		-
Investment earnings - Storm Water Capital Projects Fund		(81)		5,051
Net decrease in fair value of investments - Storm Water Capital Projects Fund		(309)		-
Principal payments on revenue bonds		480,000		465,000
Principal payments on installment obligations		75,000		75,000
Interest expense adjustments		139,286		161,858
Capital contributions - others		137,394		451,260
Capital transfer - Building Improvements Capital Projects Fund		(50,000)		-
Transfer of capital assets to governmental funds		(8,379)		-
Transfer of capital assets to Equipment Maintenance and Replacement Fund		(5,924)		-
Other		8,000		-
Change in net position		<u>\$ 1,711,280</u>		<u>\$ 1,370,520</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, 2013

	Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Investment earnings	\$ 368,803	\$ 1,150,979	\$ (81)	\$ 1,150,898	\$ 782,095
Net decrease in fair value of investments	-	-	(309)	(309)	(309)
Restricted intergovernmental	885,383	538,286	137,394	675,680	(209,703)
Total revenues	1,254,186	1,689,265	137,004	1,826,269	572,083
Expenditures:					
Storm Water Inventory Mapping	885,755	536,364	48,000	584,364	301,391
Lincoln outfall	390,000	11,631	-	11,631	378,369
Dupree Drive	710,570	704,782	-	704,782	5,788
Cedar Avenue/Sweetwater outfall	2,135,558	1,666,376	253,969	1,920,345	215,213
Storm drainage rehabilitation	2,268,551	1,055,856	18,902	1,074,758	1,193,793
Sweeper storage facility	1,174,285	1,174,252	-	1,174,252	33
Bradley Creek/Michelle Drive	2,393,000	428,493	66,009	494,502	1,898,498
Doctors branch bank stabilization	1,063,970	1,048,016	3,780	1,051,796	12,174
Cavalier Drive drainage	1,417,418	1,355,154	43,738	1,398,892	18,526
Wisteria/Clearbrook area	5,412,880	759,176	16,484	775,660	4,637,220
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	916,656	178,742	666,200	844,942	71,714
Hunters Trail culvert repair	225,315	225,288	-	225,288	27
Greenville Avenue/White Avenue	1,213,500	68,823	24,978	93,801	1,119,699
Brookshire/Beasley drainage	1,000,000	-	155,385	155,385	844,615
Rogersville Road culvert replacement	80,000	-	48,505	48,505	31,495
Old McCumbers drainage improvements	75,000	-	-	-	75,000
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	282,188	276,463	558,651	26,074
Brenda Drive drainage	401,390	27,452	5	27,457	373,933
Total expenditures	27,299,754	14,466,590	1,622,418	16,089,008	11,210,746
Excess of expenditures over revenues	(26,045,568)	(12,777,325)	(1,485,414)	(14,262,739)	11,782,829
Other financing sources (uses):					
Operating transfers - in:					
Storm Water Management Fund	8,817,299	7,554,851	1,264,033	8,818,884	1,585
Operating transfers - out:					
Streets and Sidewalks Fund	(263,970)	(213,970)	(50,000)	(263,970)	-
Parks and Recreation Fund	(400,000)	(400,000)	-	(400,000)	-
Building Improvements Fund	(80,609)	(80,609)	-	(80,609)	-
Total operating transfers - out	(744,579)	(694,579)	(50,000)	(744,579)	-

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, 2013

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Other financing sources (uses): (continued)					
Issuance of bonds	\$ 17,440,086	\$ 5,466,465	\$ -	\$ 5,466,465	\$ (11,973,621)
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	<u>48,625</u>	<u>48,626</u>	<u>-</u>	<u>48,626</u>	<u>1</u>
Total other financing sources	<u>26,045,568</u>	<u>12,859,499</u>	<u>1,214,033</u>	<u>14,073,532</u>	<u>(11,972,036)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 82,174</u>	<u>\$ (271,381)</u>	<u>\$ (189,207)</u>	<u>\$ (189,207)</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

**Year Ended June 30, 2013
With Comparative Actual Amounts for Year Ended June 30, 2012**

	2013		Variance	2012
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Operating revenues:				
Charges for services:				
Parking fees	\$ 2,173,002	\$ 2,454,816	\$ 281,814	\$ 1,846,861
Parking violations	664,500	643,291	(21,209)	653,465
Total operating revenues	<u>2,837,502</u>	<u>3,098,107</u>	<u>260,605</u>	<u>2,500,326</u>
Nonoperating revenues:				
Interest earned	7,513	10,897	3,384	10,092
Net decrease in fair value of investments	-	(14,755)	(14,755)	-
Total nonoperating revenues	<u>7,513</u>	<u>(3,858)</u>	<u>(11,371)</u>	<u>10,092</u>
Total revenues	<u>2,845,015</u>	<u>3,094,249</u>	<u>249,234</u>	<u>2,510,418</u>
Expenditures:				
Operating expenditures:				
Street parking		827,550		751,105
Water Street deck		140,969		-
Second Street deck		275,560		333,775
Market Street deck		325,494		339,651
Second Street lot		210,158		205,926
Hannah Block lot		17,762		17,598
Total operating expenditures	<u>2,222,445</u>	<u>1,797,493</u>	<u>424,952</u>	<u>1,648,055</u>
Nonoperating expenditures:				
Interest and fiscal charges		289,736		408,931
Principal payments on installment obligations		386,750		401,431
Principal payments on other long-term obligations		83,333		-
Total nonoperating expenditures	<u>841,505</u>	<u>759,819</u>	<u>81,686</u>	<u>810,362</u>
Total expenditures	<u>3,063,950</u>	<u>2,557,312</u>	<u>506,638</u>	<u>2,458,417</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(218,935)</u>	<u>536,937</u>	<u>755,872</u>	<u>52,001</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2013

With Comparative Actual Amounts for Year Ended June 30, 2012

	2013		Variance	2012
	Budget	Actual	Positive (Negative)	Actual
Other financing sources (uses):				
Operating transfers - in:				
General Fund	\$ -	\$ -	\$ -	\$ 3,000
Debt Service Fund	<u>132,959</u>	<u>132,959</u>	<u>-</u>	<u>-</u>
Total operating transfers - in	132,959	132,959	-	3,000
Operating transfer - out:				
Parking Facilities Capital Projects Fund	(191,910)	(191,910)	-	(386,450)
Issuance of refunding installment obligations	-	-	-	6,021,250
Premium on refunding installment obligations	-	-	-	804,438
Payment to refund outstanding installment financings	-	-	-	(6,732,513)
Appropriated fund balance	<u>277,886</u>	<u>-</u>	<u>(277,886)</u>	<u>-</u>
Total other financing sources (uses)	<u>218,935</u>	<u>(58,951)</u>	<u>(277,886)</u>	<u>(290,275)</u>
Net change in fund balance	<u>\$ -</u>	477,986	<u>\$ 477,986</u>	(238,274)
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Vacation and sick leave accrual		\$ 4,924		\$ (302)
Capital asset expenditures		-		92,003
Deferred Revenues		7,500		(8,057)
Other postemployment benefits accrual		(16,872)		(9,112)
Depreciation		(574,383)		(554,440)
Amortization		-		(6,974)
Other noncapital expenses - Parking Facilities				
Capital Projects Fund		(25,321)		-
Customer receivables		-		85,094
Investment earnings accrual		1,346		-
Interest expense adjustment		43,362		-
Investment earnings - Parking Facilities Capital Projects Fund		3,712		207
Operating transfer - Parking Facilities Capital Projects Fund		861,010		386,450
Net decrease in fair value of investments - Parking Capital Projects Fund		(7,157)		-
Principal payments on installment obligations		386,750		401,431
Principal payments on other long-term obligations		83,333		-
Issuance of refunding installment obligations		-		(21,971)
Interest expense accrual		(39,901)		23,464
Disposal of capital assets		-		(253,324)
Capital contribution from governmental funds		<u>-</u>		<u>2,637,816</u>
Change in net position		<u>\$ 1,206,289</u>		<u>\$ 2,534,011</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, 2013

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Investment earnings	\$ 47,400	\$ 60,533	\$ 3,712	\$ 64,245	\$ 16,845
Net decrease in fair value of investments	-	-	(7,157)	(7,157)	(7,157)
Total revenues	47,400	60,533	(3,445)	57,088	9,688
Expenditures:					
Second Street parking deck cameras	145,572	121,584	-	121,584	23,988
Hanna block parking lot	785,000	751,365	1,404	752,769	32,231
Second Street deck repair	386,450	-	35,341	35,341	351,109
Market Street parking deck lights	56,850	-	-	-	56,850
Parking facility equipment	135,060	-	-	-	135,060
Water Street parking deck	9,075,000	2,440,674	121,578	2,562,252	6,512,748
Market Street parking deck	9,281,328	9,277,552	-	9,277,552	3,776
Total expenditures	19,865,260	12,591,175	158,323	12,749,498	7,115,762
Excess of expenditures over revenues	(19,817,860)	(12,530,642)	(161,768)	(12,692,410)	7,125,450
Other financing sources:					
Operating transfers - in:					
Debt Service Fund	669,100	-	669,100	669,100	-
Parking Facilities Fund	1,498,360	1,306,450	191,910	1,498,360	-
Total operating transfers - in	2,167,460	1,306,450	861,010	2,167,460	-
Issuance of installment obligations	15,150,400	9,232,190	-	9,232,190	(5,918,210)
Issuance of other long-term obligations	2,500,000	-	2,500,000	2,500,000	-
Total other financing sources	19,817,860	10,538,640	3,361,010	13,899,650	(5,918,210)
Net change in fund balance	\$ -	\$ (1,992,002)	\$ 3,199,242	\$ 1,207,240	\$ 1,207,240

CITY OF WILMINGTON, NORTH CAROLINA

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

**Year Ended June 30, 2013
With Comparative Actual Amounts for Year Ended June 30, 2012**

	2013		Variance	2012
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Operating revenues:				
Fees and coupons	\$ 695,000	\$ 691,364	\$ (3,636)	\$ 752,489
Cart rentals	300,000	280,321	(19,679)	302,847
Concessions	150,000	159,681	9,681	168,864
Other operating revenues	<u>-</u>	<u>8,452</u>	<u>8,452</u>	<u>699</u>
Total operating revenues	1,145,000	1,139,818	(5,182)	1,224,899
Nonoperating revenues:				
Interest earned	4,796	6,306	1,510	7,291
Net decrease in fair value of investments	-	(9,272)	(9,272)	-
Sale of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,015</u>
Total nonoperating revenues	<u>4,796</u>	<u>(2,966)</u>	<u>(7,762)</u>	<u>10,306</u>
Total revenues	<u>1,149,796</u>	<u>1,136,852</u>	<u>(12,944)</u>	<u>1,235,205</u>
Expenditures:				
Operating expenditures:				
Golf course		1,087,347		1,091,357
Other operating expenditures		<u>108,000</u>		<u>111,291</u>
Total operating expenditures	<u>1,278,592</u>	<u>1,195,347</u>	<u>83,245</u>	<u>1,202,648</u>
Excess (deficiency) of revenues over (under) expenditures	(128,796)	(58,495)	70,301	32,557
Other financing sources:				
Appropriated fund balance	<u>128,796</u>	<u>-</u>	<u>(128,796)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(58,495)</u>	<u>\$ (58,495)</u>	<u>32,557</u>
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Deferred revenues		(10,553)		2,621
Investment earnings accrual		624		-
Vacation and sick leave accrual		(9,674)		(17,625)
Other postemployment benefits accrual		(44,109)		(42,353)
Change in inventory		12,486		12,693
Capital asset expenditures		21,785		32,972
Depreciation		(64,186)		(68,647)
Investment earnings - Golf Capital Projects Fund		1,085		1,205
Net decrease in fair value of investments - Golf Capital Projects Fund		(1,572)		-
Other noncapital expenses - Golf Capital Projects Fund		<u>(15,940)</u>		<u>-</u>
Change in net position		<u>\$ (168,549)</u>		<u>\$ (46,577)</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, 2013

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Investment earnings	\$ -	\$ 23,562	\$ 1,085	\$ 24,647	\$ 24,647
Net decrease in fair value of investments	-	-	(1,572)	(1,572)	(1,572)
Total revenues	-	23,562	(487)	23,075	23,075
Expenditures:					
Club house improvements	329,357	194,445	15,940	210,385	118,972
Capital improvement reserve	80,000	-	-	-	80,000
Total expenditures	409,357	194,445	15,940	210,385	198,972
Excess of expenditures over revenues	(409,357)	(170,883)	(16,427)	(187,310)	222,047
Other financing sources:					
Operating transfers - in:					
Golf Fund	409,357	409,357	-	409,357	-
Net change in fund balance	\$ -	\$ 238,474	\$ (16,427)	\$ 222,047	\$ 222,047

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INTERNAL SERVICE FUND TAB (FRONT)

INTERNAL SERVICE FUND TAB (BACK)

CITY OF WILMINGTON, NORTH CAROLINA

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

June 30, 2013

	Equipment, Maintenance and Replacement Fund	Personal Computer Replacement Fund	Total Internal Service Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 5,396,448	\$ 1,370,313	\$ 6,766,761
Accounts receivable, net	243,621	-	243,621
Other receivables	3,944	998	4,942
Inventory of materials and supplies	152,906	-	152,906
Prepays	<u>16,074</u>	<u>-</u>	<u>16,074</u>
Total current assets	<u>5,812,993</u>	<u>1,371,311</u>	<u>7,184,304</u>
Noncurrent assets:			
Capital assets:			
Furniture, fixtures, machinery and equipment	19,912,688	-	19,912,688
Less accumulated depreciation	<u>(16,908,060)</u>	<u>-</u>	<u>(16,908,060)</u>
Total capital assets, net of accumulated depreciation	<u>3,004,628</u>	<u>-</u>	<u>3,004,628</u>
Total assets	<u>8,817,621</u>	<u>1,371,311</u>	<u>10,188,932</u>
LIABILITIES			
Current liabilities:			
Accounts payable	101,047	26,438	127,485
Accrued liabilities	50,297	-	50,297
Accrued vacation and sick leave	<u>57,035</u>	<u>-</u>	<u>57,035</u>
Total current liabilities	<u>208,379</u>	<u>26,438</u>	<u>234,817</u>
Noncurrent liabilities:			
Accrued vacation and sick leave	8,668	-	8,668
Accrued other postemployment benefits	<u>157,880</u>	<u>-</u>	<u>157,880</u>
Total noncurrent liabilities	<u>166,548</u>	<u>-</u>	<u>166,548</u>
Total liabilities	<u>374,927</u>	<u>26,438</u>	<u>401,365</u>
NET POSITION			
Net investment in capital assets	3,004,628	-	3,004,628
Unrestricted	<u>5,438,066</u>	<u>1,344,873</u>	<u>6,782,939</u>
Total net position	<u>\$ 8,442,694</u>	<u>\$ 1,344,873</u>	<u>\$ 9,787,567</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2013

	Equipment, Maintenance and Replacement Fund	Personal Computer Replacement Fund	Total Internal Service Funds
	<u> </u>	<u> </u>	<u> </u>
Operating revenues:			
Charges for services	\$ 2,065,009	\$ -	\$ 2,065,009
Charges for equipment replacement	2,625,985	467,104	3,093,089
Other operating revenues	<u>42,820</u>	<u>-</u>	<u>42,820</u>
Total operating revenues	<u>4,733,814</u>	<u>467,104</u>	<u>5,200,918</u>
Operating expenses:			
Salaries, employee benefits and other personnel costs	761,014	-	761,014
Materials and fuels consumed	15,140	-	15,140
Services	920,219	-	920,219
Utilities	4,882	-	4,882
Depreciation	1,193,983	-	1,193,983
Other operating expenses	<u>625,255</u>	<u>523,065</u>	<u>1,148,320</u>
Total operating expenses	<u>3,520,493</u>	<u>523,065</u>	<u>4,043,558</u>
Operating income (loss)	<u>1,213,321</u>	<u>(55,961)</u>	<u>1,157,360</u>
Nonoperating revenues (expenses):			
Investment earnings	28,109	5,469	33,578
Net decrease in fair value of investments	(36,005)	(8,822)	(44,827)
Gain on disposal of capital assets	<u>124,403</u>	<u>-</u>	<u>124,403</u>
Total nonoperating revenues (expenses)	<u>116,507</u>	<u>(3,353)</u>	<u>113,154</u>
Income (loss) before capital contributions and transfers	1,329,828	(59,314)	1,270,514
Capital contributions	115,608	-	115,608
Transfers from other funds	5,924	480,000	485,924
Transfers to other funds	<u>(1,416,028)</u>	<u>(58,746)</u>	<u>(1,474,774)</u>
Change in net position	35,332	361,940	397,272
Net position at beginning of year	<u>8,407,362</u>	<u>982,933</u>	<u>9,390,295</u>
Net position at end of year	<u>\$ 8,442,694</u>	<u>\$ 1,344,873</u>	<u>\$ 9,787,567</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2013

	Equipment, Maintenance and Replacement Fund	Personal Computer Replacement Fund	Total Internal Service Funds
	<u> </u>	<u> </u>	<u> </u>
Cash flows from operating activities:			
Receipts from customers and users	\$ 262,045	\$ -	\$ 262,045
Receipts from interfund services provided	4,386,296	467,104	4,853,400
Payments to suppliers	(1,598,917)	(663,478)	(2,262,395)
Payments to or on behalf of employees	(780,927)	-	(780,927)
Payments for interfund services used	<u>(8,596)</u>	<u>-</u>	<u>(8,596)</u>
Net cash provided by (used in) operating activities	<u>2,259,901</u>	<u>(196,374)</u>	<u>2,063,527</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	(3,088,727)	(71,230)	(3,159,957)
Proceeds from sale of capital assets	<u>125,421</u>	<u>-</u>	<u>125,421</u>
Net cash used in capital and related financing activities	<u>(2,963,306)</u>	<u>(71,230)</u>	<u>(3,034,536)</u>
Cash flows from investing activities:			
Investment earnings	27,410	5,083	32,493
Net decrease in fair value of investments	<u>(36,005)</u>	<u>(8,822)</u>	<u>(44,827)</u>
Net cash used in investing activities	<u>(8,595)</u>	<u>(3,739)</u>	<u>(12,334)</u>
Net increase (decrease) in cash and cash equivalents	(712,000)	208,657	(503,343)
Cash and cash equivalents at beginning of year	<u>6,108,448</u>	<u>1,161,656</u>	<u>7,270,104</u>
Cash and cash equivalents at end of year	<u>\$ 5,396,448</u>	<u>\$ 1,370,313</u>	<u>\$ 6,766,761</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2013

	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 (used in) operating activities:			
Operating income (loss)	\$ 1,213,321	\$ (55,961)	\$ 1,157,360
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	1,193,983	-	1,193,983
Changes in assets and liabilities:			
Accounts receivable	(85,473)	-	(85,473)
Inventory of materials and supplies	(1,529)	-	(1,529)
Prepays	4,740	-	4,740
Accounts payable and accrued liabilities	(57,613)	(140,413)	(198,026)
Accrued vacation and sick leave	(28,815)	-	(28,815)
Accrued other postemployment benefits	21,287	-	21,287
Net cash provided by (used in) operating activities	<u>\$ 2,259,901</u>	<u>\$ (196,374)</u>	<u>\$ 2,063,527</u>
 Noncash investing, capital and financing activities:			
Transfer of capital assets between proprietary funds	\$ 5,924	\$ -	\$ 5,924
Donation of capital assets to governmental funds	(1,416,028)	(58,746)	(1,474,774)
Capital contributions from governmental funds	115,608	-	115,608
Net effect of noncash activities	<u>\$ (1,294,496)</u>	<u>\$ (58,746)</u>	<u>\$ (1,353,242)</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, 2013

With Comparative Actual Amounts for Year Ended June 30, 2012

	2013		Variance Positive (Negative)	2012 Actual
	Budget	Actual		
Revenues:				
Operating revenues:				
Charges for services	\$ 1,918,368	\$ 1,979,536	\$ 61,168	\$ 1,899,045
Charges for equipment replacement	2,626,009	2,625,985	(24)	2,393,788
Other operating revenues	-	36,844	36,844	29,272
Total operating revenues	<u>4,544,377</u>	<u>4,642,365</u>	<u>97,988</u>	<u>4,322,105</u>
Nonoperating revenues:				
Investment earnings	13,000	26,051	13,051	29,897
Net decrease in fair value of investments	-	(36,005)	(36,005)	-
Sale of capital assets	5,000	124,403	119,403	187,827
Total nonoperating revenues	<u>18,000</u>	<u>114,449</u>	<u>96,449</u>	<u>217,724</u>
Total revenues	<u>4,562,377</u>	<u>4,756,814</u>	<u>194,437</u>	<u>4,539,829</u>
Expenditures:				
Operating expenditures:				
Garage operations		1,914,508		2,136,656
Capital and noncapital equipment		3,466,208		1,257,278
Total operating expenditures	<u>6,620,541</u>	<u>5,380,716</u>	<u>1,239,825</u>	<u>3,393,934</u>
Nonoperating expenditures:				
Interest and other charges		-		16,714
Principal payments on other long-term obligations		-		783,680
Total nonoperating expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>800,394</u>
Total expenditures	<u>6,620,541</u>	<u>5,380,716</u>	<u>1,239,825</u>	<u>4,194,328</u>
Excess (deficiency) of revenues over (under) expenditures	(2,058,164)	(623,902)	1,434,262	345,501
Other financing sources:				
Appropriated fund balance	<u>2,058,164</u>	<u>-</u>	<u>(2,058,164)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(623,902)</u>	<u>\$ (623,902)</u>	<u>345,501</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2013

With Comparative Actual Amounts for Year Ended June 30, 2012

	2013		Variance Positive (Negative)	2012 Actual
	Budget	Actual		
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Vacation and sick leave accrual		\$ 28,815		\$ (10,152)
Other postemployment benefits accrual		(21,287)		(42,236)
Change in inventory		1,529		36,776
Capital asset expenditures		3,052,143		833,450
Depreciation		(1,193,983)		(1,439,174)
Amortization		-		(1,080)
Investment earnings accrual		2,058		-
Principal payments on other long-term obligations		-		783,680
Interest expense accrual		-		2,383
Disposal of capital assets		(1,018)		-
Capital contributions from governmental funds		121,532		17,332
Transfers of capital assets to enterprise funds		-		-
Transfers of capital assets to governmental funds		(1,416,028)		-
Outside services		<u>85,473</u>		<u>135,713</u>
Change in net position		<u>\$ 35,332</u>		<u>\$ 662,193</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

**Year Ended June 30, 2013
With Comparative Actual Amounts for Year Ended June 30, 2012**

	2013		Variance	2012
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Operating revenues:				
Charges for equipment replacement	\$ 435,616	\$ 467,104	\$ 31,488	\$ 468,999
Nonoperating revenues:				
Investment earnings	-	4,946	4,946	3,781
Net decrease in fair value of investments	-	(8,822)	(8,822)	-
Total revenues	<u>435,616</u>	<u>463,228</u>	<u>27,612</u>	<u>472,780</u>
Expenditures:				
Operating expenditures:				
Information technology operations		394,627		401,617
Capital and noncapital equipment		<u>187,184</u>		<u>293,238</u>
Total expenditures	<u>1,165,637</u>	<u>581,811</u>	<u>583,826</u>	<u>694,855</u>
Excess of expenditures over revenues	<u>(730,021)</u>	<u>(118,583)</u>	<u>611,438</u>	<u>(222,075)</u>
Other financing sources:				
Operating transfer-in:				
General Fund	480,000	480,000	-	480,000
Appropriated fund balance	<u>250,021</u>	<u>-</u>	<u>(250,021)</u>	<u>-</u>
Total other financing sources	<u>730,021</u>	<u>480,000</u>	<u>(250,021)</u>	<u>480,000</u>
Net change in fund balance	<u>\$ -</u>	361,417	<u>\$ 361,417</u>	257,925
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Capital asset expenditures		58,746		12,484
Investment earnings accrual		523		-
Transfers of capital assets to governmental funds		<u>(58,746)</u>		<u>(12,484)</u>
Change in net position		<u>\$ 361,940</u>		<u>\$ 257,925</u>

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SUPPLEMENTAL
FINANCIAL DATA TAB (FRONT)

SUPPLEMENTAL
FINANCIAL DATA TAB (BACK)

CITY OF WILMINGTON, NORTH CAROLINA

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

June, 30 2013

Governmental funds capital assets:	
Land	\$ 52,165,022
Easements	11,006,966
Improvements other than buildings	49,334,668
Buildings, plant and structures	140,112,139
Furniture, fixtures, machinery and equipment	22,897,215
Computer software	1,246,078
Streets and drainage	197,759,983
Construction in progress	<u>8,196,426</u>
Total governmental funds capital assets	<u>\$ 482,718,497</u>
Investment in governmental funds capital assets by source:	
Prior years for which detail is not available	\$ 19,016,162
General Fund	12,918,138
Special Purpose Fund	5,510,668
Capital Project Funds	305,561,139
Accepted dedications	<u>139,712,390</u>
Total governmental funds capital assets	<u>\$ 482,718,497</u>

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

CITY OF WILMINGTON, NORTH CAROLINA

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

June, 30 2013

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>3,788,391</u>	-	<u>157,598</u>
Total public safety	<u>4,517,061</u>	-	<u>157,598</u>
Transportation:			
Traffic engineering	37,638	-	-
Transportation Planning	-	-	-
Streets and drainage	<u>33,510,451</u>	<u>10,996,940</u>	<u>7,331,802</u>
Total transportation	<u>33,548,089</u>	<u>10,996,940</u>	<u>7,331,802</u>
Cultural and recreational:			
Parks and recreation	<u>7,235,977</u>	-	<u>37,930,619</u>
Economic and physical development	<u>3,808,738</u>	-	-
Total governmental funds capital assets	<u>\$ 52,165,022</u>	<u>\$ 11,006,966</u>	<u>\$ 49,334,668</u>

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

<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
-	24,725	-	-	-	24,725
-	1,870,396	903,350	-	106,048	2,879,794
-	108,776	-	-	-	108,776
<u>31,188,367</u>	<u>644,606</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,812,805</u>
<u>31,188,367</u>	<u>2,788,752</u>	<u>903,350</u>	<u>-</u>	<u>106,048</u>	<u>41,966,349</u>
24,034,398	6,876,661	43,199	-	107,624	31,790,552
<u>17,918,841</u>	<u>11,946,686</u>	<u>-</u>	<u>-</u>	<u>45,466</u>	<u>33,856,982</u>
<u>41,953,239</u>	<u>18,823,347</u>	<u>43,199</u>	<u>-</u>	<u>153,090</u>	<u>65,647,534</u>
72,364	110,506	19,721	-	-	240,229
-	-	13,576	-	-	13,576
<u>46,445</u>	<u>353,492</u>	<u>218,773</u>	<u>197,759,983</u>	<u>4,703,907</u>	<u>254,921,793</u>
<u>118,809</u>	<u>463,998</u>	<u>252,070</u>	<u>197,759,983</u>	<u>4,703,907</u>	<u>255,175,598</u>
<u>18,631,220</u>	<u>573,761</u>	<u>33,404</u>	<u>-</u>	<u>3,219,881</u>	<u>67,624,862</u>
<u>48,220,504</u>	<u>247,357</u>	<u>14,055</u>	<u>-</u>	<u>13,500</u>	<u>52,304,154</u>
<u>\$ 140,112,139</u>	<u>\$ 22,897,215</u>	<u>\$ 1,246,078</u>	<u>\$ 197,759,983</u>	<u>\$ 8,196,426</u>	<u>\$ 482,718,497</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June, 30 2013

Function and Activity	July 1, 2012	Additions	Deductions
General government:			
City Manager	\$ 140,249	\$ -	\$ -
Finance	29,892	-	-
Information Technology Services	2,795,391	20,490	-
Development Services	108,776	-	-
General government buildings	<u>42,447,810</u>	<u>511,729</u>	-
Total general government	<u>45,522,118</u>	<u>532,219</u>	-
Public safety:			
Police	31,189,584	770,473	(46,718)
Fire	<u>30,858,326</u>	<u>1,622,196</u>	-
Total public safety	<u>62,047,910</u>	<u>2,392,669</u>	<u>(46,718)</u>
Transportation:			
Traffic engineering	180,073	69,060	(8,904)
Transportation planning	-	13,576	-
Streets and drainage	<u>246,691,196</u>	<u>9,002,988</u>	<u>(6,915)</u>
Total transportation	<u>246,871,269</u>	<u>9,085,624</u>	<u>(15,819)</u>
Cultural and recreational:			
Parks and recreation	<u>59,719,909</u>	<u>2,807,075</u>	<u>(12,090)</u>
Economic and physical development			
	<u>52,406,061</u>	<u>39,528</u>	-
Total governmental funds capital assets	<u>\$ 466,567,267</u>	<u>\$ 14,857,115</u>	<u>\$ (74,627)</u>

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

<u>Transfers</u>	<u>June 30, 2013</u>
\$ -	\$ 140,249
(5,167)	24,725
63,913	2,879,794
-	108,776
<u>(4,146,734)</u>	<u>38,812,805</u>
<u>(4,087,988)</u>	<u>41,966,349</u>
(122,787)	31,790,552
<u>1,376,460</u>	<u>33,856,982</u>
<u>1,253,673</u>	<u>65,647,534</u>
-	240,229
-	13,576
<u>(765,476)</u>	<u>254,921,793</u>
<u>(765,476)</u>	<u>255,175,598</u>
<u>5,109,968</u>	<u>67,624,862</u>
<u>(141,435)</u>	<u>52,304,154</u>
<u>\$ 1,368,742</u>	<u>\$ 482,718,497</u>

CITY OF WILMINGTON, NORTH CAROLINA

Schedule of Change in Ad Valorem Taxes Receivable

June 30, 2013

Fiscal Year	Uncollected Balance July 1, 2012	Additions	Collections and Credits	Uncollected Balance June 30, 2013
2012-2013	\$ -	\$ 57,290,274	\$ 56,262,465	\$ 1,027,809
2011-2012	929,637	-	609,395	320,242
2010-2011	267,746	-	79,084	188,662
prior years	<u>1,114,971</u>	<u>-</u>	<u>191,316</u>	<u>923,655</u>
	2,312,354	57,290,274	57,142,260	2,460,368
Less allowance for uncollectible taxes	<u>(909,583)</u>	<u>(189,565)</u>	<u>-</u>	<u>(1,099,148)</u>
Totals	<u>\$ 1,402,771</u>	<u>\$ 57,100,709</u>	<u>\$ 57,142,260</u>	<u>\$ 1,361,220</u>

Reconciliation of collections and credits:

New Hanover County tax office

remittances:

Taxes - ad valorem - current year - General Fund & Debt Service Fund \$ 56,976,548

Taxes - ad valorem - penalties and interest - General Fund 217,318

Total remittances 57,193,866

Other adjustments * 165,712

Less penalties and interest (217,318)

Total collections and credits \$ 57,142,260

* The source of this data, the New Hanover County Tax Office, has undergone a software conversion. At June 30, 2013, 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, 2013

	City - Wide		Total Levy		
	Property	Total	Property	Registered	Registered
	Valuation	Levy	excluding	Motor	Motor
	Rate		Registered	Motor	Vehicles
			Vehicles	Vehicles	
Original levy:					
Property taxed at current year's rate	\$12,714,421,101	\$ 0.4500	\$57,214,895	\$55,062,456	\$2,152,439
Motor vehicles taxed at prior year's rate	258,683,090	0.3700	957,127	-	957,127
second prior year's rate	337,220	0.3700	1,248	-	1,248
Penalties	-		106,718	106,718	-
Total	12,973,441,411		58,279,988	55,169,174	3,110,814
Discoveries: *					
Current year taxes	-		34,098	34,098	-
Total	-		58,314,086	55,203,272	3,110,814
Abatements *	-		-	-	-
Other adjustments *	(217,830,797)		(1,023,812)	(1,021,808)	(2,004)
Total property valuation	<u>\$12,755,610,614</u>				
Net levy			57,290,274	54,181,464	3,108,810
Uncollected taxes at June 30, 2013			1,027,809	588,234	439,575
Current year's taxes collected			<u>\$ 56,262,465</u>	<u>\$ 53,593,230</u>	<u>\$ 2,669,235</u>
Current levy collection percentage			<u>98.21%</u>	<u>98.91%</u>	<u>85.86%</u>

* The source of this data, the New Hanover County Tax Office, has undergone a software conversion. At June 30, 2013, 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, 2013

Receipts prior years	<u>\$ 18,116,383</u>
Receipts:	
July, 2012	315,760
August, 2012	269,185
September, 2012	229,959
October, 2012	200,270
November, 2012	182,458
December, 2012	113,076
January, 2013	126,992
February, 2013	149,027
March, 2013	201,769
April, 2013	239,608
May, 2013	268,570
June, 2013	<u>286,035</u>
Receipts current year	<u>2,582,709</u>
Receipts to date	<u>\$ 20,699,092</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

From Inception and Year Ended June 30, 2013

Disbursements prior years	<u>\$ 11,730,629</u>
Disbursements:	
Operating costs	509,899
Debt Service	4,232,993
Marketing	294,739
Fiscal agent fees	<u>3,726</u>
Disbursements current year	<u>5,041,357</u>
Disbursements to date	<u><u>\$ 16,771,986</u></u>

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

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STATISTICAL SECTION TAB (FRONT)

STATISTICAL SECTION TAB (BACK)

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the readers understand how the city’s financial performance and well-being have changed over time.	173 - 186
Revenue Capacity These schedules contain information to help the reader assess the city’s most significant local revenue source, the property tax.	187 - 190
Debt Capacity These schedules present information to help the reader assess the affordability of the city’s current levels of outstanding debt and the city’s ability to issue additional debt in the future.	191 - 197
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the city’s financial activities take place.	198
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the city’s financial report relates to the services the city provides and the activities it performs.	199 - 204

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 Position by Component

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

	Fiscal Year			
	2004	2005	2006	2007
Governmental activities:				
Net investment in capital assets (1), (3)	\$ 21,147,929	\$ 25,294,237	\$ 171,115,671	\$ 181,747,430
Restricted	9,915,472	13,456,749	14,850,785	16,934,004
Unrestricted	<u>52,970,122</u>	<u>60,423,011</u>	<u>57,353,717</u>	<u>53,473,106</u>
Total governmental activities net assets	<u>\$ 84,033,523</u>	<u>\$ 99,173,997</u>	<u>\$ 243,320,173</u>	<u>\$ 252,154,540</u>
Business-type activities:				
Net investment in capital assets (2), (3)	\$ 106,189,683	\$ 111,044,036	\$ 111,652,338	\$ 135,128,498
Restricted (2)	4,417,410	4,677,245	5,741,848	6,240,878
Unrestricted (2)	<u>49,219,967</u>	<u>51,836,295</u>	<u>59,694,303</u>	<u>48,212,615</u>
Total business-type activities net assets	<u>\$ 159,827,060</u>	<u>\$ 167,557,576</u>	<u>\$ 177,088,489</u>	<u>\$ 189,581,991</u>
Primary government:				
Net investment in capital assets	\$ 127,337,612	\$ 136,338,273	\$ 282,768,009	\$ 316,875,928
Restricted	14,332,882	18,133,994	20,592,633	23,174,882
Unrestricted	<u>102,190,089</u>	<u>112,259,306</u>	<u>117,048,020</u>	<u>101,685,721</u>
Total primary government net assets	<u>\$ 243,860,583</u>	<u>\$ 266,731,573</u>	<u>\$ 420,408,662</u>	<u>\$ 441,736,531</u>

Notes:

- (1) Net investment in capital assets, a component of governmental activities net position 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) 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 position of \$166,183,586.
- (3) Net investment in capital assets, a component of governmental activities net position is restated in fiscal year 2012 to eliminate unamortized bond issuance costs, other than prepaid bond insurance, pursuant to GASB Statement No. 65.

TABLE 1

Fiscal Year					
<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 181,571,647	\$ 187,569,283	\$ 188,091,906	\$ 196,686,945	\$ 194,247,449	\$ 200,558,434
21,704,213	22,617,510	25,903,793	38,931,386	36,203,247	35,729,753
<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>43,041,191</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>	<u>\$ 279,329,378</u>
\$ 136,751,706	\$ 18,275,937	\$ 20,982,210	\$ 22,487,707	\$ 30,255,544	\$ 28,826,675
7,760,499	2,368,253	2,378,156	2,378,156	2,368,578	2,104,545
<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>14,151,447</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>	<u>\$ 45,082,667</u>
\$ 318,323,353	\$ 205,845,220	\$ 209,074,116	\$ 219,174,652	\$ 224,502,993	\$ 229,385,109
29,464,712	24,985,763	28,281,949	41,309,542	38,571,825	37,834,298
<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>57,192,638</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>	<u>\$ 324,412,045</u>

CITY OF WILMINGTON, NORTH CAROLINA

Changes in Net Position

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

	Fiscal Year			
	2004	2005	2006	2007
Expenses				
Governmental activities:				
General government	\$ 13,908,704	\$ 13,797,417	\$ 15,587,565	\$ 14,379,647
Public safety	29,312,990	29,693,336	32,353,256	35,864,890
Transportation	8,755,214	7,173,171	7,353,292	13,754,139
Economic and physical development	4,148,984	4,092,091	3,688,117	4,481,644
Environmental protection	-	-	-	-
Cultural and recreational	5,035,661	5,481,105	5,884,529	5,976,218
Transit system	2,114,212	2,835,153	827,836	1,103,344
Hurricane disaster recovery	-	899,162	396,542	-
Interest and other charges	1,674,471	2,243,752	3,563,334	3,425,526
Total governmental activities expenses	<u>64,950,236</u>	<u>66,215,187</u>	<u>69,654,471</u>	<u>78,985,408</u>
Business-type activities:				
Water and sewer (2)	22,110,902	22,296,851	24,423,115	28,480,953
Ground water utility (2)	3,159,538	3,604,276	4,310,438	4,417,676
Solid waste management	6,536,515	6,761,069	6,818,100	8,129,899
Storm water management	5,042,432	5,292,644	5,523,127	4,570,924
Parking facilities	1,060,952	1,857,034	2,398,299	2,009,319
Golf	867,190	832,772	908,034	908,037
Total business-type activities expenses	<u>38,777,529</u>	<u>40,644,646</u>	<u>44,381,113</u>	<u>48,516,808</u>
Total primary government expenses	<u>\$ 103,727,765</u>	<u>\$ 106,859,833</u>	<u>\$ 114,035,584</u>	<u>\$ 127,502,216</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 3,470,348	\$ 3,964,652	\$ 4,025,530	\$ 3,937,055
Public safety	426,862	430,717	675,317	976,645
Transportation	1,023,082	1,332,079	1,710,751	1,333,003
Economic and physical development	56,377	124,976	158,145	31,831
Environmental protection	-	-	-	-
Cultural and recreational	426,800	426,954	500,873	571,732
Operating grants and contributions	6,821,511	7,561,229	6,282,373	4,910,085
Capital grants and contributions	5,110,524	2,150,342	1,985,222	2,809,524
Total governmental activities program revenues	<u>17,335,504</u>	<u>15,990,949</u>	<u>15,338,211</u>	<u>14,569,875</u>
Business-type activities:				
Charges for services:				
Water and sewer (2)	22,185,784	24,611,004	27,493,488	29,820,501
Ground water utility (2)	3,994,315	3,956,352	4,393,099	4,824,661
Solid waste management	6,389,017	6,487,649	6,566,883	6,630,716
Storm water management	5,510,872	5,711,657	5,698,434	6,073,766
Parking facilities	1,476,052	1,664,599	1,866,433	1,820,003
Golf	821,951	772,099	946,886	1,063,172

TABLE 2

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 16,843,180	\$ 17,979,039	\$ 17,913,454	\$ 18,442,793	\$ 20,114,233	\$ 19,005,283
41,557,316	43,127,730	46,623,265	42,201,402	44,197,292	43,916,157
8,479,949	9,834,553	11,223,125	12,744,479	14,764,044	13,431,747
4,322,396	4,367,773	2,128,078	5,843,970	6,200,611	6,045,907
7,459	-	-	500	-	-
4,660,956	8,226,690	10,418,701	7,727,790	9,049,044	9,398,082
1,237,043	1,149,733	1,522,702	1,427,915	1,242,136	1,296,849
-	-	-	-	-	-
3,692,957	10,206,138	9,462,791	9,994,715	9,974,724	9,008,791
<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>	<u>102,102,816</u>
28,340,892	-	-	-	-	-
4,369,353	-	-	-	-	-
7,386,926	7,929,943	7,510,722	7,595,390	8,348,911	9,576,553
4,924,043	5,766,847	5,939,703	6,022,115	6,943,112	6,718,269
2,328,314	2,468,358	2,394,835	2,319,874	2,694,467	2,695,420
1,012,558	1,108,490	1,136,189	1,107,126	1,285,853	1,294,985
<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>20,285,227</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>	<u>\$ 122,388,043</u>
\$ 3,094,822	\$ 2,172,178	\$ 2,588,922	\$ 2,691,275	\$ 2,928,020	\$ 3,466,422
1,027,819	1,036,796	911,408	1,386,725	1,317,184	1,369,009
969,286	907,676	726,216	1,311,696	1,841,929	1,396,371
36,660	64,364	336,894	1,096,703	1,798,487	2,865,612
-	-	6,622	19,429	58,679	18,147
536,509	561,479	629,547	611,597	669,215	725,220
6,736,997	8,242,549	8,587,862	7,744,008	9,455,773	9,487,283
5,010,259	4,423,055	17,861,814	13,272,496	5,868,811	5,392,585
<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>	<u>24,720,649</u>
30,303,159	-	-	-	-	-
5,005,979	-	-	-	-	-
7,437,015	7,814,331	8,163,730	8,113,378	8,272,400	8,385,641
6,161,452	6,219,759	6,775,129	7,114,617	7,815,701	8,372,383
2,408,489	2,606,508	2,274,661	2,035,573	2,577,363	3,105,607
1,192,758	1,093,880	1,119,498	1,169,854	1,227,520	1,129,265

CITY OF WILMINGTON, NORTH CAROLINA

Changes in Net Position (Continued)

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

	Fiscal Year			
	2004	2005	2006	2007
Program Revenues (continued)				
Business-type activities (continued):				
Operating grants and contributions	\$ 40,000	\$ -	\$ 162,349	\$ 90,412
Capital grants and contributions	3,920,708	3,911,415	2,779,844	5,126,467
Total business-type activities program revenues	<u>44,338,699</u>	<u>47,114,775</u>	<u>49,907,416</u>	<u>55,449,698</u>
Total primary government program revenues	<u>\$ 61,674,203</u>	<u>\$ 63,105,724</u>	<u>\$ 65,245,627</u>	<u>\$ 70,019,573</u>
Net (expense)/revenue				
Governmental activities	\$ (47,614,732)	\$ (50,224,238)	\$ (54,316,260)	\$ (64,415,533)
Business-type activities	<u>5,561,170</u>	<u>6,470,129</u>	<u>5,526,303</u>	<u>6,932,890</u>
Total primary government net expense	<u>\$ (42,053,562)</u>	<u>\$ (43,754,109)</u>	<u>\$ (48,789,957)</u>	<u>\$ (57,482,643)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Ad valorem taxes	\$ 39,462,243	\$ 39,525,332	\$ 41,072,872	\$ 42,601,818
Room occupancy tax	-	3,551,896	1,758,422	1,849,385
Local option sales tax (1)	13,554,544	14,799,445	16,252,524	16,897,125
Franchise tax (1)	4,389,563	4,580,235	4,829,914	5,314,491
Video programming sales tax	-	-	-	594,024
Rental vehicle tax	145,573	161,076	170,860	169,451
Unrestricted grants and contributions	1,320,882	1,362,214	1,646,134	1,502,289
Investment earnings	681,664	1,392,501	3,173,990	4,428,359
Net decrease in fair value of investments	-	-	-	-
Miscellaneous	201,522	308,740	444,088	515,283
Special item: Conveyance of assets and liabilities to the Cape Fear Public Utility Authority, net (2)	-	-	-	-
Transfers from (to) other funds	<u>(339,787)</u>	<u>(316,727)</u>	<u>(791,073)</u>	<u>(622,325)</u>
Total governmental activities	<u>59,416,204</u>	<u>65,364,712</u>	<u>68,557,731</u>	<u>73,249,900</u>
Business-type activities:				
Unrestricted grants and contributions	-	-	-	-
Investment earnings	702,389	943,660	3,138,187	4,934,347
Net decrease in fair value of investments	-	-	-	-
Miscellaneous	3,712	-	75,350	3,940
Special item: Cape Fear Public Utility Authority (2)	-	-	-	-
Transfers from (to) other funds	<u>339,787</u>	<u>316,727</u>	<u>791,073</u>	<u>622,325</u>
Total business-type activities	<u>1,045,888</u>	<u>1,260,387</u>	<u>4,004,610</u>	<u>5,560,612</u>
Total primary government	<u>\$ 60,462,092</u>	<u>\$ 66,625,099</u>	<u>\$ 72,562,341</u>	<u>\$ 78,810,512</u>

TABLE 2

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ -	\$ -	\$ -	\$ -	\$ 72,977	\$ 161,026
3,523,179	601,799	343,665	110,232	451,260	137,394
<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>21,291,316</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>	<u>\$ 46,011,965</u>
\$ (63,388,904)	\$ (77,483,559)	\$ (67,642,831)	\$ (70,249,635)	\$ (81,603,986)	\$ (77,382,167)
7,669,945	1,062,639	1,695,234	1,499,149	1,144,878	1,006,089
<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>	<u>\$ (76,376,078)</u>
\$ 41,489,000	\$ 46,423,441	\$ 46,827,896	\$ 52,445,946	\$ 52,713,699	\$ 57,152,307
1,926,903	2,196,974	2,087,618	2,274,826	2,470,357	2,582,709
16,643,044	14,187,461	13,655,742	14,409,320	16,543,702	17,384,331
6,278,700	6,053,968	6,480,873	6,303,686	5,993,214	5,985,128
1,381,040	1,498,944	1,519,216	1,470,975	1,425,834	1,404,639
158,599	126,483	163,536	190,568	209,722	233,079
1,489,503	1,513,778	1,209,643	1,539,418	1,778,549	1,804,127
2,672,323	2,627,407	700,500	385,103	368,432	342,649
-	-	-	-	-	(429,320)
704,191	800,487	906,404	658,109	969,485	612,071
-	(983,665)	-	-	-	-
(481,597)	-	50,000	636,607	(2,640,816)	(729,380)
<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>	<u>86,342,340</u>
-	46,887	69,493	69,282	-	-
3,708,352	491,543	187,750	94,772	81,825	85,108
-	-	-	-	-	(117,037)
-	5,285	-	-	3,260	-
-	(166,183,586)	-	-	-	-
481,597	-	(50,000)	(636,607)	2,640,816	729,380
<u>4,189,949</u>	<u>(165,639,871)</u>	<u>207,243</u>	<u>(472,553)</u>	<u>2,725,901</u>	<u>697,451</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>	<u>\$ 87,039,791</u>

CITY OF WILMINGTON, NORTH CAROLINA

Changes in Net Position (Continued)

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

	Fiscal Year			
	2004	2005	2006	2007
Change in Net Position				
Governmental activities (3)	\$ 11,801,472	\$ 15,140,474	\$ 14,241,471	\$ 8,834,367
Business-type activities (3)	<u>6,607,058</u>	<u>7,730,516</u>	<u>9,530,913</u>	<u>12,493,502</u>
Total primary government (3)	<u>\$ 18,408,530</u>	<u>\$ 22,870,990</u>	<u>\$ 23,772,384</u>	<u>\$ 21,327,869</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 position of \$983,665 in governmental activities and a decrease of \$166,183,586 in business-type activities.
- (3) In fiscal year 2013, pursuant to the implementation of GASB Statement No. 65, previously deferred issuance costs totaling \$2,156,946 were recognized as an adjustment to beginning net position in the current year. Of this amount, \$1,871,568 related to governmental activities and \$285,378 related to business-type activities.

TABLE 2

Fiscal Year					
<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 8,872,802	\$ (3,038,281)	\$ 5,958,597	\$ 10,064,923	\$ (1,771,808)	\$ 8,960,173
<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>1,703,540</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>	<u>\$ 10,663,713</u>

CITY OF WILMINGTON, NORTH CAROLINA

Fund Balances of Governmental Funds

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

	Fiscal Year			
	2004	2005	2006	2007
General fund				
Reserved	\$ 8,934,734	\$ 7,723,813	\$ 8,194,268	\$ 10,155,466
Unreserved	<u>23,203,322</u>	<u>21,197,032</u>	<u>18,465,163</u>	<u>19,660,893</u>
Total general fund	<u>\$ 32,138,056</u>	<u>\$ 28,920,845</u>	<u>\$ 26,659,431</u>	<u>\$ 29,816,359</u>
All other governmental funds				
Reserved (1)	\$ 34,484,381	\$ 69,737,297	\$ 52,784,436	\$ 43,508,550
Unreserved (deficit), reported in				
Capital projects funds	(6,909,264)	-	-	(2,010,637)
Special revenue funds	<u>(587,444)</u>	<u>1,907,435</u>	<u>2,487,853</u>	<u>(1,034,055)</u>
Total all other governmental funds	<u>\$ 26,987,673</u>	<u>\$ 71,644,732</u>	<u>\$ 55,272,289</u>	<u>\$ 40,463,858</u>
	2011	2012	2013	
General fund				
Nonspendable	\$ 1,655,910	\$ 1,645,226	\$ 1,669,337	
Restricted	10,298,303	10,454,446	11,237,732	
Committed	-	-	9,613	
Assigned	1,731,945	1,000,000	1,295,158	
Unassigned	<u>17,353,940</u>	<u>23,791,938</u>	<u>29,245,251</u>	
Total general fund	<u>\$ 31,040,098</u>	<u>\$ 36,891,610</u>	<u>\$ 43,457,091</u>	
All other governmental funds				
Nonspendable	\$ 11,656	\$ 12,415	\$ 8,102	
Restricted	66,554,476	52,939,929	49,882,087	
Committed	12,186,092	12,167,997	12,732,992	
Unassigned deficit	<u>(2,568,803)</u>	<u>(2,143,278)</u>	<u>(7,526,870)</u>	
Total all other governmental funds	<u>\$ 76,183,421</u>	<u>\$ 62,977,063</u>	<u>\$ 55,096,311</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>2008</u>	<u>2009</u>	<u>2010</u>
\$ 10,390,938	\$ 7,391,627	\$ 9,196,737
<u>16,979,687</u>	<u>18,648,976</u>	<u>16,554,604</u>
<u>\$ 27,370,625</u>	<u>\$ 26,040,603</u>	<u>\$ 25,751,341</u>
\$ 122,824,809	\$ 96,461,401	\$ 89,486,186
(10,297,903)	(5,764,939)	(4,434,729)
<u>(1,720,616)</u>	<u>(1,204,827)</u>	<u>(1,577,463)</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			
	2004	2005	2006	2007
Revenues				
Taxes:				
Ad valorem taxes (1)	\$ 39,462,243	\$ 39,589,130	\$ 41,066,135	\$ 42,276,841
Room occupancy tax	-	3,035,500	2,274,818	1,849,385
Local option sales tax	13,554,544	14,799,445	16,252,524	16,897,125
Franchise tax	4,389,563	4,580,235	4,829,914	5,314,491
Video programming sales tax	-	-	-	594,024
Rental vehicle tax	145,573	161,076	170,860	169,451
Unrestricted intergovernmental	1,084,242	1,126,013	1,409,726	1,282,168
Restricted intergovernmental	8,906,642	8,854,406	6,731,853	5,944,434
Licenses and permits	2,755,356	3,235,686	3,433,560	3,428,378
Sales and services	4,071,509	4,246,620	4,887,896	5,328,383
Fines and forfeits	42,656	67,768	98,193	102,744
Investment earnings	571,137	1,166,673	3,003,871	3,847,968
Net decrease in fair value of investments	-	-	-	-
Donations	-	-	-	-
Miscellaneous	1,596,286	1,711,837	1,833,369	1,531,606
Total revenues	<u>76,579,751</u>	<u>82,574,389</u>	<u>85,992,719</u>	<u>88,566,998</u>
Expenditures				
General government	19,915,584	23,263,162	28,392,473	18,985,985
Public safety	30,341,682	30,211,315	48,631,834	43,590,416
Transportation	8,956,586	8,913,756	8,535,654	13,612,030
Economic and physical development	4,244,397	4,157,456	4,029,778	4,480,888
Environmental protection	-	-	-	-
Cultural and recreational	7,404,489	5,954,753	5,351,974	10,212,926
Transit system	2,114,212	2,835,153	827,836	1,103,344
Hurricane disaster recovery	-	899,162	396,542	-
Debt service (2)				
Principal retirement	4,659,942	4,585,416	4,658,821	4,375,252
Interest and other charges	1,696,258	2,131,877	3,355,149	3,211,459
Total expenditures	<u>79,333,150</u>	<u>82,952,050</u>	<u>104,180,061</u>	<u>99,572,300</u>
Excess of expenditures over revenues	<u>(2,753,399)</u>	<u>(377,661)</u>	<u>(18,187,342)</u>	<u>(11,005,302)</u>

TABLE 4

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 41,472,281	\$ 46,438,613	\$ 46,815,757	\$ 52,304,940	\$ 52,869,871	\$ 57,193,858
1,926,903	2,196,974	2,087,618	2,274,826	2,470,357	2,582,709
16,643,044	14,187,461	13,655,742	14,409,320	16,543,702	17,384,331
6,278,700	6,053,968	6,480,873	6,303,686	5,993,214	5,985,128
1,381,040	1,498,944	1,519,216	1,470,975	1,425,834	1,404,639
158,599	126,483	163,536	190,568	209,722	233,079
1,274,592	1,304,492	973,523	1,340,967	1,585,367	1,627,624
9,547,884	12,895,964	17,581,934	16,539,325	17,215,569	17,940,589
2,521,011	2,359,711	2,360,546	2,510,282	2,534,736	2,808,334
5,436,909	2,035,533	2,013,273	3,409,479	4,888,935	5,358,905
97,851	71,255	60,202	106,791	175,075	142,141
2,399,420	2,446,210	632,785	351,602	334,754	286,621
-	-	-	-	-	(384,493)
-	-	245,372	438,751	278,042	623,174
<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>1,432,588</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>	<u>114,619,227</u>
31,003,496	18,091,033	16,724,587	16,972,610	19,378,427	17,345,766
44,124,315	42,766,280	39,865,899	38,386,732	43,736,654	41,719,713
10,393,830	17,345,355	17,143,064	15,463,714	15,706,490	18,240,703
4,318,811	21,464,273	21,098,597	9,376,853	5,222,736	4,846,784
14,158	-	-	500	-	-
12,123,679	11,332,882	16,787,662	12,923,013	9,829,260	9,536,408
1,237,043	1,149,733	1,522,702	1,427,915	1,242,136	1,296,849
-	-	-	-	-	-
4,405,767	8,608,348	9,811,333	10,434,615	10,529,457	12,531,308
<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>9,256,345</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>114,773,876</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>	<u>(154,649)</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			
	2004	2005	2006	2007
Other financing sources (uses)				
Transfers from other funds	\$ 6,905,283	\$ 18,633,309	\$ 19,534,201	\$ 14,226,412
Transfers to other funds	(7,305,956)	(19,026,558)	(20,324,515)	(14,848,737)
Issuance of bonds	10,351,989	-	-	-
Issuance of refunding bonds	-	-	-	-
Issuance of installment obligations	-	47,365,000	-	-
Issuance of refunding installment obligations	-	-	-	-
Issuance of other long-term obligations (3)	-	1,184,184	273,803	1,093,500
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	-	-	-	(1,093,500)
Total other financing sources (uses)	<u>3,248,360</u>	<u>41,879,322</u>	<u>(516,511)</u>	<u>(622,325)</u>
Net change in fund balances	<u>\$ 494,961</u>	<u>\$ 41,501,661</u>	<u>\$ (18,703,853)</u>	<u>\$ (11,627,627)</u>
Debt service as a percentage of noncapital expenditures	9.1%	9.4%	10.9%	9.6%

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

- (1) Includes related penalties and interest.
- (2) Beginning in fiscal year 2005, debt service is accounted for in the Debt Service Fund.
- (3) 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					
2008	2009	2010	2011	2012	2013
\$ 17,209,961	\$ 16,405,136	\$ 14,648,058	\$ 13,781,205	\$ 13,688,174	\$ 12,440,785
(17,605,890)	(16,405,136)	(14,598,058)	(13,136,626)	(14,171,174)	(13,672,844)
-	14,605,000	-	-	-	-
-	-	-	8,660,000	-	-
62,495,000	-	23,870,000	3,120,000	-	-
-	-	8,910,000	-	24,673,750	-
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)	-
-	-	-	-	(14,022,484)	-
<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>(1,232,059)</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>	<u>\$ (1,386,708)</u>
9.3%	19.4%	19.3%	20.9%	20.2%	21.7%

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>
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
2013	11,125,165,816	1,485,306,622	145,138,176	12,755,610,614 ⁽¹⁾	0.4500	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

Fiscal Year Ended	City of Wilmington			Total Direct Rate	New Hanover County Overlapping Rates	Total Direct & Overlapping Rates
	General	Debt Service	Capital Projects			
2004	\$ 0.4700	\$ -	\$ -	\$ 0.4700	\$ 0.6800	\$ 1.1500
2005	0.4600	-	-	0.4600	0.6800	1.1400
2006	0.4600	-	-	0.4600	0.6800	1.1400
2007	0.4600	-	-	0.4600	0.6850	1.1450
2008	0.3000	-	-	0.3000	0.4200	0.7200
2009	0.3325	-	-	0.3325	0.4525	0.7850
2010	0.3325	-	-	0.3325	0.4525	0.7850
2011	0.3700	-	-	0.3700	0.4655	0.8355
2012	0.3700	-	-	0.3700	0.4655	0.8355
2013	0.4000	0.0453 ⁽¹⁾	0.0047 ⁽¹⁾	0.4500	0.5540	1.0040

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.

⁽¹⁾ Beginning in fiscal year 2013, City Council earmarked a portion of the property tax rate for debt service and the adopted Five Year Capital Improvement Plan.

TABLE 7

CITY OF WILMINGTON, NORTH CAROLINA

Top Ten Taxpayers

Current Year and Nine Years Ago

Taxpayer	2013			2004		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Corning Inc.	\$ 224,454,760	1	1.76 %	\$ 171,932,312	1	2.06 %
River Ventures LLC (PPD)	72,952,580	2	0.57			-
Progress Energy (CP&L)	57,314,933	3	0.45	63,150,897	2	0.76
Centro Independence LLC (mall)	54,078,800	4	0.42	38,190,448	5	0.46
BellSouth Tel Co.	37,870,575	5	0.30	52,374,932	3	0.63
GS II University Centre LLC	36,441,000	6	0.29			-
Mayfair Retail LLC	32,632,300	7	0.26			-
Wal Mart	31,957,707	8	0.25			-
Piedmont Natural Gas Co Inc	31,703,661	9	0.25	15,130,801	9	0.18
NNP IV Cape Fear River LLC	30,010,200	10	0.24			-
UDRT of North Carolina LLC	-		-	43,709,397	4	0.52
Developers Diversified Realty	-		-	22,452,550	6	0.27
Landfall Associates	-		-	22,265,398	7	0.27
Heritage SPE LLC	-		-	21,135,135	8	0.25
Belk Berry Co.	-		-	12,298,414	10	0.15
	<u>\$ 609,416,516</u>		<u>4.79 %</u>	<u>\$ 462,640,284</u>		<u>5.55 %</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
2004	\$ 39,330,888	\$ 38,520,774	97.94 %	\$ 650,339	\$ 39,171,113	99.59 %
2005	39,393,630	38,704,342	98.25	584,464	39,288,806	99.73
2006	41,015,008	40,344,559	98.37	569,967	40,914,526	99.76
2007	42,368,273	41,565,365	98.10	655,664	42,221,029	99.65
2008	41,416,471	40,641,812	98.13	645,807	41,287,619	99.69
2009	46,343,406	45,631,444	98.46	594,764	46,226,208	99.75
2010	46,849,408	46,128,218	98.46	555,911	46,684,129	99.65
2011	52,346,928	51,575,699	98.53	582,567	52,158,266	99.64
2012	52,949,958	52,020,321	98.24	609,395	52,629,716	99.40
2013	57,290,274	56,262,465	98.21	-	56,262,465	98.21

Source: New Hanover County Tax Office

TABLE 9

CITY OF WILMINGTON, NORTH CAROLINA

Ratio of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities				Total Primary Government	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾
	General Obligation Bonds	Installment Obligations	Other Long-term Obligations	General Obligation Bonds	Revenue Bonds	Installment Obligations	Other Long-term Obligations			
2004	\$ 17,819,954	\$ 15,457,810	\$ 6,521,800	\$ 36,920,046	\$ 19,351,017	\$ 29,567,190	\$ 1,223,367	\$ 126,861,184	4.45 %	1,356
2005	15,251,701	61,197,259	7,468,017	33,598,299	18,418,416	30,250,758	775,363	166,959,813	5.93	1,763
2006	12,962,155	52,500,673	12,398,500	30,422,845	70,404,118	29,639,327	1,419,811	209,747,429	6.98	2,159
2007	10,819,973	50,907,104	12,915,737	27,245,027	69,357,690	28,437,896	1,037,576	200,721,003	6.29	2,037
2008	8,569,853	111,728,535	36,706,193	21,085,147	81,103,686	27,211,465	640,586	287,045,465	8.42	2,849
2009	39,355,000 ⁽²⁾	127,104,966 ⁽²⁾	33,426,711	- ⁽²⁾	13,490,000	8,855,034 ⁽²⁾	228,870	222,460,581	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	6.09	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
2013	28,990,000	145,715,500	14,559,692	-	11,680,000	6,509,500	3,365,817	210,820,509	N/A	1,922

Notes: This presentation does not reflect unamortized original issue discounts and premiums. This and other details regarding the City's outstanding debt can be found in the notes to the financial statements.

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

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

CITY OF WILMINGTON, NORTH CAROLINA

Ratios of General Bond Debt Outstanding

Last Ten Fiscal Years

Fiscal Year Ended June 30,	General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property ⁽¹⁾	Per Capita ⁽²⁾
2004	\$ 17,819,954	0.21 %	\$ 191
2005	15,251,701	0.18	161
2006	12,962,155	0.15	133
2007	10,819,973	0.12	110
2008	8,569,853	0.06	85
2009	39,355,000 ⁽³⁾	0.28	388
2010	33,865,000	0.24	331
2011	37,890,000	0.27	371
2012	33,565,000	0.24	310
2013	28,990,000	0.23	264

Notes: This presentation does not reflect unamortized original issue discounts and premiums. This and other 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, 2013

Jurisdiction	Debt Outstanding	Estimated Percentage Applicable ⁽¹⁾	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes:			
New Hanover County	\$ 389,236,433	44.17 %	\$ 171,925,732
City of Wilmington direct debt			<u>174,705,500</u> ^{(2), (3)}
Total direct and overlapping debt			<u>\$ 346,631,232</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.

This presentation does not reflect unamortized original issue discounts and premiums. This and other details regarding the City's outstanding debt can be found in the notes to the financial statements.

- (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 \$14,559,692, the amount of the City's obligation to the County at June 30, 2013.

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CITY OF WILMINGTON, NORTH CAROLINA

Legal Debt Margin Information

Last Ten Fiscal Years

	Fiscal Year			
	2004	2005	2006	2007
Debt limit	\$ 666,926,028	\$ 683,401,202	\$ 712,415,000	\$ 735,724,123
Total net debt applicable to debt limit	<u>79,151,927</u>	<u>114,698,689</u>	<u>114,885,464</u>	<u>107,225,070</u>
Legal debt margin	<u>\$ 587,774,101</u>	<u>\$ 568,702,513</u>	<u>\$ 597,529,536</u>	<u>\$ 628,499,053</u>
Total net debt applicable to the debt limit as a percentage of the debt limit	11.87%	16.78%	16.13%	14.57%
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 2013

Total assessed valuation at June 30, 2013	<u>\$ 12,755,610,614</u>
Debt limit: 8% of total assessed value	\$ 1,020,448,849
Amount of debt applicable to debt limit:	
General obligation bonds (1)	\$ 28,990,000
Other debt (excluding revenue bonds) (1)	<u>170,150,509</u>
Gross debt	199,140,509
Less deductions allowed by law:	
Water and sewer general obligation bonds (1)	<u>5,255,000</u>
Total net debt applicable to debt limit	<u>193,885,509</u>
Legal debt margin	<u>\$ 826,563,340</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					
2008	2009	2010	2011	2012	2013
\$1,091,479,245	\$1,116,209,834	\$1,125,000,105	\$1,127,442,262	\$1,139,812,022	\$1,020,448,849
<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>193,885,509</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>	<u>\$ 826,563,340</u>
16.94%	17.13%	18.77%	18.72%	17.60%	19.00%
N/A	15.59%	17.33%	17.36%	16.32%	17.67%

CITY OF WILMINGTON, NORTH CAROLINA

Pledged-Revenue Coverage

Last Five Fiscal Years

Fiscal Year Ended June 30	Storm Water Fee Revenue Bonds ⁽³⁾					
	Gross Revenues ⁽¹⁾	Less Operating Expenses ⁽²⁾	Net Available Revenue	Debt Service ⁽⁴⁾		Coverage
				Principal	Interest	
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
2013	8,356,458	5,440,283	2,916,175	500,000	552,731	2.77

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 ⁽¹⁾	Personal Income (amounts expressed in thousands)	Per Capita Income ⁽²⁾	Median Age ⁽³⁾	School Enrollment ⁽⁴⁾	Unemployment Ratio ⁽⁵⁾
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	3,859,295	36,108	37.3	23,934	9.3
2012	108,337	N/A	N/A	37.5	24,373	8.6
2013	109,689	N/A	N/A	37.8	24,739	8.4

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 2013 population estimated at 109,689 out of 209,234 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	2013			2004		
	Employees	Rank	Percentage of Total County Employment (1)	Employees	Rank	Percentage of Total County Employment (1)
New Hanover Health Network*	5,485	1	5.50 %	4,600	1	5.11 %
New Hanover County Schools**	3,520	2	3.53	3,130	2	3.48
General Electric Nuclear Fuel/Aircraft***	2,175	3	2.18	1,850	3	2.06
University of North Carolina (Wilmington)*	1,859	4	1.86	1,630	4	1.81
New Hanover County**	1,570	5	1.57	1,370	5	1.52
Pharmaceutical Products Development*	1,484	6	1.49	900	9	1.00
Verizon Wireless*	1,206	7	1.21	-	-	-
Cape Fear Community College*	1,293	8	1.30	-	-	-
Corning, Inc.*	1,000	9	1.00	850	10	0.94
City of Wilmington*	992	10	1.00	1,130	6	1.26
International Paper Company*	-	-	-	900	9	1.00
United States Government*	-	-	-	940	8	1.05
Wal-mart**	-	-	-	1,050	7	1.17
Total	20,584		20.65 %	18,350		20.40 %

Sources: Greater Wilmington Business Journal, Wilmington Business Development, New Hanover County, New Hanover County Board of Education, and General Electric

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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government	158	155	161	168	173	159	146	146	145	146
Public Safety										
Police										
Policeman and officers	251	251	253	254	262	262	249	250	250	266
Civilians	44	43	43	48	58	58	57	56	56	58
Fire										
Firemen and officers	210	210	210	212	216	216	212	210	210	210
Civilians	7	7	7	8	8	8	8	10	10	10
Code enforcement	8	9	11	11	11	11	9	8	8	8
Transportation	61	61	61	62	62	63	54	54	54	56
Economic and Physical Development	13	12	13	13	13	13	9	9	8	8
Cultural and Recreational	73	73	74	79	82	83	75	75	74	74
Solid Waste	55	59	87	91	93	93	92	88	88	83
Water and Sewer	157	157	159	178	183	- (1)	-	-	-	-
Groundwater Utility	18	18	18	7	7	- (1)	-	-	-	-
Storm Water Management	57	58	58	59	59	59	59	59	59	60
Parking Facilities	1	1	1	1	1	2	2	2	2	2
Golf Course	9	9	9	9	9	9	9	9	11	11
Total	1,122	1,123	1,165	1,200	1,237	1,036	981	976	975	992

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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police										
Calls dispatched	173,768	154,959	179,088	173,235	179,803	180,194	170,552	182,124	177,042	173,980
Part I crimes	8,361	7,966	8,363	7,410	7,426	6,576	6,902	6,146	6,556	6,094
Fire										
Actual fires	561	568	583	597	482	462	494	561	531	503
Fire department responses	8,417	9,567	10,364	9,807	9,536	9,221	9,404	9,750	10,574	10,548
Fire inspections completed	4,957	5,115	4,925	6,791	4,455	4,676	4,996	5,776	4,786	4,680
Streets and Sidewalks Maintenance										
Miles of streets resurfaced	8	13	8	6	16	4	4	2	4	8
Solid Waste										
Tons of residential refuse	27,777	29,808	29,986	28,552	27,124	25,855	24,505	28,834	23,808	22,475
Tons of recyclables	4,302	4,831	4,526	4,454	4,818	4,785	5,402	5,253	5,643	6,109
Storm Water										
Number of customers	N/A	N/A	N/A	29,764	28,119	28,229	29,212	29,218	29,208	29,238
ERUs	76,148	75,926	80,126	80,298	85,019	87,760	89,357	92,174	92,027	92,113
Golf Course										
Total number of regular rounds	51,458	N/A	55,460	55,000	54,000	55,500	50,619	58,761	60,856	54,238

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		
	2004	2005	2006
Police			
Stations / facilities	3	2	2
Patrol units	186	192	239
Fire			
Fire stations	9	9	9
Transportation			
Streets (miles)	381	382	383
Streetlights	8,738	9,252	9,226
Cultural and Recreational			
Parks	42	43	44
Parks acreage	517	563	602
Recreation centers	9	9	9
Solid Waste			
Collection trucks	37	42	56
Storm Water			
Storm sewers (miles)	400	400	400
Parking			
Parking Decks	1	2	2
Fleet			
Vehicles (excluding patrol units)	367	368	387

Source: Various City departments.

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

TABLE 18

Fiscal Year						
2007	2008	2009	2010	2011	2012	2013
2	2	2	2	2	2	2
316	295	289	282	285	271	270
11	11	11	11	11	11	11
383	385	387	393	397	398	398
9,248	9,353	9,272	9,289	9,289	9,249	9,424
45	52	53	53	55	55	55
695	717	732	732	775	775	775
9	9	9	9	10	10	10
65	53	55	50	50	54	52
400	400	400	400	400	400	400
2	2	2	2	3	3	3
410	370	237	282	269	247	226

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SINGLE AUDIT SECTION TAB (FRONT)

SINGLE AUDIT SECTION TAB (BACK)



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

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

We have audited, in accordance with the 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, 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 the City of Wilmington, North Carolina, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Wilmington's basic financial statements, and have issued our report thereon dated December 4, 2013.

The City's basic financial statements include the operations of the Cape Fear Public Transportation Authority, a discretely presented component unit of the City of Wilmington. 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 *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Wilmington's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Wilmington's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Wilmington's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McGladrey LLP

Wilmington, North Carolina
December 4, 2013



**Independent Auditor's Report
On Compliance for 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

Report on Compliance for Each Major Federal Program

We have audited the 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 the City of Wilmington's major federal programs for the year ended June 30, 2013. The 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.

The City's basic financial statements include the operations of the Cape Fear Public Transportation Authority, a discretely presented component unit of the City of Wilmington, which received \$3,914,723 in federal awards during the year ended June 30, 2013. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Wilmington's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Wilmington's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Wilmington complied, in all material respects, with the types of 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, 2013.

Report on Internal Control Over Compliance

Management of the City of Wilmington is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Wilmington's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 the City'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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

McGladrey LLP

Wilmington, North Carolina
December 4, 2013



**Independent Auditor's Report
On Compliance for 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

Report on Compliance for Each Major State Program

We have audited the City of Wilmington, North Carolina's compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of its major State programs for the year ended June 30, 2013. 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.

The City's basic financial statements include the operations of the Cape Fear Public Transportation Authority, a discretely presented component unit of the City of Wilmington, which received \$1,009,311 in state awards during the year ended June 30, 2013. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major State programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Wilmington's major State programs based on our audit of the types of compliance requirements referred to above. 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, *Audits of States, Local Governments, and Non-Profit Organizations* as described in the Audit Manual for Government Auditors in North Carolina and the *State Single Audit Implementation Act*. Those standards, applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the City of Wilmington'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 on compliance for each major State program. However, our audit does not provide a legal determination of the City of Wilmington's compliance.

Opinion on Each Major State Program

In our opinion, the City of Wilmington complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the City of Wilmington is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Wilmington's internal control over compliance with the types of requirements that could have a direct and material effect on each major State program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major State program and to test and report on internal control over compliance in accordance with applicable sections of 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 the City'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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act. Accordingly, this report is not suitable for any other purpose.

McGladrey LLP

Wilmington, North Carolina
December 4, 2013

City of Wilmington, North Carolina

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

Section I -- Summary of Auditor's Results

Financial Statements

Type of auditor's opinion issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial
statements noted?

___ Yes X No

Federal Awards

Internal control over major federal programs:

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

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

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

___ Yes X No

Identification of major federal programs:

CFDA Number(s)
16.710

Name of Federal Program or Cluster
COPS Hiring Recovery Program – ARRA

20.205

Transportation Planning

City of Wilmington, North Carolina

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2013

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

Dollar threshold used to distinguish
between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? X Yes No

State Awards

Internal control over major State programs:

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

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

Any audit findings disclosed that are
required to be reported in accordance
with the State Single Audit Implementation Act? Yes X No

Identification of major State programs:

Powell Bill
Municipal Agreement – 3CR.20651.70

Note: A major State program is tested with its federal components and is listed as major Federal program as follows:

Transportation Planning (State portion)

City of Wilmington, North Carolina

**Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2013**

Section II -- Financial Statement Findings

None reported

Section III -- Federal Award Findings and Questioned Costs

None reported

Section IV -- State Award Findings and Questioned Costs

None reported

City of Wilmington, North Carolina

**Corrective Action Plan
For the Year Ended June 30, 2013**

No corrective action plan is required for the current year.

City of Wilmington, North Carolina

**Schedule of Prior Audit Findings
For the Year Ended June 30, 2013**

None reported in prior year.

CITY OF WILMINGTON, NORTH CAROLINA

Schedule of Expenditures of Federal and State Awards

Year Ended June 30, 2013

Grantor/Pass-through Grantor/Program Title	Federal CFDA or State DOT Number	Grant Award Number	WBS Number	Expenditures		
				Federal	State	Local
Federal Awards:						
<u>U.S. Department of Housing and Urban Development</u>						
Direct Program:						
Community Development Block Grants	14.218	B-06-MC-370010	-	\$ 54,125	\$ -	\$ -
Community Development Block Grants	14.218	B-07-MC-370010	-	2,535	-	-
Community Development Block Grants	14.218	B-09-MC-370010	-	6,944	-	-
Community Development Block Grants	14.218	B-10-MC-370010	-	120,755	-	-
Community Development Block Grants	14.218	B-11-MC-370010	-	20,846	-	-
Community Development Block Grants	14.218	B-12-MC-370010	-	515,153	-	36,550
Total Community Development Block Grants				<u>720,358</u>	<u>-</u>	<u>36,550</u>
Home Investment Partnerships Program	14.239	M-03-MC-37-0207	-	2,960	-	-
Home Investment Partnerships Program	14.239	M-04-MC-37-0207	-	778	-	-
Home Investment Partnerships Program	14.239	M-05-MC-37-0207	-	9,221	-	-
Home Investment Partnerships Program	14.239	M-07-MC-37-0207	-	36,982	-	-
Home Investment Partnerships Program	14.239	M-08-MC-37-0207	-	25,136	-	-
Home Investment Partnerships Program	14.239	M-09-MC-37-0207	-	167,482	-	-
Home Investment Partnerships Program	14.239	M-10-MC-37-0207	-	501,212	-	-
Home Investment Partnerships Program	14.239	M-11-MC-37-0207	-	80,909	-	113,446
Home Investment Partnerships Program	14.239	M-12-MC-37-0207	-	203,456	-	145,431
Total Home Investment Partnerships Program				<u>1,028,136</u>	<u>-</u>	<u>258,877</u>

CITY OF WILMINGTON, NORTH CAROLINA

Schedule of Expenditures of Federal and State Awards (Continued)

Year Ended June 30, 2013

Grantor/Pass-through Grantor/Program Title	Federal CFDA or State DOT Number	Grant Award Number	WBS Number	Expenditures		
				Federal	State	Local
Federal Awards (continued):						
<u>U.S. Department of Housing and Urban Development (continued)</u>						
HUD EDI Open Spaces Initiative	14.251	B-06-SP-NC-0606	-	\$ 206,199	\$ -	\$ -
Pass-through N.C. Department of Health and Human Services: Lead Based Paint Hazard	14.900	NCLHB0469-10	-	30,585	-	-
Total U.S. Department of Housing and Urban Development				<u>1,985,278</u>	<u>-</u>	<u>295,427</u>
<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	53,968	6,746	6,746
Transportation Planning	20.205	-	39225.1.16	295,531	-	73,883
Transportation Planning	20.205	-	39225.1.24	-	13,700	3,425
Transportation Planning	20.205	U-5017A	41439.3.1	43,698	131,095	-
Transportation Planning	20.205	U-5017B	41439.3.2	43,698	131,095	-
Transportation Planning	20.205	U-5017C	41439.3.3	43,698	131,095	-
Cross City Trail - ARRA	20.205	EB-5118CA	45051.3.ST3	87	-	-

CITY OF WILMINGTON, NORTH CAROLINA

Schedule of Expenditures of Federal and State Awards (Continued)

Year Ended June 30, 2013

Grantor/Pass-through Grantor/Program Title	Federal CFDA or State DOT Number	Grant Award Number	WBS Number	Expenditures		
				Federal	State	Local
Federal Awards (continued):						
<u>U.S. Department of Transportation (continued)</u>						
Bradley Creek Pedestrian Crossing	20.205	SR-5000A,B	-	\$ 75,814	\$ (123)	\$ 160
Greenway Plan	20.205.5	S5-1111	-	-	27,287	46,822
Municipal Agreement	20.205	-	41212.1.0	2,108,395	-	552,622
Municipal Agreement	20.205	-	40924.1.3	40,000	-	-
Total Highway Planning and Construction				<u>2,650,921</u>	<u>434,149</u>	<u>676,912</u>
Total U.S. Department of Transportation				<u>2,704,889</u>	<u>440,895</u>	<u>683,658</u>
<u>National Highway Traffic Safety Administration</u>						
Pass-through Governor's Highway Safety Program:						
Radar Unit Equipment	20.600	PT-13-03-03-20	-	19,573	-	6,524

CITY OF WILMINGTON, NORTH CAROLINA

Schedule of Expenditures of Federal and State Awards (Continued)

Year Ended June 30, 2013

Grantor/Pass-through Grantor/Program Title	Federal CFDA or State DOT Number	Grant Award Number	WBS Number	Expenditures		
				Federal	State	Local
Federal Awards (continued):						
<u>U.S. Department of Justice</u>						
Direct Programs:						
FY10 Assistance Grant Program	16.735	2010-DJ-BX-1490	-	\$ 29,222	\$ -	\$ -
FY09 Recovery Act JAG Program - ARRA	16.804	2009-SB-B9-1299	-	22,499	-	-
COPS Hiring Recovery Program - ARRA	16.710	2009-RK-WX-0568	-	278,311	-	-
Bulletproof Vest Partnership	16.607	2011BUBX11057007	-	21,575	-	21,575
Offender Reentry Demonstration Program	16.812	2010-CZ-BX-0173	-	192,361	-	192,361
JAG - Equipment	16.738	2011-DJ-BX-3257	-	22,329	-	-
JAG - Equipment	16.738	2012-DJ-BX-1163	-	84,819	-	22,805
Equitable Sharing Program - Federal Forfeiture	16.922	-	-	169,079	-	-
JLEO - Federal Forfeiture	16.111	-	-	123,710	-	-
Pass-through N.C. Governor's Crime Commission:						
Domestic Enforcement Wilmington	16.588	2012-WF-AX-0058	-	<u>52,182</u>	<u>-</u>	<u>21,315</u>
Total U.S. Department of Justice				<u>996,087</u>	<u>-</u>	<u>258,056</u>

CITY OF WILMINGTON, NORTH CAROLINA

Schedule of Expenditures of Federal and State Awards (Continued)

Year Ended June 30, 2013

Grantor/Pass-through Grantor/Program Title	Federal CFDA or State DOT Number	Grant Award Number	WBS Number	Expenditures		
				Federal	State	Local
Federal Awards (continued):						
<u>U.S. Department of Homeland Security</u>						
Pass-through N.C. Department of Crime Control and Public Safety:						
Fire Equipment	97.056	2009-PU-T9-K038-7007	-	\$ 40,146	\$ -	\$ 13,382
Hazmat RRT Equipment	97.067	2010-SS-T10-0075	-	51,429	-	-
Render Safe Equipment	97.067	2011-SS-00119-1037	-	7,648	-	-
Public Assistance Grant	97.036	FEMA-4019-DR-NC	-	<u>262,087</u>	<u>87,361</u>	<u>-</u>
Total U.S. Department of Homeland Security				<u>361,310</u>	<u>87,361</u>	<u>13,382</u>
<u>Environmental Protective Agency</u>						
Brownfields Program	66.818	BF-95483011-0	-	<u>197,455</u>	<u>-</u>	<u>-</u>
<u>U.S. Department of Energy</u>						
Direct Program:						
Energy Efficiency Community Block Grant - ARRA	81.128	DE-SC0002849	-	<u>83,354</u>	<u>-</u>	<u>-</u>
Total Federal Awards				<u>6,347,946</u>	<u>528,256</u>	<u>1,257,047</u>

CITY OF WILMINGTON, NORTH CAROLINA

Schedule of Expenditures of Federal and State Awards (Continued)

Year Ended June 30, 2013

Grantor/Pass-through Grantor/Program Title	Federal CFDA or State DOT Number	Grant Award Number	WBS Number	Expenditures		
				Federal	State	Local
State Awards:						
<u>N.C. Department of Environment and Natural Resources</u>						
Cross City Trail	-	-	-	\$ -	\$ 210,807	\$ -
2012 Curbside Recycling Grant	-	-	-	-	100,000	1,056,663
Total N.C. Department of Environment and Natural Resources				-	310,807	1,056,663
<u>N.C. Department of Transportation</u>						
Municipal Agreement	-	-	90949	-	50,000	-
Powell Bill Funds	DOT - 4	-	32570	-	2,832,661	810
Municipal Agreement	-	-	3CR.20651.70	-	998,638	-
Municipal Agreement	-	-	36413.3.3	-	67,011	-
Municipal Agreement - Schedules C and D	-	-	36247.3.3	-	364,336	-
Total N.C. Department of Transportation				-	4,312,646	810
Total State Awards				-	4,623,453	1,057,473
Total Federal and State Awards				\$ 6,347,946	\$ 5,151,709	\$ 2,314,520

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, 2013

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.