



City of Wilmington North Carolina

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2008

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*Downtown Riverfront at Night,
Photo by Dylan Lee, City of Wilmington, 2008*

City of Wilmington North Carolina

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2008



Prepared by
Finance Department

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INTRODUCTORY SECTION TAB (FRONT)

INTRODUCTORY SECTION TAB (BACK)

CITY OF WILMINGTON, NORTH CAROLINA

Comprehensive Annual Financial Report

Year Ended June 30, 2008

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City Council

Vassilios A. Saffo, Mayor
James L. Quinn, III, Mayor Pro-Tem
Laura W. Padgett
Earl Sheridan
Ronald W. Sparks
Jason Thompson
Kristi Tomey

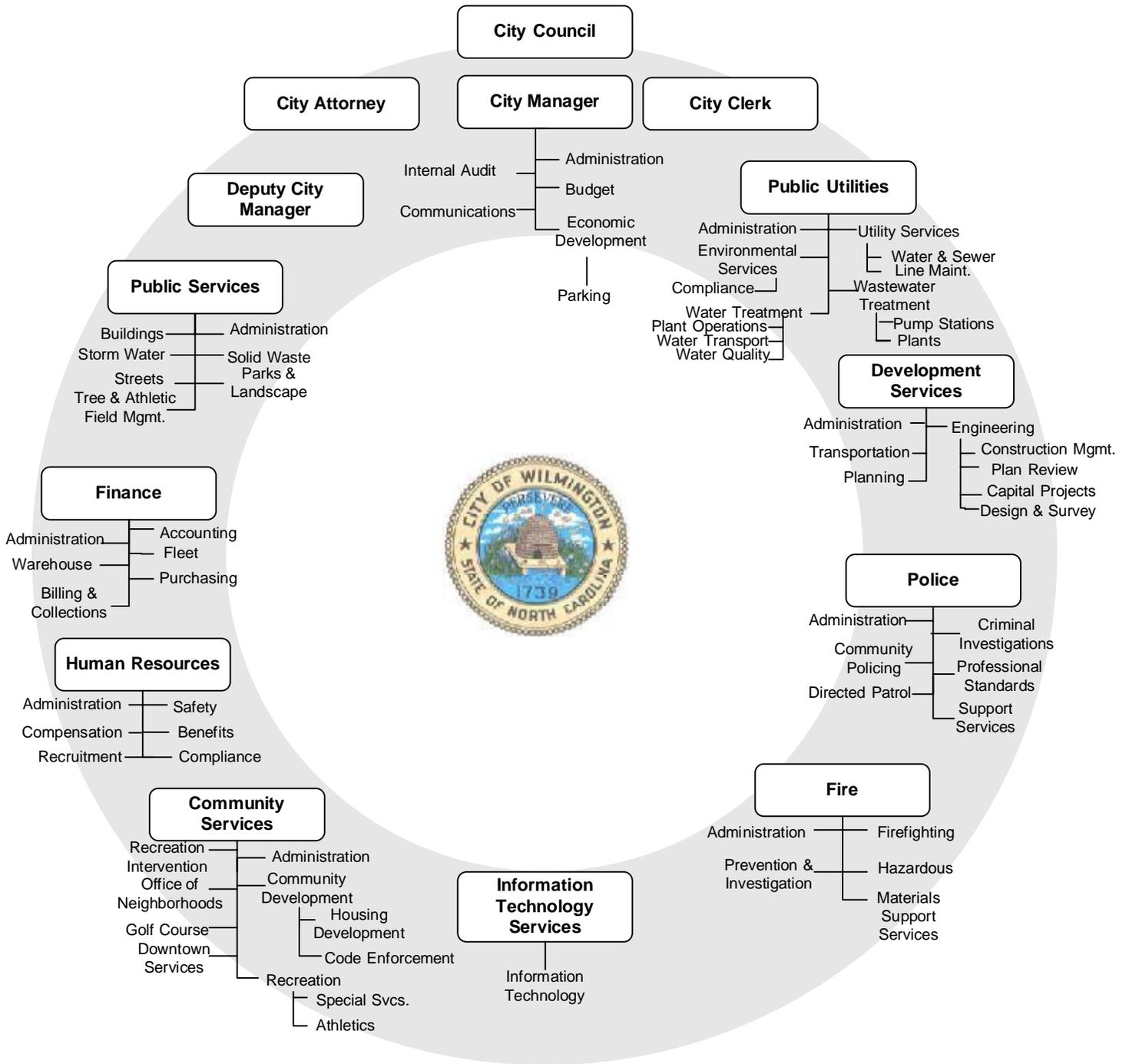
City Manager

Sterling B. Cheatham

Finance Director

Debra H. Mack

City of Wilmington North Carolina







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December 18, 2008

Honorable Mayor, Members of the
City Council and City Manager
CITY OF WILMINGTON
Wilmington, North Carolina

The Comprehensive Annual Financial Report of the City of Wilmington, North Carolina, for the fiscal year ended June 30, 2008, is submitted herewith. This report was prepared by the City's Finance Department. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with City management. 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 generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of 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 accurate in all material aspects; it is presented in a manner designed to present fairly the financial activity of its various funds and component unit; and all disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and compliance. The introductory section includes this transmittal letter, the Certificate for Excellence in Financial Reporting for the fiscal year ended June 30, 2007, the City's organization chart and a listing of principal officials. The financial section includes the independent auditor's report, management's discussion and analysis and basic financial statements including notes to financial statements and required supplementary information. Management discussion and analysis complements this letter of transmittal and should be read in conjunction with it. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The compliance section presents information in conformity with provisions of the Federal and State Single Audit Acts, which establish audit requirements for state and local governments that receive federal and state awards. This section includes schedules of federal and state awards, findings and questioned costs and the independent auditor's reports on internal control and compliance with applicable laws and regulations.

INDEPENDENT AUDIT

The General Statutes of North Carolina (Section 159-34) require an independent financial audit of all local governmental units. The City's financial statements have been audited by Lanier, Whaley, Craft and Company, a firm of licensed certified public accountants appointed by City Council. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2008 are free of material misstatement. Their audit was performed in accordance with generally accepted auditing standards and government auditing standards, and accordingly, included such tests of the accounting records and such other auditing procedures as they considered necessary in the circumstances. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2008 are fairly presented in conformity with accounting principles generally accepted in the United States of America. 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 audited government's internal controls and compliance with legal requirements involving the administration of federal and state awards.

PROFILE OF GOVERNMENT

The City is located in southeastern North Carolina on the Atlantic Coast. The City, which was incorporated in 1739, presently covers a land area of 54 square miles and has a population of 100,746, making it the eighth largest city in North Carolina. The City is empowered to levy a property tax on the appraised value of all real and certain tangible personal property located in the City. New Hanover County is the only other unit levying taxes within the City's corporate limits. The City is also empowered by statutes to extend its corporate limits by annexation.

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 consolidated water and sewer utility systems, a ground water utility system, parking facilities, 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's population has increased over 10% since 2000. According to New Hanover County, development exceeded \$667 million in fiscal year 2007-2008. An annual forecast prepared by the University of North Carolina at Wilmington's Cameron School of Business estimates the area's economy will grow at a rate of 2.5% in 2009 following a 2.5% growth rate in 2008.

Wilmington's unemployment rate has consistently been less than state and federal levels. This is in part due to the diversity of the local economy with professional services, trade, health care, the hospitality industry, and construction comprising over 60% of the workforce. Major employers in the City with over 1,000 employees include New Hanover Health Network, Pharmaceutical Product Development, Inc., Verizon Wireless, University of North Carolina at Wilmington, New Hanover County Board of Education, New Hanover County, and the City of Wilmington.

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. Corning Inc. operates an optical fiber plant in the City. Although Corning has idled several lines at the plant in recent years, employment levels have increased with the current work force estimated at 928 jobs up from 850 in 2006. In July 2007, Corning announced the invention of a fiber capable of twisting and turning without losing its signal. Verizon Communications, which helped Corning develop the new fiber (known as ClearCurve), is spending \$23 billion to put down 80,000 miles of fiber to reach the homes of 18 million customers by 2010. Corning's goal for the new fiber is to facilitate connecting to the estimated 680 million apartment homes worldwide, 25 million of them in the United States. ClearCurve fiber is hundreds of times more bendable than standard single-mode fiber and can be pulled through wall studs and stapled to wood. Verizon Communications announced in February 2008 that it has chosen the ClearCurve fiber manufactured at the City's Corning plant to install fiber-optic service. The impact of this announcement on Corning's Wilmington plant is unknown at this time.

New Hanover Health Network (NHHN) continues to expand its services and is southeastern North Carolina's leading health-care provider with over 4,700 employees. Construction is underway on a four-year \$221 million expansion of their Wilmington facilities. The plan features a new women's and children's center with an expanded service line to include the area's first pediatric intensive care facility which will begin taking patients in December 2008. The current nine floor patient tower is being completely renovated and converted to almost all private rooms. A new 100,000 square foot surgical pavilion on the main campus began taking patients in June 2008 and features 26 operating rooms and 76 recovery rooms.

The University of North Carolina at Wilmington (UNCW), for the eleventh consecutive year, was rated among the top 10 public master's universities in the south by *U.S. News and World Report* and fifth on its list of "up-and-coming" master's universities in the South. UNCW enrollment is approximately 12,200 in the fall of 2008. The 2008 *Forbes* special report on America's best colleges, ranked UNCW second among the public universities in North Carolina. The University also received the 2009 "Best in the Southeast" designation by *The Princeton Review* and one of the top twenty-five "Best Values" among public universities in the nation and a top 3 "Best Value" rating among public universities in North Carolina by *Kiplinger's*. In addition to UNCW, Cape Fear Community College (CFCC) is the fifth largest school in the North Carolina Department of Community Colleges system with approximately 8,000 students enrolled for fall 2008.

The City's location affords industries easy accessibility to major markets to the north and south. The Wilmington port, located in the City on the east bank of the Cape Fear River, is one of two deep water harbors in the State. In fiscal year ended June 30, 2008, the State-owned port handled 3,468,209 tons of cargo, an increase of 27,548 tons from the previous year. In September 2006, the North Carolina State Port Authority Board of Directors approved the purchase of four 100 foot gauge container cranes. The cranes were delivered and in operation in 2007, giving the Port the capacity to handle larger vessels.

Tourism is the area's largest economic component in terms of employment and revenues. Nearby beaches, the historic river front area, and the USS North Carolina Battleship Memorial are attractions for tourism business. A variety of special events held year-round, such as the Azalea Festival and Riverfest, add to the area's appeal to tourists. The New Hanover County Tourism Development Authority ("TDA") was established to expand the tourism industry and to maintain the health of the local economy. Funded in large part by the room occupancy tax discussed herein, the TDA serves as an umbrella organization representing all of the services available to a visitor within the area. The North Carolina Division of Travel and Tourism has estimated that in 2006 travel and tourism generated \$388 million, an increase of 10.8% from 2005, and was responsible for the creation of 5,440 jobs in the area. The County is ranked eighth among the 100 counties in North Carolina in tourism expenditures.

The filmmaking industry has been an important economic force in the City and the County since the construction of production facilities in 1983 by DEG Inc. Now owned by EUE/Screen Gems Studios it is the largest television and movie production facility outside of California. The studio has nine sound stages offering over 88,400 square feet of stage space with stage 10 under construction adding another 37,500 square feet of stage space. Stage 10 will be the 3rd largest stage in the United States and will have one of the largest special effects water tanks in North America. The County continues to be one of the most productive and cost effective filmmaking destinations. From 1984 to present, the County has hosted more than 300 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.

ACCOMPLISHMENTS AND INITIATIVES

During FY 2007-08, the City achieved a number of improvements in municipal operations and services provided to the citizens of the City. Some of the more significant accomplishments for the year and major program initiatives for the future are identified below:

Development and Redevelopment. The City of Wilmington has a variety of development and redevelopment challenges and opportunities. The City's annual population growth rate was fairly consistent from 1940 to 1980 – at around 1%. In the 1980s and 1990s, the annual growth rate was approximately 2%. In 1999 and 2000, the City annexed approximately 26,000 people, contributing to a substantial population increase. Since 2001, the growth rate has been approximately 1.72% per year. The City is approximately 90% developed and with an estimated future growth rate of 1% to 1.5% per year, total build-out could occur by the year 2020. However, the economic downturn could create a slow-growth scenario and hold the annual growth rate lower than 0.93% per year to as low as 0.5% per year. Redevelopment of aging commercial areas is an emerging trend as vacant land becomes scarcer. Surrounding areas continue to increase in population while Wilmington maintains its position as the regional commercial hub.

Suburban mixed use development on undeveloped sites has been occurring over the past five years. Construction began in 2004 on a mixed-use development known as “Mayfaire.” This development includes more than 400 acres and, upon completion, will have a wide range of residential, retail and office development with 140 acres of open space. The total development is estimated at \$400 million and is expected to be completed in 2010. As of April 2008, approximately 85% of the overall Mayfaire project was complete. In May 2004, the Town Center portion of the project was opened with more than 386,000 square feet of restaurant and retail space. In September of 2007, Phase II, portions of Phase III and an 80,000 square foot grocery-anchored retail center were open, 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 Mayfaire Community Center which will consist of approximately 100,000 square feet of new retail. Construction is expected to commence on this portion of the project in approximately six months. The first of two programmed hotels, a 120-room Hilton Garden Inn, opened for business in March of 2007. Wachovia selected the Mayfaire Office Park for the location of its corporate mortgage operations center. The first phase, a 90,000 square-foot building opened in 2006 and has been programmed for future expansion. Construction of more office buildings are expected within the next year. The project also boasts a wide range of residential units, with 84 condominiums in mixed use buildings, 212 free-standing condominiums, more than 100 single family detached housing units in a neo-traditional setting and a rental apartment component.

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

A second major update of the Land Development Code, originally adopted in December 2004, was approved by City Council Spring 2008. The last code update was completed in 2005. Staff has implemented a biennial schedule for code maintenance to ensure that, as it’s implemented, the code remains pertinent and accurate. In addition to the update, amendments have been adopted which add flexibility to the code, including the addition of staff-approved prescribed conditions and clarification on the inclusion of residential units within commercial developments.

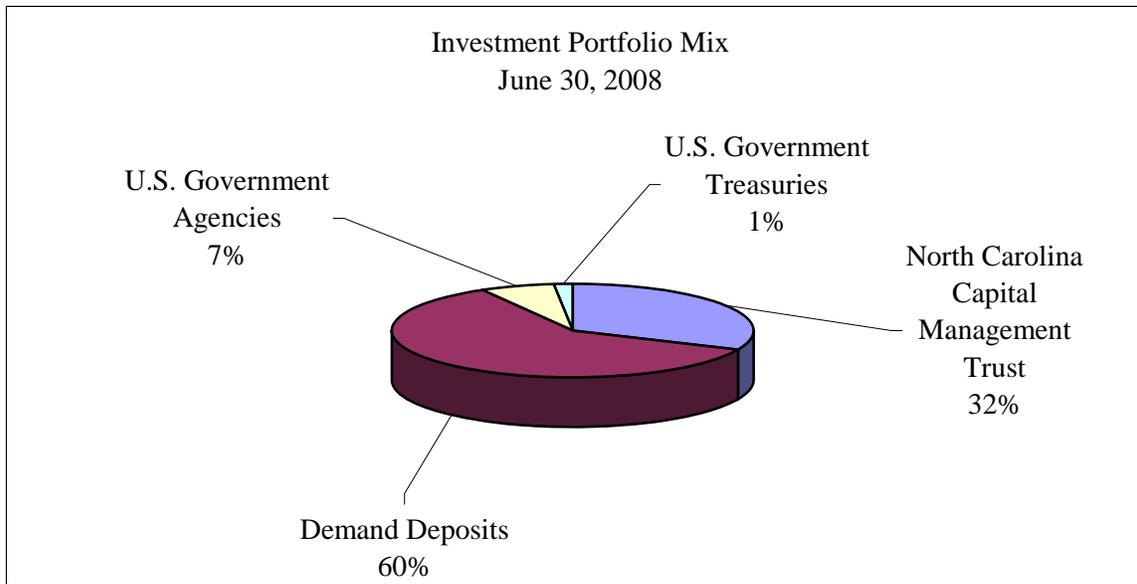
Public Facilities. On May 1, 2008, the City completed financings for a new 113,000 square-foot convention center and related 581-space parking deck being constructed on the Cape Fear River in downtown Wilmington. The cost of the facility is expected to be \$56.6 million, including the parking deck and cost of the land. The facility is currently under construction and is expected to be completed in late 2009.

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 November 2007. 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.

CASH MANAGEMENT

The City’s investment policy is designed to minimize credit and market risks while maintaining a competitive yield on its portfolio. Available cash is invested in interest bearing demand deposits, obligations of the U.S. Treasury and governmental agencies, and the North Carolina Capital Management Trust (an SEC registered money market fund), in accordance with North Carolina General Statute 159-30. Deposits are either insured by federal depository insurance or are collateralized by securities held by the State Treasurer’s agent in the name of the State Treasurer. At June 30, 2008, the City held \$191.5 million in cash and investments in the following mix:



RISK MANAGEMENT

The City has a self-insured medical insurance program with administration of the program by Blue Cross/Blue Shield of North Carolina. In addition, the City contracts with Blue Cross for stop-loss pooling of claims on an individual basis once a claim reaches \$150,000 during a contract period. Aggregate stop-loss limits the City’s losses to 125 percent of expected claims. The City has established a reserve for existing claims as of June 30, 2008 of \$211,646.

The City is also a self-insurer for workers’ compensation insurance up to a maximum of \$300,000 per claim for general employees and \$500,000 for public safety employees with an aggregate annual limit of \$3,000,000. The City has established a reserve for existing claims as of June 30, 2008 of \$643,057.

Funding is included in the General Fund for expected claims. The City purchases property, general liability, and crime insurance through qualified commercial insurers at a level deemed appropriate for each type of coverage. The coverages are placed by New Hanover County Risk Management pursuant to an interlocal agreement with the City.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Wilmington for its comprehensive annual financial report for the fiscal year ending June 30, 2007. The Certificate of Achievement is a prestigious national award recognizing achievement with the highest standards in government accounting and financial reporting.

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

A Certificate of Achievement is valid for a period of one year only. The City of Wilmington has received a Certificate of Achievement for twenty-five 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.

ACKNOWLEDGMENTS

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, Alice Johnson, and Eric Olsen for their efforts and contributions to the preparation of this report and Debbie Haynes for the cover design.

Respectfully submitted,



Debra H. Mack
Finance Director



Bryon Dorey
Assistant Finance Director-Treasurer



Stephanie Jacobs
Assistant Finance Director - Controller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Wilmington
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

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



Oliver S. Cox

President

Jeffrey R. Emer

Executive Director

FINANCIAL SECTION TAB (FRONT)

FINANCIAL SECTION TAB (BACK)



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

Independent Auditor's Report

The City Council
City of Wilmington, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Wilmington, North Carolina, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Wilmington's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Wilmington, North Carolina as of June 30, 2008, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison of the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2008 on our consideration of the City of Wilmington's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance Schedule of Funding Progress and Schedule of Employer Contributions on pages 3 through 12 and 85 and 86 respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion on it.

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

Lanier, Whaley, Craft & Co.

Wilmington, North Carolina
December 18, 2008

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, 2008. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

Financial Highlights

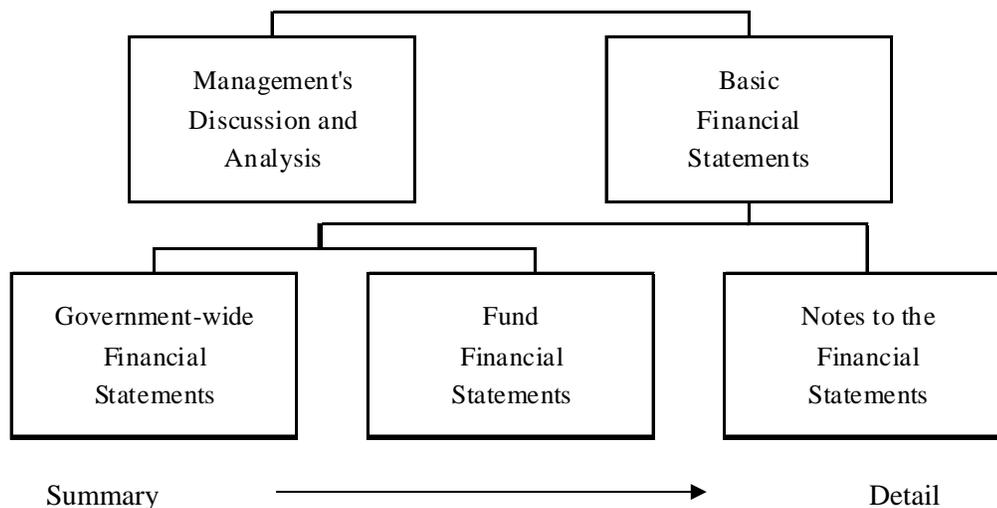
- The assets of the City of Wilmington exceeded its liabilities at the close of the fiscal year by \$462,469,227 (*net assets*).
- The government's total net assets increased by \$20,732,696, with approximately 57.2% of that amount accounted for in the net assets of the business-type activities and 42.8% in the net assets of the governmental activities.
- As of the close of the current fiscal year, the City of Wilmington's governmental funds combined ending fund balances increased \$62,044,243 from the prior year to a total of \$132,324,460. Approximately 3.7% of this amount, or \$4,961,168, is available for spending at the government's discretion (*unreserved fund balance*). The reduction in unreserved fund balance from the prior year is largely attributable to expenditures in the current year to be funded by the issuance in August 2008, of \$14,605,000 in General Obligation Bonds for streets and sidewalk construction and in the collection in October 2008 of \$8,320,716 from New Hanover County for Parks and Recreation capital projects.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$16,979,687 or 24.4% of total general fund expenditures for the fiscal year.
- The City of Wilmington's total long-term liabilities increased by \$87,352,002 or 41.8% during the current fiscal year. Total long-term liabilities increased for both the governmental and business-type activities by \$82,679,268 and \$4,672,734, respectively.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

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

Government-wide Financial Statements

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

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

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the City's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the City charges customers to provide. These include water and sewer services, 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 dependant upon the City.

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

Fund Financial Statements

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

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

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

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

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 34 - 84 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 to its employees. Required supplementary information can be found beginning on page 85 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of the City of Wilmington exceeded liabilities by \$462,469,227 as of June 30, 2008. The City's net assets increased by \$20,732,696 for the fiscal year ended June 30, 2008.

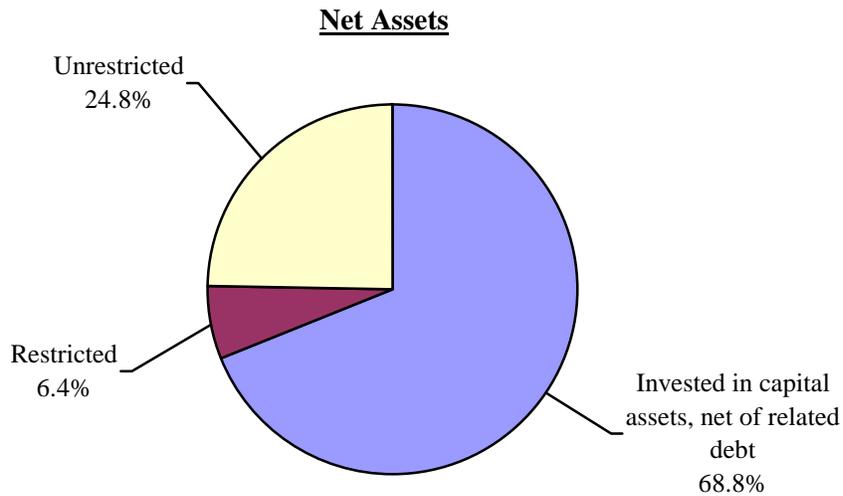
A significant portion of the City of Wilmington's net assets \$318,323,353 (68.8%) reflects its investment in capital assets (e.g. land, buildings, infrastructure, and machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The City of Wilmington uses these capital assets to provide services to citizens; consequently those assets are not available for future spending. Although the City of Wilmington's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

An additional portion of the City of Wilmington's net assets of \$29,464,712 (6.4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$114,681,162 (24.8%) is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors. At the end of the current fiscal year the City of Wilmington was able to report positive balances in all three categories of net assets, both for the City as a whole, as well as for its separate governmental and business-type activities.

Net Assets

Figure 2

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
ASSETS:						
Current and other assets	\$ 163,308,199	\$ 95,799,661	\$ 82,237,220	\$ 97,066,802	\$ 245,545,419	\$ 192,866,463
Capital assets	<u>273,401,823</u>	<u>248,349,649</u>	<u>262,842,192</u>	<u>234,939,717</u>	<u>536,244,015</u>	<u>483,289,366</u>
Total assets	<u>436,710,022</u>	<u>344,149,310</u>	<u>345,079,412</u>	<u>332,006,519</u>	<u>781,789,434</u>	<u>676,155,829</u>
LIABILITIES:						
Long-term liabilities	163,993,817	81,314,549	132,343,804	127,671,070	296,337,621	208,985,619
Current and other liabilities	<u>11,688,863</u>	<u>10,680,221</u>	<u>11,293,723</u>	<u>14,753,458</u>	<u>22,982,586</u>	<u>25,433,679</u>
Total liabilities	<u>175,682,680</u>	<u>91,994,770</u>	<u>143,637,527</u>	<u>142,424,528</u>	<u>319,320,207</u>	<u>234,419,298</u>
NET ASSETS:						
Invested in capital assets, net of related debt	181,571,647	181,747,430	136,751,706	135,128,498	318,323,353	316,875,928
Restricted	21,704,213	16,934,004	7,760,499	6,240,878	29,464,712	23,174,882
Unrestricted	<u>57,751,482</u>	<u>53,473,106</u>	<u>56,929,680</u>	<u>48,212,615</u>	<u>114,681,162</u>	<u>101,685,721</u>
Net assets	<u>\$ 261,027,342</u>	<u>\$ 252,154,540</u>	<u>\$ 201,441,885</u>	<u>\$ 189,581,991</u>	<u>\$ 462,469,227</u>	<u>\$ 441,736,531</u>



Governmental activities. Governmental activities increased the City's net assets by \$8,872,802, accounting for 42.8% of the total growth in the net assets of the City of Wilmington. Key elements of this increase are as follows:

- Revenues related to governmental activities increased by \$1,713,555 or 1.9% over the prior year despite a decrease of \$1,756,036 in investment earnings.
- Although there was continued diligence in the collection of property taxes by maintaining a tax collection rate of 98.13% which is slightly below the statewide average of 98.23% as reported for cities over 50,000 in population without electrical systems, for the year ending June 30, 2007; property taxes decreased by \$1,112,818 due to the New Hanover County Tax revaluation error and resulted in the City establishing a tax rate lower than revenue neutral.
- Program revenues provided 19.3% of the support for governmental activities.
- Expenses related to governmental activities increased by \$1,815,848 or 2.3% over the prior year. Increases in Public Safety of \$5,692,426 were partially offset by a decrease in Transportation of \$5,274,190.

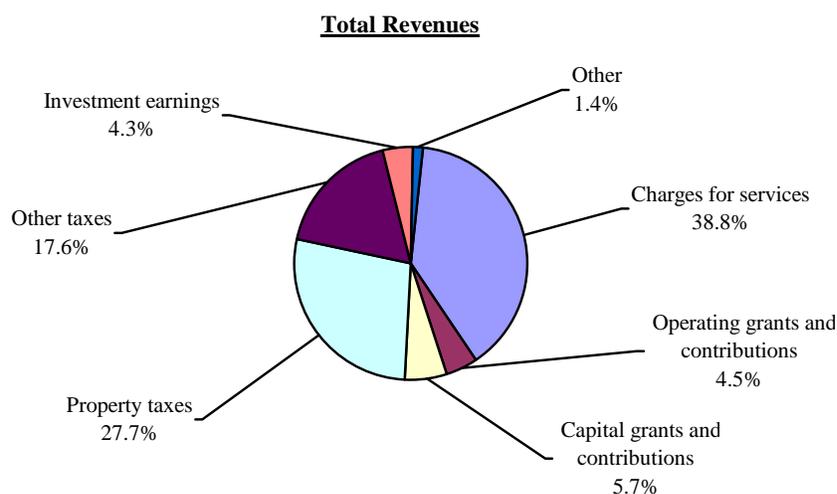
Business-type activities. Business-type activities increased the City of Wilmington's net assets by \$11,859,894, accounting for 57.2% of the total growth in the government-wide net assets. The largest increase in net assets was \$7,023,443 in the Water and Sewer Fund after \$2,898,725 in capital contributions. Key elements of the increase are as follows:

- Charges for services increased by \$2,276,033 or 4.5% over the prior year; however decreases in all other categories resulted in an overall decrease in revenues of 647,602 or 1.1%.
- Expenses related to business-type activities decreased by \$154,722 or .3% from the prior year.

Changes in Net Assets
Figure 3

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ 5,665,096	\$ 6,850,266	\$ 52,508,852	\$ 50,232,819	\$ 58,173,948	\$ 57,083,085
Operating grants and contributions	6,736,997	4,910,085	-	90,412	6,736,997	5,000,497
Capital grants and contributions	5,010,259	2,809,524	3,523,179	5,126,467	8,533,438	7,935,991
General revenues:						
Property taxes	41,489,000	42,601,818	-	-	41,489,000	42,601,818
Other taxes	26,388,286	24,824,476	-	-	26,388,286	24,824,476
Investment earnings	2,672,323	4,428,359	3,708,352	4,934,347	6,380,675	9,362,706
Other	2,193,694	2,017,572	-	3,940	2,193,694	2,021,512
Total revenues	<u>90,155,655</u>	<u>88,442,100</u>	<u>59,740,383</u>	<u>60,387,985</u>	<u>149,896,038</u>	<u>148,830,085</u>

	Governmental		Business-type		Total	
	Activities		Activities			
	2008	2007	2008	2007	2008	2007
General government	\$ 16,843,180	\$ 14,379,647	\$ -	\$ -	\$ 16,843,180	\$ 14,379,647
Public safety	41,557,316	35,864,890	-	-	41,557,316	35,864,890
Transportation	8,479,949	13,754,139	-	-	8,479,949	13,754,139
Economic and physical development	4,322,396	4,481,644	-	-	4,322,396	4,481,644
Environmental protection	7,459	-	-	-	7,459	-
Culture and recreation	4,660,956	5,976,218	-	-	4,660,956	5,976,218
Transit system	1,237,043	1,103,344	-	-	1,237,043	1,103,344
Interest and other charges	3,692,957	3,425,526	-	-	3,692,957	3,425,526
Water and sewer	-	-	28,340,892	28,480,953	28,340,892	28,480,953
Ground water utility	-	-	4,369,353	4,417,676	4,369,353	4,417,676
Solid waste management	-	-	7,386,926	8,129,899	7,386,926	8,129,899
Storm water management	-	-	4,924,043	4,570,924	4,924,043	4,570,924
Parking facilities	-	-	2,328,314	2,009,319	2,328,314	2,009,319
Golf	-	-	1,012,558	908,037	1,012,558	908,037
Total expenses	80,801,256	78,985,408	48,362,086	48,516,808	129,163,342	127,502,216
Increase in net assets before transfers	9,354,399	9,456,692	11,378,297	11,871,177	20,732,696	21,327,869
Transfers from (to) other funds	(481,597)	(622,325)	481,597	622,325	-	-
Increase in net assets	8,872,802	8,834,367	11,859,894	12,493,502	20,732,696	21,327,869
Net assets at beginning of year, as previously stated	252,154,540	113,415,468	189,581,991	177,088,489	441,736,531	290,503,957
Prior period adjustment	-	129,904,705	-	-	-	129,904,705
Net assets at beginning of year as restated	252,154,540	243,320,173	189,581,991	177,088,489	441,736,531	420,408,662
Net assets at end of year	\$ 261,027,342	\$ 252,154,540	\$ 201,441,885	\$ 189,581,991	\$ 462,469,227	\$ 441,736,531



Financial Analysis of the City's Funds

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

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

The General Fund is the chief operating fund of the City of Wilmington. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$16,979,687 while total fund balance was \$27,370,625. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 24.4% of total General Fund expenditures, while total fund balance represents 39.3% of that same amount.

The Building Improvements capital project fund has a reserved fund balance of \$54,128,773, an increase of \$50,681,888 from the prior year. This increase was primarily a result of unexpended proceeds of debt incurred for the construction of the Convention Center.

At June 30, 2008, the governmental funds of the City of Wilmington reported a combined fund balance of \$132,324,460, an 88.3% increase from the prior year. The General Fund, capital projects funds, debt service fund, and special revenue funds are included in this combined amount.

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

Revenues (excluding transfers) were below budget estimates by \$3,439,983 for the fiscal year. The most significant budgetary variation was ad valorem taxes. Revenues from this source decreased by \$1,112,818 or 2.6% under the prior year and were below budget estimates by \$3,099,904. A general reappraisal of real property, which occurs once every eight years, was effective for the fiscal year ending June 30, 2008, and the City reduced the ad valorem tax to \$0.30 from \$0.46 per \$100 assessed value. The re-valuation process conducted by the County's tax office included certain tax-exempt properties in the taxable property values used to establish tax rates for the City's fiscal year 2008 budget. Based on the erroneously calculated property values, the City, the County and other municipalities within the County set their respective property tax rates lower than necessary to receive the estimated property tax revenues projected for their respective 2008 budgets. This error in estimate, which was discovered in January 2008, resulted in a loss of approximately \$3.1 million in property tax revenue for the City. To remedy the loss in revenue caused by this calculation error for the remainder of the fiscal year ended June 30, 2008, the City moved swiftly to meet with all departments and divisions and put a plan together to resolve the budget shortfall. Such plan was adopted by the City Council. In addition, the City's share of the countywide sales tax distribution (based on ad valorem tax basis) dropped from 22.62% to 21.29% although the overall sales tax distribution in New Hanover County was up 5.5%.

Expenditures (excluding transfers) in the General Fund were \$4,865,574 less than the \$74,504,030 budget. The overall decrease from budget includes decreases in personnel expenditures of approximately \$741,000, economic incentives of approximately \$450,000, and other operating expenditures of approximately \$2,830,800.

Proprietary Funds. The City of Wilmington’s proprietary funds provide the same type of information found in the government-wide statements but in more detail. The major enterprise funds are the Water and Sewer Fund, Ground Water Utility Fund, Solid Waste Management Fund and Storm Water Management Fund. Unrestricted net assets of the Water and Sewer Fund, Ground Water Utility Fund, Solid Waste Management Fund and Storm Water Management Fund at the end of the fiscal year amounted to \$36,939,569, \$3,527,704, \$2,183,578, and \$10,012,508, respectively. The unrestricted net assets of the other two nonmajor proprietary funds totaled \$4,266,321.

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, 2008 was \$536,244,015 (net of accumulated depreciation). These assets include land, buildings, roads and bridges, water and sewer lines, machinery and equipment, park facilities, and vehicles.

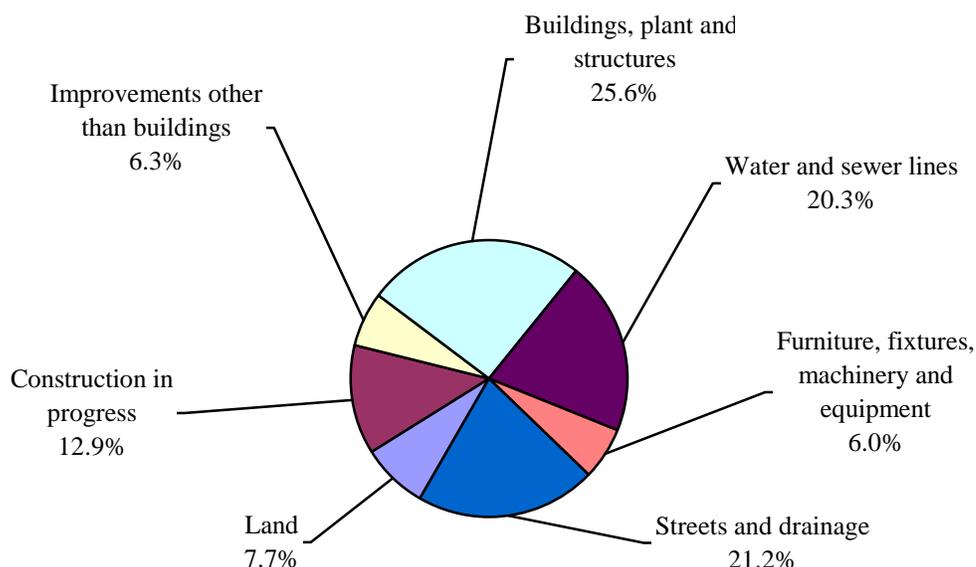
Major capital asset transactions during the year include the following additions (there were no significant demolitions or disposals):

- The largest change in governmental activity capital assets was starting the construction on the Convention Center which was primarily responsible for the \$23,786,138 increase in construction in progress.
- The purchase of park property was largely responsible for the \$3,368,398 increase in land in the governmental activity capital assets.
- An increase of \$17,034,334 in construction in progress for business-type activities represented the largest increase in business-type activities capital assets and was primarily comprised of the Northside Wastewater Treatment Plant expansion. In addition, water and sewer lines increased by \$10,257,990.

**Capital Assets
Figure 4**

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 49,253,596	\$ 45,885,198	\$ 6,065,356	\$ 5,261,047	\$ 55,318,952	\$ 51,146,245
Construction in progress	29,841,041	6,054,903	63,509,722	46,475,388	93,350,763	52,530,291
Total non-depreciable assets	<u>79,094,637</u>	<u>51,940,101</u>	<u>69,575,078</u>	<u>51,736,435</u>	<u>148,669,715</u>	<u>103,676,536</u>
Improvements other than buildings	16,407,348	16,402,495	28,798,957	28,758,291	45,206,305	45,160,786
Buildings, plant and structures	76,258,952	75,324,533	108,326,530	103,398,510	184,585,482	178,723,043
Water and sewer lines	-	-	146,253,293	135,995,303	146,253,293	135,995,303
Furniture, fixtures, machinery and equipment	38,236,097	37,156,415	4,914,606	3,766,262	43,150,703	40,922,677
Streets and drainage	<u>153,302,926</u>	<u>150,633,474</u>	-	-	<u>153,302,926</u>	<u>150,633,474</u>
Total assets being depreciated	284,205,323	279,516,917	288,293,386	271,918,366	572,498,709	551,435,283
Accumulated depreciation	<u>(89,898,137)</u>	<u>(83,107,369)</u>	<u>(95,026,272)</u>	<u>(88,715,084)</u>	<u>(184,924,409)</u>	<u>(171,822,453)</u>
Total capital assets being depreciated, net	<u>194,307,186</u>	<u>196,409,548</u>	<u>193,267,114</u>	<u>183,203,282</u>	<u>387,574,300</u>	<u>379,612,830</u>
Total capital assets, net	<u>\$ 273,401,823</u>	<u>\$ 248,349,649</u>	<u>\$ 262,842,192</u>	<u>\$ 234,939,717</u>	<u>\$ 536,244,015</u>	<u>\$ 483,289,366</u>

Capital Assets



Additional information on the City’s capital assets can be found in note 3 on pages 51-55 of this report.

Long-term Liabilities. As of June 30, 2008, the City of Wilmington had total bonded debt outstanding of \$110,758,686. Of this amount, \$29,655,000 is general obligation debt backed by the full faith and credit of the City. Of the general obligation debt, a total of \$21,085,147 is paid with water and sewer system revenues, although the City’s taxing authority is the true security to the bondholders in the form of general obligation bonds. The remainder of the City’s debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds) of the water and sewer and storm water systems.

Outstanding Long-term Liabilities General Obligation and Revenue Bonds

Figure 5

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
General obligation bonds	\$ 8,569,853	\$ 10,819,973	\$ 21,085,147	\$ 27,245,027	\$ 29,655,000	\$ 38,065,000
Revenue bonds	-	-	81,103,686	69,357,690	81,103,686	69,357,690
Total	\$ 8,569,853	\$ 10,819,973	\$ 102,188,833	\$ 96,602,717	\$ 110,758,686	\$ 107,422,690

The City of Wilmington's total bonded debt increased by \$3,335,996 during the past fiscal year. At June 30, 2008, the general obligation debt was rated AA/AA+/Aa2 by Fitch, Standard and Poor's, and Moody's respectively. The revenue bonds of the Water and Sewer Fund have been rated AA-/AA-/A1 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 \$1,091,479,245. The City has \$14,000,000 of authorized but unissued bonds at June 30, 2008.

Additional information on the City of Wilmington's long-term debt can be found in note 3 on pages 61-76 of this report.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the conservative growth projections:

- The City of Wilmington's unemployment rate of 5.1% at June 30, 2008 was below the State average of 6.2% and the national average of 5.7%.
- Reductions in construction were evident as the building permits valued at \$314,971,831 in fiscal year 2008 were \$87,443,592 less than the permitted values in fiscal year 2007.
- Sales tax receipts (county-wide) were up 5.5% over the prior fiscal year but due to the distribution method selected by New Hanover County an 8% reduction was projected for 2009.

All of these factors were included in preparing the City of Wilmington's budget for the 2009 fiscal year.

Budget Highlights for the Fiscal Year Ending June 30, 2009

Governmental Activities. The budget includes a tax rate of 33.25 cents per \$100, an increase of 3.25 cents; of which 2.50 cents was required to recover from the effect of the New Hanover County tax value error and achieve revenue neutrality from the 2007-08 property valuation. Sales tax revenue was projected to be 8% lower or \$1.5 million less over the previous year; and includes an appropriation of fund balance of \$4,491,000. Budgeted expenditures, excluding transfers, in the General Fund are expected to drop 1.3% to \$73,775,081.

Business-type Activities. On July 1, 2008, the City transferred all of its water and sewer system including the ground water system to the Cape Fear Public Utility Authority which resulted in a reduction from the previous year's budget of \$42,816,208. Storm water fees remained unchanged at \$5.00 per month per residence.

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, 320 Chestnut Street, Wilmington, N.C. 28401.

BASIC FINANCIAL STATEMENTS

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CITY OF WILMINGTON, NORTH CAROLINA

Statement of Net Assets

June 30, 2008

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 58,247,878	\$ 66,423,602	\$ 124,671,480	\$ 451,681
Taxes receivable, net	1,420,970	-	1,420,970	-
Accounts receivable, net	563,782	6,046,511	6,610,293	3,243
Other receivables	334,889	286,285	621,174	-
Due from component unit	118,604	-	118,604	-
Due from other governments	24,477,748	1,287,939	25,765,687	461,968
Inventories	615,864	1,417,492	2,033,356	67,634
Deferred charges, net	1,541,152	1,920,607	3,461,759	-
Water availability rights, net	-	1,988,116	1,988,116	-
Notes receivable	12,818,189	-	12,818,189	-
Restricted assets:				
Cash and cash equivalents	62,938,476	2,866,668	65,805,144	-
Net pension asset	230,647	-	230,647	-
Capital assets:				
Land and construction in progress	79,094,637	69,575,078	148,669,715	2,429,137
Other capital assets, net of accumulated depreciation	194,307,186	193,267,114	387,574,300	5,062,217
Total assets	436,710,022	345,079,412	781,789,434	8,475,880
LIABILITIES				
Accounts payable	3,258,505	9,381,011	12,639,516	87,759
Due to management company	-	-	-	914,830
Due to other governments	2,000,000	3,368	2,003,368	-
Due to component unit	-	-	-	-
Due to primary government	-	-	-	118,604
Accrued liabilities	2,681,175	1,258,912	3,940,087	76,894
Customer and escrow deposits	1,227,209	420,367	1,647,576	-
Unearned revenues	8,542	25,637	34,179	-
Payable from restricted assets	2,513,432	204,428	2,717,860	-
Long-term liabilities:				
Due within one year	10,497,585	8,375,105	18,872,690	-
Due in more than one year	153,496,232	123,968,699	277,464,931	-
Total liabilities	175,682,680	143,637,527	319,320,207	1,198,087
NET ASSETS				
Invested in capital assets, net of related debt	181,571,647	136,751,706	318,323,353	7,491,354
Restricted for:				
Community development housing loans	10,058,979	-	10,058,979	-
Debt service	837,817	-	837,817	-
Law enforcement grants and contributions	754,192	-	754,192	-
Firemen's relief	20,189	-	20,189	-
Capital projects	-	2,099,305	2,099,305	-
Water and sewer facility fees	-	5,661,194	5,661,194	-
Convention center facility	10,033,036	-	10,033,036	-
Unrestricted (deficit)	57,751,482	56,929,680	114,681,162	(213,561)
Net assets	\$ 261,027,342	\$ 201,441,885	\$ 462,469,227	\$ 7,277,793

See notes to financial statements.

CITY OF WILMINGTON, NORTH CAROLINA

Statement of Activities

Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 16,843,180	\$ 3,094,822	\$ 7,302	\$ 25,000
Public safety	41,557,316	1,027,819	783,703	473,021
Transportation	8,479,949	969,286	3,608,501	4,501,619
Economic and physical development	4,322,396	36,660	2,302,879	-
Environmental protection	7,459	-	-	10,619
Cultural and recreational	4,660,956	536,509	14,559	-
Transit system	1,237,043	-	-	-
Hurricane disaster recovery	-	-	20,053	-
Interest and other charges	3,692,957	-	-	-
Total governmental activities	80,801,256	5,665,096	6,736,997	5,010,259
Business-type activities:				
Water and sewer	28,340,892	30,303,159	-	2,898,725
Ground water utility	4,369,353	5,005,979	-	-
Solid waste management	7,386,926	7,437,015	-	-
Storm water management	4,924,043	6,161,452	-	624,454
Parking facilities	2,328,314	2,408,489	-	-
Golf	1,012,558	1,192,758	-	-
Total business-type activities	48,362,086	52,508,852	-	3,523,179
Total primary government	\$ 129,163,342	\$ 58,173,948	\$ 6,736,997	\$ 8,533,438
Component unit	\$ 7,490,795	\$ 2,080,568	\$ 2,695,437	\$ 2,782,229

General revenues:

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

Transfers from (to) other funds

Total general revenues and transfers

Change in net assets

Net assets at beginning of year

Net assets at end of year

Net (Expenses) Revenues and Changes in Net Assets

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit
\$ (13,716,056)	\$ -	\$ (13,716,056)	\$ -
(39,272,773)	-	(39,272,773)	-
599,457	-	599,457	-
(1,982,857)	-	(1,982,857)	-
3,160	-	3,160	-
(4,109,888)	-	(4,109,888)	-
(1,237,043)	-	(1,237,043)	-
20,053	-	20,053	-
(3,692,957)	-	(3,692,957)	-
<u>(63,388,904)</u>	<u>-</u>	<u>(63,388,904)</u>	<u>-</u>
-	4,860,992	4,860,992	-
-	636,626	636,626	-
-	50,089	50,089	-
-	1,861,863	1,861,863	-
-	80,175	80,175	-
-	180,200	180,200	-
<u>-</u>	<u>7,669,945</u>	<u>7,669,945</u>	<u>-</u>
<u>(63,388,904)</u>	<u>7,669,945</u>	<u>(55,718,959)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>67,439</u>
41,489,000	-	41,489,000	-
1,926,903	-	1,926,903	-
1,489,503	-	1,489,503	-
-	-	-	1,118,650
-	-	-	243,647
16,643,044	-	16,643,044	-
6,278,700	-	6,278,700	-
1,381,040	-	1,381,040	-
158,599	-	158,599	-
2,672,323	3,708,352	6,380,675	31,554
704,191	-	704,191	-
(481,597)	481,597	-	-
<u>72,261,706</u>	<u>4,189,949</u>	<u>76,451,655</u>	<u>1,393,851</u>
8,872,802	11,859,894	20,732,696	1,461,290
<u>252,154,540</u>	<u>189,581,991</u>	<u>441,736,531</u>	<u>5,816,503</u>
<u>\$ 261,027,342</u>	<u>\$ 201,441,885</u>	<u>\$ 462,469,227</u>	<u>\$ 7,277,793</u>

CITY OF WILMINGTON, NORTH CAROLINA

**Balance Sheet -
Governmental Funds**

June 30, 2008

	<u>General</u>	<u>Building Improvements Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 23,490,033	\$ 1,332,921	\$ 25,130,849	\$ 49,953,803
Taxes receivable, net	1,420,970	-	-	1,420,970
Accounts receivable, net	563,782	-	-	563,782
Other receivables	14,266	3,022	48,870	66,158
Due from other funds	1,477,588	1,500,000	3,521,678	6,499,266
Due from component unit	-	76,506	66,752	143,258
Due from other governments	7,531,224	405,729	10,017,114	17,954,067
Inventories	496,830	-	-	496,830
Notes receivable	247,620	-	12,570,569	12,818,189
Restricted assets:				
Cash and cash equivalents	-	53,589,523	8,354,784	61,944,307
Total assets	<u>\$ 35,242,313</u>	<u>\$ 56,907,701</u>	<u>\$ 59,710,616</u>	<u>\$ 151,860,630</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 798,699	\$ 265,496	\$ 1,995,319	\$ 3,059,514
Due to other funds	-	-	6,499,266	6,499,266
Due to component unit	24,654	-	-	24,654
Due to other governments	2,000,000	-	-	2,000,000
Accrued liabilities	2,078,111	-	804	2,078,915
Customer and escrow deposits	903,907	-	323,302	1,227,209
Deferred revenues	2,066,317	-	66,863	2,133,180
Payable from restricted assets	-	2,513,432	-	2,513,432
Total liabilities	<u>7,871,688</u>	<u>2,778,928</u>	<u>8,885,554</u>	<u>19,536,170</u>
Fund balances:				
Reserved for encumbrances	704,975	34,649,495	10,376,576	45,731,046
Reserved for inventories	496,830	-	-	496,830
Reserved by State statute	9,189,133	1,985,256	13,649,141	24,823,530
Reserved for loans	-	-	14,399,916	14,399,916
Reserved for firemen's relief	-	-	20,189	20,189
Reserved for capital projects	-	17,494,022	318,711	17,812,733
Reserved for debt service	-	-	8,035,855	8,035,855
Reserved for convention center facility	-	-	16,043,193	16,043,193
Unreserved, General Fund:				
Designated for subsequent year's expenditures	4,491,000	-	-	4,491,000
Designated for other post employment benefits	500,000	-	-	500,000
Designated for self-insurance	1,000,000	-	-	1,000,000
Undesignated	10,988,687	-	-	10,988,687
Unreserved, reported in:				
Nonmajor special revenue funds	-	-	(1,720,616)	(1,720,616)
Nonmajor capital projects funds	-	-	(10,297,903)	(10,297,903)
Total fund balances	<u>27,370,625</u>	<u>54,128,773</u>	<u>50,825,062</u>	<u>132,324,460</u>
Total liabilities and fund balances	<u>\$ 35,242,313</u>	<u>\$ 56,907,701</u>	<u>\$ 59,710,616</u>	<u>\$ 151,860,630</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

June 30, 2008

Total fund balances - governmental funds	\$ 132,324,460
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	266,805,365
Amount due from other governments is not available to pay for current expenditures and, therefore, is not reported in the funds.	5,852,455
Internal services funds are used by management to charge the costs of equipment and personal computer replacement to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	10,546,818
Liabilities for earned but deferred revenues in fund statements.	2,124,638
Long-term liabilities including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(157,107,041)
Miscellaneous adjustments to net assets including investment income receivables and pension assets not reported in the governmental funds.	<u>480,647</u>
Net assets - governmental activities	<u>\$ 261,027,342</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2008

	<u>General</u>	<u>Building Improvements Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Ad valorem taxes	\$ 41,472,281	\$ -	\$ -	\$ 41,472,281
Other taxes	24,461,383	-	1,926,903	26,388,286
Unrestricted intergovernmental	1,274,592	-	-	1,274,592
Restricted intergovernmental	3,872,320	68,892	5,606,672	9,547,884
Licenses and permits	2,521,011	-	-	2,521,011
Sales and services	5,436,909	-	-	5,436,909
Fines and forfeits	97,851	-	-	97,851
Investment earnings	1,202,878	216,976	979,566	2,399,420
Miscellaneous	<u>391,451</u>	<u>10,670</u>	<u>787,782</u>	<u>1,189,903</u>
Total revenues	<u>80,730,676</u>	<u>296,538</u>	<u>9,300,923</u>	<u>90,328,137</u>
Expenditures:				
Current:				
General government	17,444,037	13,437,186	122,273	31,003,496
Public safety	36,315,782	6,579,865	1,228,668	44,124,315
Transportation	6,703,978	-	3,689,852	10,393,830
Economic and physical development	2,692,092	-	1,626,719	4,318,811
Environmental protection	-	-	14,158	14,158
Cultural and recreational	5,316,087	46,765	6,760,827	12,123,679
Transit system	1,166,480	-	70,563	1,237,043
Debt service:				
Principal retirement	-	-	4,405,767	4,405,767
Interest and other charges	-	-	3,163,108	3,163,108
Total expenditures	<u>69,638,456</u>	<u>20,063,816</u>	<u>21,081,935</u>	<u>110,784,207</u>
Excess of revenues over (under) expenditures	<u>11,092,220</u>	<u>(19,767,278)</u>	<u>(11,781,012)</u>	<u>(20,456,070)</u>
Other financing sources (uses):				
Transfers from other funds	600,000	1,863,330	14,746,631	17,209,961
Transfers to other funds	(14,158,648)	(829,328)	(2,617,914)	(17,605,890)
Issuance of installment obligations	-	56,499,051	5,995,949	62,495,000
Issuance of other long-term obligation	-	12,953,110	7,464,435	20,417,545
Discount on installment obligations	-	(36,997)	-	(36,997)
Total other financing sources (uses)	<u>(13,558,648)</u>	<u>70,449,166</u>	<u>25,589,101</u>	<u>82,479,619</u>
Net change in fund balances	(2,466,428)	50,681,888	13,808,089	62,023,549
Fund balances at beginning of year	29,816,359	3,446,885	37,016,973	70,280,217
Change in reserve for inventories	<u>20,694</u>	<u>-</u>	<u>-</u>	<u>20,694</u>
Fund balances at end of year	<u>\$ 27,370,625</u>	<u>\$ 54,128,773</u>	<u>\$ 50,825,062</u>	<u>\$ 132,324,460</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2008

Net change in fund balances - total governmental funds	\$ 62,023,549
Amounts reported for governmental activities in the statement of activities are different because:	
Change in fund balance due to change in reserve for inventory	20,694
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.	25,388,295
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	51,566
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(77,951,311)
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.	(274,308)
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.	(343,136)
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>(42,547)</u>
Change in net assets - governmental activities	<u>\$ 8,872,802</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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Ad valorem tax	\$ 44,572,185	\$ 44,572,185	\$ 41,472,281	\$ (3,099,904)
Local option sales tax	18,004,250	18,004,250	16,643,044	(1,361,206)
Franchise tax	5,321,000	5,321,000	6,278,700	957,700
Video programming tax	-	1,120,000	1,381,040	261,040
Rental vehicle tax	187,200	187,200	158,599	(28,601)
Unrestricted intergovernmental	1,337,700	1,337,700	1,274,592	(63,108)
Restricted intergovernmental	3,611,147	3,611,147	3,872,320	261,173
Licenses and permits	3,720,473	2,600,473	2,521,011	(79,462)
Sales and services	5,364,386	5,463,386	5,436,909	(26,477)
Fines and forfeits	100,000	100,000	97,851	(2,149)
Interest earnings	1,500,000	1,500,000	1,202,878	(297,122)
Miscellaneous	315,000	353,318	391,451	38,133
Total revenues	<u>84,033,341</u>	<u>84,170,659</u>	<u>80,730,676</u>	<u>(3,439,983)</u>
Expenditures:				
Current:				
General government:				
City Council and Clerk	376,542	376,542	350,763	25,779
City Manager	1,512,891	1,512,891	1,343,824	169,067
City Attorney	768,004	768,004	748,072	19,932
Human Resource Management	753,058	753,058	739,834	13,224
Finance	2,609,658	2,609,658	2,476,098	133,560
Information Technology Services	2,102,354	2,102,354	1,923,267	179,087
Development Services	3,604,833	3,721,361	3,189,563	531,798
Public Services	3,158,560	3,266,806	2,896,453	370,353
Contributions to other agencies	382,156	356,591	322,807	33,784
Nondepartmental	4,292,521	4,444,811	3,453,356	991,455
Total	<u>19,560,577</u>	<u>19,912,076</u>	<u>17,444,037</u>	<u>2,468,039</u>
Public safety:				
Police	22,860,947	22,986,247	22,397,048	589,199
Fire	13,846,192	13,858,710	13,918,734	(60,024)
Total	<u>36,707,139</u>	<u>36,844,957</u>	<u>36,315,782</u>	<u>529,175</u>
Transportation:				
Traffic engineering	4,143,180	4,026,652	3,549,293	477,359
Streets	2,174,707	2,113,926	1,869,529	244,397
Storm water management fee	1,285,156	1,285,156	1,285,156	-
Total	<u>7,603,043</u>	<u>7,425,734</u>	<u>6,703,978</u>	<u>721,756</u>

(Continued)

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures: (continued)				
Current: (continued)				
Economic and physical development:				
Economic and community development	\$ 2,427,380	\$ 2,460,209	\$ 2,140,632	\$ 319,577
Contributions to other agencies	<u>1,016,177</u>	<u>1,004,177</u>	<u>551,460</u>	<u>452,717</u>
Total	<u>3,443,557</u>	<u>3,464,386</u>	<u>2,692,092</u>	<u>772,294</u>
Cultural and recreational:				
Parks and recreation	5,351,658	5,271,364	4,902,196	369,168
Contributions to other agencies	<u>419,033</u>	<u>419,033</u>	<u>413,891</u>	<u>5,142</u>
Total	<u>5,770,691</u>	<u>5,690,397</u>	<u>5,316,087</u>	<u>374,310</u>
Transit system:				
Cape Fear Public Transportation Authority	<u>1,034,480</u>	<u>1,166,480</u>	<u>1,166,480</u>	<u>-</u>
Total expenditures	<u>74,119,487</u>	<u>74,504,030</u>	<u>69,638,456</u>	<u>4,865,574</u>
Excess of revenues over expenditures	<u>9,913,854</u>	<u>9,666,629</u>	<u>11,092,220</u>	<u>1,425,591</u>
Other financing sources (uses):				
Transfers from other funds	-	600,000	600,000	-
Transfers to other funds	(13,236,879)	(14,685,275)	(14,158,648)	526,627
Appropriated fund balance	<u>3,323,025</u>	<u>4,418,646</u>	<u>-</u>	<u>(4,418,646)</u>
Total other financing uses	<u>(9,913,854)</u>	<u>(9,666,629)</u>	<u>(13,558,648)</u>	<u>(3,892,019)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(2,466,428)	<u>\$ (2,466,428)</u>
Fund balance at beginning of year			29,816,359	
Change in reserve for inventories			<u>20,694</u>	
Fund balance at end of year			<u>\$ 27,370,625</u>	

See notes to financial statements.

CITY OF WILMINGTON, NORTH CAROLINA

**Statement of Net Assets -
Proprietary Funds**

June 30, 2008

	Enterprise Funds		
	Water and Sewer Fund	Ground Water Utility Fund	Solid Waste Management Fund
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 44,573,856	\$ 2,826,782	\$ 2,517,797
Accounts receivable:			
Customers, net	4,409,743	822,231	478,175
Other receivables	236,611	6,408	5,700
Due from other governments	882,390	-	-
Inventory of materials and supplies	<u>1,327,646</u>	<u>-</u>	<u>-</u>
Total current assets	<u>51,430,246</u>	<u>3,655,421</u>	<u>3,001,672</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	<u>2,286</u>	<u>7,531</u>	<u>-</u>
Capital assets:			
Land	3,506,005	368,464	-
Improvements other than buildings	-	-	-
Buildings, plant and structures	93,060,970	2,738,955	-
Water and sewer lines	126,991,335	19,261,958	-
Furniture, fixtures, machinery and equipment	4,165,977	-	12,198
Construction in progress	52,062,026	-	-
Less accumulated depreciation	<u>(72,764,832)</u>	<u>(3,856,062)</u>	<u>(2,320)</u>
Total capital assets, net of accumulated depreciation	<u>207,021,481</u>	<u>18,513,315</u>	<u>9,878</u>
Other assets:			
Deferred charges, net	1,292,572	179,340	-
Water availability rights, net	<u>1,988,116</u>	<u>-</u>	<u>-</u>
Total other assets	<u>3,280,688</u>	<u>179,340</u>	<u>-</u>
Total noncurrent assets	<u>210,304,455</u>	<u>18,700,186</u>	<u>9,878</u>
Total assets	<u>261,734,701</u>	<u>22,355,607</u>	<u>3,011,550</u>

Storm Water Management Fund	Total Nonmajor Funds	Total	Internal Service Funds
\$ 11,963,016	\$ 4,542,151	\$ 66,423,602	\$ 8,294,075
336,362	-	6,046,511	-
27,112	10,454	286,285	18,731
404,602	947	1,287,939	-
<u>80,513</u>	<u>9,333</u>	<u>1,417,492</u>	<u>119,034</u>
<u>12,811,605</u>	<u>4,562,885</u>	<u>75,461,829</u>	<u>8,431,840</u>
<u>2,835,074</u>	<u>21,777</u>	<u>2,866,668</u>	<u>994,169</u>
725,540	1,465,347	6,065,356	-
28,034,381	764,576	28,798,957	-
-	12,526,605	108,326,530	-
-	-	146,253,293	-
244,016	492,415	4,914,606	22,973,701
11,109,262	338,434	63,509,722	-
<u>(13,455,486)</u>	<u>(4,947,572)</u>	<u>(95,026,272)</u>	<u>(15,706,017)</u>
<u>26,657,713</u>	<u>10,639,805</u>	<u>262,842,192</u>	<u>7,267,684</u>
309,215	139,480	1,920,607	9,091
-	-	1,988,116	-
<u>309,215</u>	<u>139,480</u>	<u>3,908,723</u>	<u>9,091</u>
<u>29,802,002</u>	<u>10,801,062</u>	<u>269,617,583</u>	<u>8,270,944</u>
<u>42,613,607</u>	<u>15,363,947</u>	<u>345,079,412</u>	<u>16,702,784</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

June 30, 2008

	Enterprise Funds		
	Water and Sewer Fund	Ground Water Utility Fund	Solid Waste Management Fund
LIABILITIES			
Current liabilities:			
Accounts payable:			
Trade	\$ 1,177,431	\$ 7,274	\$ 104,609
Contracts and retainage	7,817,428	-	-
Due to other governments	-	-	-
Accrued liabilities:			
Personnel costs	635,702	16,755	56,853
Interest	341,721	69,135	1,454
Current portion of long-term liabilities:			
Bonds payable	5,500,658	-	-
Installment obligations	-	790,000	-
Other long-term obligations	-	-	220,165
Accrued vacation and sick leave	446,744	14,316	152,785
Customer and escrow deposits	288,017	13,245	-
Unearned revenues	-	-	-
Payable from restricted assets	-	-	-
Total current liabilities	16,207,701	910,725	535,866
Noncurrent liabilities:			
Bonds payable	83,984,720	-	-
Installment obligations	-	16,686,028	-
Other long-term obligations	-	-	228,870
Total noncurrent portion of long-term liabilities	83,984,720	16,686,028	228,870
Accrued vacation and sick leave	110,556	6,992	53,358
Total noncurrent liabilities	84,095,276	16,693,020	282,228
Total liabilities	100,302,977	17,603,745	818,094
NET ASSETS			
Invested in capital assets, net of related debt	118,830,961	1,224,158	9,878
Restricted for:			
Capital projects	-	-	-
Water and sewer facility fees	5,661,194	-	-
Unrestricted	36,939,569	3,527,704	2,183,578
Net assets	\$ 161,431,724	\$ 4,751,862	\$ 2,193,456

Storm Water Management Fund	Total Nonmajor Funds	Total	Internal Service Funds
\$ 52,410	\$ 122,992	\$ 1,464,716	\$ 198,991
38,505	60,362	7,916,295	-
-	3,368	3,368	-
36,544	9,903	755,757	11,799
58,536	32,309	503,155	18,287
405,000	-	5,905,658	-
75,000	406,431	1,271,431	-
-	191,551	411,716	2,074,703
141,016	31,439	786,300	62,725
119,105	-	420,367	-
-	25,637	25,637	-
204,428	-	204,428	-
<u>1,130,544</u>	<u>883,992</u>	<u>19,668,828</u>	<u>2,366,505</u>
13,923,078	-	97,907,798	-
1,235,261	7,680,034	25,601,323	-
-	-	228,870	3,762,570
15,158,339	7,680,034	123,737,991	3,762,570
49,248	10,554	230,708	26,891
<u>15,207,587</u>	<u>7,690,588</u>	<u>123,968,699</u>	<u>3,789,461</u>
<u>16,338,131</u>	<u>8,574,580</u>	<u>143,637,527</u>	<u>6,155,966</u>
14,163,663	2,523,046	136,751,706	2,433,671
2,099,305	-	2,099,305	-
-	-	5,661,194	-
10,012,508	4,266,321	56,929,680	8,113,147
<u>\$ 26,275,476</u>	<u>\$ 6,789,367</u>	<u>\$ 201,441,885</u>	<u>\$ 10,546,818</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2008

	Enterprise Funds		
	<u>Water and Sewer Fund</u>	<u>Ground Water Utility Fund</u>	<u>Solid Waste Management Fund</u>
Revenues:			
Charges for services	\$ 29,254,623	\$ 4,926,894	\$ 7,437,015
Other operating revenues	<u>1,048,536</u>	<u>79,085</u>	<u>-</u>
Total operating revenues	<u>30,303,159</u>	<u>5,005,979</u>	<u>7,437,015</u>
Operating expenses:			
Salaries, employee benefits and other personnel costs	8,882,682	310,677	3,633,026
Materials and fuels consumed	2,791,075	8,327	2,153,605
Services	1,290,162	-	768,952
Utilities	1,663,178	550	3,178
Water purchases	738,592	2,500,000	-
Depreciation	4,828,276	453,713	1,770
Amortization	162,575	11,208	-
Other operating expenses	<u>5,759,145</u>	<u>78,618</u>	<u>805,156</u>
Total operating expenses	<u>26,115,685</u>	<u>3,363,093</u>	<u>7,365,687</u>
Operating income (loss)	<u>4,187,474</u>	<u>1,642,886</u>	<u>71,328</u>
Nonoperating revenues (expenses):			
Investment earnings	2,662,451	173,589	100,776
Interest and other charges	(2,225,207)	(1,006,260)	(21,239)
Gain on sale of capital assets	<u>-</u>	<u>-</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>437,244</u>	<u>(832,671)</u>	<u>79,537</u>
Income before capital contributions and transfers	4,624,718	810,215	150,865
Capital contributions	2,898,725	-	6,699
Transfers from other funds	-	-	672,824
Transfers to other funds	<u>(500,000)</u>	<u>-</u>	<u>(1,895)</u>
Change in net assets	7,023,443	810,215	828,493
Net assets at beginning of year	<u>154,408,281</u>	<u>3,941,647</u>	<u>1,364,963</u>
Net assets at end of year	<u>\$ 161,431,724</u>	<u>\$ 4,751,862</u>	<u>\$ 2,193,456</u>

See notes to financial statements.

Storm Water Management Fund	Total Nonmajor Funds	Total	Internal Service Funds
\$ 6,108,503	\$ 3,599,885	\$ 51,326,920	\$ 4,434,109
52,949	1,362	1,181,932	74,645
<u>6,161,452</u>	<u>3,601,247</u>	<u>52,508,852</u>	<u>4,508,754</u>
2,426,382	546,555	15,799,322	766,473
423,647	219,607	5,596,261	20,429
525,073	1,064,141	3,648,328	904,970
10,093	78,869	1,755,868	5,343
-	-	3,238,592	-
381,929	673,502	6,339,190	2,251,808
12,752	6,974	193,509	3,356
986,932	365,472	7,995,323	724,323
<u>4,766,808</u>	<u>2,955,120</u>	<u>44,566,393</u>	<u>4,676,702</u>
<u>1,394,644</u>	<u>646,127</u>	<u>7,942,459</u>	<u>(167,948)</u>
572,567	198,969	3,708,352	383,973
(157,235)	(385,752)	(3,795,693)	(255,184)
-	-	-	206,239
<u>415,332</u>	<u>(186,783)</u>	<u>(87,341)</u>	<u>335,028</u>
1,809,976	459,344	7,855,118	167,080
624,454	78,969	3,608,847	51,096
25,000	200,000	897,824	-
-	-	(501,895)	(561,312)
2,459,430	738,313	11,859,894	(343,136)
<u>23,816,046</u>	<u>6,051,054</u>	<u>189,581,991</u>	<u>10,889,954</u>
<u>\$ 26,275,476</u>	<u>\$ 6,789,367</u>	<u>\$ 201,441,885</u>	<u>\$ 10,546,818</u>

CITY OF WILMINGTON, NORTH CAROLINA

**Statement of Cash Flows -
Proprietary Funds**

Year Ended June 30, 2008

	Enterprise Funds		
	Water and Sewer Fund	Ground Water Utility Fund	Solid Waste Management Fund
Cash flows from operating activities:			
Receipts from customers and users	\$ 31,129,672	\$ 5,177,931	\$ 7,003,366
Receipts from interfund services provided	658,672	-	37,171
Payments to suppliers	(9,371,714)	(87,968)	(3,033,552)
Payments to or on behalf of employees	(8,565,853)	(301,216)	(3,608,618)
Payments for interfund services used	(2,624,991)	(2,502,625)	(745,362)
Net cash provided by (used in) operating activities	<u>11,225,786</u>	<u>2,286,122</u>	<u>(346,995)</u>
Cash flows from noncapital and related financing activities:			
Transfers from (to) other funds	(500,000)	-	670,929
Hurricane disaster assistance	26,874	-	-
Net cash provided by (used in) noncapital and related financing activities	<u>(473,126)</u>	<u>-</u>	<u>670,929</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(28,527,727)	-	-
Proceeds from refunding bonds	-	-	-
Proceeds from bonds	-	-	-
Principal payments on bonds	(5,202,104)	-	-
Principal payments on installment obligations	-	(755,000)	-
Principal payments on other long-term obligations	-	-	(211,790)
Interest and other charges	(1,914,312)	(874,752)	(21,924)
Issuance costs on bonds	-	-	-
Proceeds from sale of capital assets	-	-	-
Capital contributions	2,898,725	-	-
Net cash provided by (used in) capital and related financing activities	<u>(32,745,418)</u>	<u>(1,629,752)</u>	<u>(233,714)</u>
Cash flows from investing activities:			
Investment earnings	3,128,635	184,896	115,832
Net increase (decrease) in cash and cash equivalents	(18,864,123)	841,266	206,052
Cash and cash equivalents at beginning of year	<u>63,440,265</u>	<u>1,993,047</u>	<u>2,311,745</u>
Cash and cash equivalents at end of year	<u>\$ 44,576,142</u>	<u>\$ 2,834,313</u>	<u>\$ 2,517,797</u>
Reconciliation to combining balance sheet:			
Cash and cash equivalents	\$ 44,573,856	\$ 2,826,782	\$ 2,517,797
Restricted cash and cash equivalents	2,286	7,531	-
Total cash and cash equivalents	<u>\$ 44,576,142</u>	<u>\$ 2,834,313</u>	<u>\$ 2,517,797</u>

Storm Water Management Fund	Total Nonmajor Funds	Total	Internal Service Funds
\$ 4,475,973	\$ 3,579,061	\$ 51,366,003	\$ 273,183
1,336,898	-	2,032,741	4,235,890
(1,514,164)	(1,593,161)	(15,600,559)	(1,683,980)
(2,417,402)	(533,373)	(15,426,462)	(755,546)
(442,699)	(52,112)	(6,367,789)	(8,407)
<u>1,438,606</u>	<u>1,400,415</u>	<u>16,003,934</u>	<u>2,061,140</u>
25,000	200,000	395,929	-
-	-	26,874	-
<u>25,000</u>	<u>200,000</u>	<u>422,803</u>	<u>-</u>
(5,855,596)	(45,447)	(34,428,770)	(3,113,390)
21,928	-	21,928	-
11,121,794	-	11,121,794	-
(140,000)	-	(5,342,104)	-
(70,000)	(401,431)	(1,226,431)	-
-	(185,200)	(396,990)	(1,997,464)
(123,783)	(388,851)	(3,323,622)	(261,510)
(96,762)	-	(96,762)	-
-	-	-	222,500
<u>1,085,158</u>	<u>-</u>	<u>3,983,883</u>	<u>-</u>
<u>5,942,739</u>	<u>(1,020,929)</u>	<u>(29,687,074)</u>	<u>(5,149,864)</u>
<u>606,719</u>	<u>221,997</u>	<u>4,258,079</u>	<u>434,038</u>
8,013,064	801,483	(9,002,258)	(2,654,686)
<u>6,785,026</u>	<u>3,762,445</u>	<u>78,292,528</u>	<u>11,942,930</u>
<u>\$ 14,798,090</u>	<u>\$ 4,563,928</u>	<u>\$ 69,290,270</u>	<u>\$ 9,288,244</u>
\$ 11,963,016	\$ 4,542,151	\$ 66,423,602	\$ 8,294,075
<u>2,835,074</u>	<u>21,777</u>	<u>2,866,668</u>	<u>994,169</u>
<u>\$ 14,798,090</u>	<u>\$ 4,563,928</u>	<u>\$ 69,290,270</u>	<u>\$ 9,288,244</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2008

	Enterprise Funds		
	Water and Sewer Fund	Ground Water Utility Fund	Solid Waste Management Fund
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 4,187,474	\$ 1,642,886	\$ 71,328
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	4,990,851	464,921	1,770
Changes in assets and liabilities:			
Accounts receivable	1,127,317	172,881	(396,478)
Due from other governments	325,910	265	-
Inventory of materials and supplies	(39,711)	-	-
Accounts payable and accrued liabilities	815,973	10,107	(34,115)
Accrued vacation and sick leave	(213,986)	(3,744)	10,500
Customer and escrow deposits	31,958	(1,194)	-
Deferred revenues	-	-	-
Net cash provided by (used in) operating activities	\$ 11,225,786	\$ 2,286,122	\$ (346,995)
Supplemental disclosure of noncash investing, capital and related financing activities:			
Capital assets acquired on account	\$ (3,058,055)	\$ -	\$ -
Transfer of capital assets between proprietary funds	-	-	-
Proceeds from refunding bonds	-	-	-
Payment to redeem outstanding bonds	-	-	-
Capital contributions receivable	(3,992,692)	-	-
Transfer of capital assets to governmental funds	-	-	-
Capital contributions from governmental funds	-	-	6,699

Storm Water Management Fund	Total Nonmajor Funds	Total	Internal Service Funds
\$ 1,394,644	\$ 646,127	\$ 7,942,459	\$ (167,948)
394,681	680,476	6,532,699	2,255,164
(342,715)	(8)	560,997	-
-	(947)	325,228	319
(31,150)	(3,415)	(74,276)	(16,721)
29,810	89,573	911,348	(17,676)
(798)	9,840	(198,188)	8,002
-	-	30,764	-
(5,866)	(21,231)	(27,097)	-
<u>\$ 1,438,606</u>	<u>\$ 1,400,415</u>	<u>\$ 16,003,934</u>	<u>\$ 2,061,140</u>

\$ (1,359,185)	\$ 60,163	\$ (4,357,077)	\$ -
-	78,969	78,969	(78,969)
3,232,447	-	3,232,447	-
(3,210,519)	-	(3,210,519)	-
359,776	-	(3,632,916)	-
-	-	-	(482,343)
-	-	6,699	51,096

CITY OF WILMINGTON, NORTH CAROLINA

**Statement of Plan Net Assets -
Pension Trust Fund**

June 30, 2008

	Law Enforcement Officers Pension Trust Fund
ASSETS	
Cash and cash equivalents held in trust for pension benefits	\$ 1,001,333
Other receivables	<u>2,271</u>
Net assets	<u>\$ 1,003,604</u>

CITY OF WILMINGTON, NORTH CAROLINA

Statement of Changes in Plan Net Assets -
Pension Trust Fund

Year Ended June 30, 2008

	Law Enforcement Officers Pension Trust Fund
Additions:	
Employer contributions	\$ 250,000
Investment earnings	<u>33,652</u>
Total additions	283,652
Deductions:	
Benefit payments	<u>165,243</u>
Change in net assets	118,409
Net assets at beginning of year	<u>885,195</u>
Net assets at end of year	<u>\$ 1,003,604</u>

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CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements June 30, 2008

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 100,746. 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.

BLENDING COMPONENT UNITS

Cape Fear Utilities, Inc. and Quality Water Supplies, Inc.:

Cape Fear Utilities, Inc. and Quality Water Supplies, Inc., North Carolina nonprofit corporations, exist to provide and maintain a ground water utility system for citizens of Wilmington, North Carolina and the surrounding community. The City is the sole shareholder of each corporation and each of the corporations is governed by a board comprised of members of the City Council. The corporations have no other operations except for services provided to the City and are exempt from income taxes under section 501(c)(3) of the Internal Revenue Code. The rates for user charges and the annual budget of the ground water utility system are approved by the City Council. Therefore the operations of these corporations are combined and reported as an enterprise fund. The corporations do not issue separate financial statements.

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.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. REPORTING ENTITY (continued)

DISCRETELY PRESENTED COMPONENT UNIT

Cape Fear Public Transportation Authority

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

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 provides 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. City management is committed to the continued operation of the Authority.

The Authority's complete financial statements for the year ended June 30, 2008 may be obtained at their administrative offices:

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

B. BASIS OF PRESENTATION

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

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. BASIS OF PRESENTATION (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 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.

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

The City reports the following major proprietary funds:

Water and Sewer Fund. The Water and Sewer Fund accounts for the provision of water and sewer services by the City to all customers not covered by the Ground Water Utility Fund. The Water and Sewer Fund provides service to over 32,000 customers and is designed to be self-supporting.

Ground Water Utility Fund. The Ground Water Utility Fund accounts for the water services provided to the customers of Cape Fear Utilities, Inc. and Quality Water Supplies, Inc. The Ground Water Utility Fund provides service to over 15,000 customers and is designed to be self-supporting.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. BASIS OF PRESENTATION (continued)

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

Storm Water Management Fund. This fund accounts for storm water drainage services.

Additionally, the City reports the following fund types:

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

Pension Trust Fund. The City's Pension Trust Fund accounts for the Law Enforcement Officers' Special Separation Allowance, a single-employer, defined benefit, public safety employee retirement system.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (continued)

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 2007 through February 2008 apply to the fiscal year ended June 30, 2008. Uncollected taxes that were billed during this period are shown as a receivable in these financial statements and are offset by deferred revenues.

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

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

D. BUDGETARY DATA

Budgets for the City and the Authority are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, Debt Service Fund, enterprise funds, internal service funds and the Authority. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for special revenue funds and capital projects funds, including the enterprise capital projects funds which are consolidated with the operating funds for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. 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.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. ASSETS, LIABILITIES, NET ASSETS OR EQUITY

DEPOSITS AND INVESTMENTS

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

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

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

CASH AND CASH EQUIVALENTS

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

RESTRICTED ASSETS

Unexpended proceeds of the City's revenue bonds, certificates of participation and other long-term obligations are classified as restricted assets because their use is limited by bond covenants, bond indentures and other financing agreements to the purpose for which the debt was originally issued.

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, 2007. For collection purposes, taxes receivable are written off at the end of ten years in accordance with North Carolina General Statutes.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

ALLOWANCES FOR DOUBTFUL ACCOUNTS

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

INVENTORIES

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

CAPITAL ASSETS

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, \$10,000; furniture and equipment \$5,000; buildings and improvements, plant structures \$25,000; infrastructure and certain improvements other than buildings \$100,000. Infrastructure includes streets and drainage systems as well as water and sewer lines. 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.

The City follows the policy of capitalizing interest as a component of the cost of proprietary fund type capital assets constructed for its own use in accordance with the guidelines of Statement of Financial Accounting Standards No. 62, and other related pronouncements. During the year ended June 30, 2008, a total of \$2,357,749 was capitalized in the Water and Sewer Fund and \$394,869 was capitalized in the Storm Water Management Fund.

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

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)
June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

CAPITAL ASSETS (continued)

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

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

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

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

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

INTANGIBLE ASSETS

Intangible assets consist of water availability rights under an agreement the City entered into with a regional public authority. The agreement makes available to the City fifteen million gallons per day of raw water. The availability rights are being amortized over forty years, the life of the agreement.

LONG-TERM OBLIGATIONS

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

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)

June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

LONG-TERM OBLIGATIONS (continued)

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

The City has entered into an interest rate swap agreement to modify interest rates on outstanding debt in the Water and Sewer Fund. Other than the net interest expense resulting from the agreement, no amounts are recorded in the financial statements.

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 eleven paid holidays per year. If scheduled holidays can not be taken, employees may accumulate up to four days and be paid for any unused days upon request. Sick leave credits can be accumulated indefinitely and employees with five years continuous service shall be paid for 25% of their unused sick leave upon termination of employment. For the City's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The City has assumed a first-in, first-out method of using accumulated compensated time. The portion of the time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

As more fully described in Note 3, the Authority contracts with a management company to provide management services, including the furnishing of employees to operate and maintain the equipment. As of June 30, 2008 the Authority recorded a liability of \$44,634 for unused vacation benefits for employees of the management company and the Authority. Although sick leave may accumulate to a maximum of seventy-five days for employees of the management company and ninety days for Authority employees, it does not vest. The Authority has no obligation for accumulated sick leave until it is actually taken, therefore, no accrual for sick leave has been made. The management company provides other benefits that are reimbursed by agreement.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

MEDICAL SELF-INSURANCE PROGRAM

The City is currently a self-insurer for group medical insurance. The City has contracted with Blue Cross and Blue Shield of North Carolina to administer the program. In addition, the City has a contract with Blue Cross and Blue Shield of North Carolina to provide for individual stop-loss and aggregate stop-loss charges and partial pooling of claims above a specified amount. The individual stop-loss and aggregate stop-loss provides a method by which the group limits claims charged to its account to 125% of expected claims. The partial pooling – specific loss pooling 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. A provision of \$211,646 for estimated claims incurred but not reported as of June 30, 2008, is accrued in accordance with the guidelines of GASB Statement No. 10.

WORKERS' COMPENSATION SELF-INSURANCE PROGRAM

The City is currently a self-insurer for workers' compensation insurance. The City has contracted with Key Risk, Inc., a provider of claims administrative services, to administer the program. The program provides that the City would be responsible for the first \$300,000 of cost and/or benefits payable to employees (other than public safety) resulting from any one accident or event, regardless of the number of persons injured. For public safety employees (police and fire) the City is responsible for the first \$500,000 of cost and/or benefits. Specific excess reinsurance would provide coverage above these dual limits (\$300,000/\$500,000) up to maximum limits provided under the North Carolina Workers' Compensation Act. In addition, aggregate excess reinsurance would provide protection against cumulative retained losses during the year, capping retained losses at \$3,000,000. A provision of \$643,057 for estimated claims incurred as of June 30, 2008, is accrued in accordance with the guidelines of GASB Statement No. 10.

NET ASSETS

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

FUND BALANCES

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

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

FUND BALANCES (continued)

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

The governmental fund types classify fund balances as follows:

Reserved:

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

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

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

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

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

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

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

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

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)
June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

FUND BALANCES (continued)

Unreserved:

Designated for subsequent year's expenditures - represents the amount of fund balance appropriated by the City Council to the budget for the year ending June 30, 2009.

Designated for other post employment benefits - represents the portion of total fund balance held for the future payment of post-employment retiree healthcare benefits.

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

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

F. COMPARATIVE DATA

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

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

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

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

The details of that item are as follows:

Bonds payable	\$ 8,569,853
Installment obligations	111,728,535
Unamortized issuance costs, premiums and similar items	499,103
Accrued interest payable	572,174
Other long-term obligations	30,868,920
Accrued vacation and sick leave	4,868,456
	<u>\$ 157,107,041</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)
June 30, 2008

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

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

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

The details of those items are as follows:

Capital outlay	\$ 29,777,035
Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	3,913,978
Net transfers of capital assets from proprietary funds increase net assets in the statement of activities, but do not appear in governmental funds because they are not financial resources.	424,548
The net book value of capital assets sold decreases net assets in the statement of activities, but does not appear in governmental funds because they are not financial resources.	(1,622,910)
Depreciation expense	<u>(7,104,356)</u>
	<u>\$ 25,388,295</u>

Another item of that reconciliation states that “revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this item are as follows:

Accrued interest receivable	\$ (111,070)
Tax and other receipts deferred in funds	<u>162,636</u>
	<u>\$ 51,566</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)
June 30, 2008

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

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

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

The details of this item are as follows:

Debt issued:

Issuance of installment obligations	\$ (62,458,003)
Issuance of other long-term obligations	(20,417,545)
Issuance costs (to be amortized over the life of the obligation)	716,145
Principal payments:	
Bonds payable	2,250,118
Installment obligations	1,673,569
Other long-term obligations	482,080
Amortization of issuance costs, premiums and similar items	<u>(197,675)</u>
	<u>\$ (77,951,311)</u>

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

Accrued vacation and sick leave	\$ (197,318)
Accrued interest payable	<u>(76,990)</u>
	<u>\$ (274,308)</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)
June 30, 2008

NOTE 3 – DETAIL NOTES ON ALL FUNDS

A. ASSETS

DEPOSITS AND INVESTMENTS

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

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

At June 30, 2008, the City's deposits had a carrying amount of \$114,931,710 and a bank balance of \$118,530,207. Of the bank balance, \$400,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. Cash on hand at June 30, 2008, was \$15,012.

At June 30, 2008, the Authority's deposits had a carrying amount of \$268,523 and a bank balance of \$274,715. Of the bank balance, \$100,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. Cash on hand at June 30, 2008, was \$5,458.

At June 30, 2008, the City's investments were as follows:

	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
U.S. Government Treasuries	\$ 3,004,479	0.11
U.S. Government Agencies	13,023,200	0.39
North Carolina Capital Management Trust Cash Portfolio	<u>60,503,556</u>	N/A
Total fair value	<u>\$ 76,531,235</u>	
Portfolio weighted average maturity		0.07

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)
June 30, 2008

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

A. ASSETS (continued)

DEPOSITS AND INVESTMENTS (continued)

Interest Rate Risk

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

Credit Risk

The City has no formal policy on managing credit risk. As of June 30, 2008, the City's investments in the NCCMT Cash Portfolio carried a credit rating of AAAM by Standard & Poor's. The City's investments in U.S. Agencies (Federal Home Loan Bank, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation and Federal Farm Credit Bank) are rated AAA 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 National Mortgage Association. These investments are 9.8% of the City's total investments.

At June 30, 2008, the Authority had \$177,700 invested in the NCCMT Cash Portfolio which carried a credit rating of AAAM by Standard & Poor's. The Authority has no policy for managing interest rate risk or credit risk.

RECEIVABLES

Receivables at the government-wide level at June 30, 2008, were as follows:

	<u>Taxes</u>	<u>Accounts</u>	<u>Other Governments</u>	<u>Notes</u>	<u>Other</u>	<u>Total</u>
Governmental activities:						
General	\$ 1,883,166	\$ 563,782	\$ 7,531,224	\$ 247,620	\$ 14,266	\$ 10,240,058
Building Improvements	-	-	405,729	-	3,022	408,751
Other governmental	-	-	16,540,795	12,570,569	317,601	29,428,965
Total receivables	1,883,166	563,782	24,477,748	12,818,189	334,889	40,077,774
Allowance for doubtful accounts	(462,196)	-	-	-	-	(462,196)
Total governmental activities	<u>\$ 1,420,970</u>	<u>\$ 563,782</u>	<u>\$ 24,477,748</u>	<u>\$ 12,818,189</u>	<u>\$ 334,889</u>	<u>\$ 39,615,578</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)
June 30, 2008

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

A. ASSETS (continued)

RECEIVABLES (continued)

Business-type activities:	Taxes	Accounts	Other Governments	Notes	Other	Total
Water and Sewer	\$ -	\$ 5,314,432	\$ 882,390	\$ -	\$ 236,611	\$ 6,433,433
Ground Water Utility	-	910,060	-	-	6,408	916,468
Solid Waste Management	-	711,960	-	-	5,700	717,660
Storm Water Management	-	376,495	404,602	-	27,112	808,209
Other enterprise	-	-	947	-	10,454	11,401
Total receivables	-	7,312,947	1,287,939	-	286,285	8,887,171
Allowance for doubtful accounts	-	(1,266,436)	-	-	-	(1,266,436)
Total business-type activities	\$ -	\$ 6,046,511	\$ 1,287,939	\$ -	\$ 286,285	\$ 7,620,735

The amount due from other governments consists of the following:

Governmental activities:

Local government sales and use taxes	\$ 4,327,058
Franchise tax	1,384,719
Video programming sales tax	365,427
Refund of sales and use tax paid	997,177
New Hanover County	15,414,455
Other grants and reimbursements	1,988,912
	\$ 24,477,748

Business-type activities:

Refund of sales and use tax paid	\$ 556,251
New Hanover County	371,912
Other grants and reimbursements	359,776
	\$ 1,287,939

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

Operating grants	\$ 94,873
Capital grants and contributions	204,393
Local government sales and use taxes	55,494
Governmental contracted services	99,847
Other receivables	7,361
	\$ 461,968

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)
June 30, 2008

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

A. ASSETS (continued)

CAPITAL ASSETS

Capital asset activity for the primary government for the year ended June 30, 2008, was as follows:

	<u>July 1, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>June 30, 2008</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 45,885,198	\$ 5,466,754	\$ (2,098,356)	\$ -	\$ 49,253,596
Construction in progress	<u>6,054,903</u>	<u>23,824,331</u>	<u>-</u>	<u>(38,193)</u>	<u>29,841,041</u>
Total capital assets not being depreciated	<u>51,940,101</u>	<u>\$ 29,291,085</u>	<u>\$ (2,098,356)</u>	<u>\$ (38,193)</u>	<u>79,094,637</u>
Capital assets being depreciated:					
Improvements other than buildings	16,402,495	\$ 4,853	\$ -	\$ -	16,407,348
Buildings, plant and structures	75,324,533	896,226	-	38,193	76,258,952
Furniture, fixtures, machinery and equipment	37,156,415	3,780,601	(2,630,834)	(70,085)	38,236,097
Streets and drainage	<u>150,633,474</u>	<u>2,669,452</u>	<u>-</u>	<u>-</u>	<u>153,302,926</u>
Total capital assets being depreciated	<u>279,516,917</u>	<u>\$ 7,351,132</u>	<u>\$ (2,630,834)</u>	<u>\$ (31,892)</u>	<u>284,205,323</u>
Less accumulated depreciation for:					
Improvements other than buildings	4,177,681	\$ 772,342	\$ -	\$ -	4,950,023
Buildings, plant and structures	13,096,446	1,857,249	-	-	14,953,695
Furniture, fixtures, machinery and equipment	25,687,060	3,779,373	(2,580,979)	15,583	26,901,037
Streets and drainage	<u>40,146,182</u>	<u>2,947,200</u>	<u>-</u>	<u>-</u>	<u>43,093,382</u>
Total accumulated depreciation	<u>83,107,369</u>	<u>\$ 9,356,164</u>	<u>\$ (2,580,979)</u>	<u>\$ 15,583</u>	<u>89,898,137</u>
Total capital assets being depreciated, net	<u>196,409,548</u>				<u>194,307,186</u>
Governmental activities capital assets, net	<u>\$ 248,349,649</u>				<u>\$ 273,401,823</u>

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

General government	\$ 1,302,730
Public safety	1,991,809
Transportation	3,012,155
Economic and physical development	3,536
Cultural and recreational	794,126
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>2,251,808</u>
	<u>\$ 9,356,164</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)
June 30, 2008

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, 2008, was as follows:

	<u>July 1, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>June 30, 2008</u>
Business-type activities:					
Water and sewer:					
Capital assets not being depreciated:					
Land	\$ 2,800,880	\$ 700,836	\$ -	\$ 4,289	\$ 3,506,005
Construction in progress	<u>39,456,874</u>	<u>15,261,639</u>	<u>-</u>	<u>(2,656,487)</u>	<u>52,062,026</u>
Total capital assets not being depreciated	<u>42,257,754</u>	<u>\$ 15,962,475</u>	<u>\$ -</u>	<u>\$ (2,652,198)</u>	<u>55,568,031</u>
Capital assets being depreciated:					
Buildings, plant and structures	88,132,950	\$ 3,960,306	\$ -	\$ 967,714	93,060,970
Water and sewer lines	116,733,345	8,573,506	-	1,684,484	126,991,335
Furniture, fixtures, machinery and equipment	<u>3,108,288</u>	<u>1,057,689</u>	<u>-</u>	<u>-</u>	<u>4,165,977</u>
Total capital assets being depreciated	<u>207,974,583</u>	<u>\$ 13,591,501</u>	<u>\$ -</u>	<u>\$ 2,652,198</u>	<u>224,218,282</u>
Less accumulated depreciation for:					
Buildings, plant and structures	30,708,250	\$ 2,195,460	\$ -	\$ -	32,903,710
Water and sewer lines	34,802,503	2,342,817	-	-	37,145,320
Furniture, fixtures, machinery and equipment	<u>2,425,803</u>	<u>289,999</u>	<u>-</u>	<u>-</u>	<u>2,715,802</u>
Total accumulated depreciation	<u>67,936,556</u>	<u>\$ 4,828,276</u>	<u>\$ -</u>	<u>\$ -</u>	<u>72,764,832</u>
Total capital assets being depreciated, net	<u>140,038,027</u>				<u>151,453,450</u>
Water and sewer capital assets, net	<u>182,295,781</u>				<u>207,021,481</u>
Ground water:					
Capital assets not being depreciated:					
Land	<u>368,464</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>368,464</u>
Capital assets being depreciated:					
Buildings, plant and structures	2,738,955	\$ -	\$ -	\$ -	2,738,955
Water and sewer lines	<u>19,261,958</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,261,958</u>
Total capital assets being depreciated	<u>22,000,913</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>22,000,913</u>
Less accumulated depreciation for:					
Buildings, plant and structures	513,554	\$ 68,474	\$ -	\$ -	582,028
Water and sewer lines	<u>2,888,795</u>	<u>385,239</u>	<u>-</u>	<u>-</u>	<u>3,274,034</u>
Total accumulated depreciation	<u>3,402,349</u>	<u>\$ 453,713</u>	<u>\$ -</u>	<u>\$ -</u>	<u>3,856,062</u>
Total capital assets being depreciated, net	<u>18,598,564</u>				<u>18,144,851</u>
Ground water capital assets, net	<u>18,967,028</u>				<u>18,513,315</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)
June 30, 2008

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

A. ASSETS (continued)

CAPITAL ASSETS (continued)

	<u>July 1, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>June 30, 2008</u>
Solid waste:					
Capital assets being depreciated:					
Furniture, fixtures, machinery and equipment	\$ 5,499	\$ -	\$ -	\$ 6,699	\$ 12,198
Less accumulated depreciation for:					
Furniture, fixtures, machinery and equipment	550	\$ 1,770	\$ -	\$ -	2,320
Solid waste capital assets, net	<u>4,949</u>				<u>9,878</u>
Storm water:					
Capital assets not being depreciated:					
Land	626,356	\$ 99,184	\$ -	\$ -	725,540
Construction in progress	<u>6,760,690</u>	<u>4,348,572</u>	-	-	<u>11,109,262</u>
Total capital assets not being depreciated	<u>7,387,046</u>	<u>\$ 4,447,756</u>	<u>\$ -</u>	<u>\$ -</u>	<u>11,834,802</u>
Capital assets being depreciated:					
Improvements other than buildings	28,018,715	\$ 15,666	\$ -	\$ -	28,034,381
Furniture, fixtures, machinery and equipment	<u>211,027</u>	<u>32,989</u>	-	-	<u>244,016</u>
Total capital assets being depreciated	<u>28,229,742</u>	<u>\$ 48,655</u>	<u>\$ -</u>	<u>\$ -</u>	<u>28,278,397</u>
Less accumulated depreciation for:					
Improvements other than buildings	12,925,278	\$ 354,097	\$ -	\$ -	13,279,375
Furniture, fixtures, machinery and equipment	<u>148,279</u>	<u>27,832</u>	-	-	<u>176,111</u>
Total accumulated depreciation	<u>13,073,557</u>	<u>\$ 381,929</u>	<u>\$ -</u>	<u>\$ -</u>	<u>13,455,486</u>
Total capital assets being depreciated, net	<u>15,156,185</u>				<u>14,822,911</u>
Storm water capital assets, net	<u>22,543,231</u>				<u>26,657,713</u>
Golf:					
Capital assets not being depreciated:					
Land	109,393	\$ -	\$ -	\$ -	109,393
Construction in progress	<u>9,500</u>	<u>80,610</u>	-	-	<u>90,110</u>
Total capital assets not being depreciated	<u>118,893</u>	<u>\$ 80,610</u>	<u>\$ -</u>	<u>\$ -</u>	<u>199,503</u>
Capital assets being depreciated:					
Improvements other than buildings	739,576	\$ 25,000	\$ -	\$ -	764,576
Buildings, plant and structures	290,903	-	-	-	290,903
Furniture, fixtures, machinery and equipment	<u>354,137</u>	-	<u>(12,419)</u>	<u>63,386</u>	<u>405,104</u>
Total capital assets being depreciated	<u>1,384,616</u>	<u>\$ 25,000</u>	<u>\$ (12,419)</u>	<u>\$ 63,386</u>	<u>1,460,583</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2008

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

A. ASSETS (continued)

CAPITAL ASSETS (continued)

	July 1, 2007	Increases	Decreases	Transfers	June 30, 2008
Golf: (continued)					
Less accumulated depreciation for:					
Improvements other than buildings	\$ 478,252	\$ 37,603	\$ -	\$ -	\$ 515,855
Buildings, plant and structures	148,757	5,271	-	-	154,028
Furniture, fixtures, machinery and equipment	347,526	12,488	(12,419)	(15,583)	332,012
Total accumulated depreciation	974,535	\$ 55,362	\$ (12,419)	\$ (15,583)	1,001,895
 Total capital assets being depreciated, net	 410,081				 458,688
Golf capital assets, net	528,974				658,191
 Parking facilities:					
Capital assets not being depreciated:					
Land	1,355,954	\$ -	\$ -	\$ -	1,355,954
Construction in progress	248,324	-	-	-	248,324
Total capital assets not being depreciated	1,604,278	\$ -	\$ -	\$ -	1,604,278
Capital assets being depreciated:					
Buildings, plant and structures	12,235,702	\$ -	\$ -	\$ -	12,235,702
Furniture, fixtures, machinery and equipment	87,311	-	-	-	87,311
Total capital assets being depreciated	12,323,013	\$ -	\$ -	\$ -	12,323,013
Less accumulated depreciation for:					
Buildings, plant and structures	3,249,757	\$ 611,785	\$ -	\$ -	3,861,542
Furniture, fixtures, machinery and equipment	77,780	6,355	-	-	84,135
Total accumulated depreciation	3,327,537	\$ 618,140	\$ -	\$ -	3,945,677
Total capital assets being depreciated, net	8,995,476				8,377,336
Parking facilities capital assets, net	10,599,754				9,981,614
Business-type activities capital assets, net	\$ 234,939,717				\$ 262,842,192

CITY OF WILMINGTON, NORTH CAROLINA

**Notes to Financial Statements (Continued)
June 30, 2008**

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

A. ASSETS (continued)

CAPITAL ASSETS (continued)

COMMITMENTS FOR CAPITAL PROJECTS

At June 30, 2008, the City has commitments for active projects as follows:

	<u>Spent to date</u>	<u>Remaining commitment</u>
Governmental funds:		
Capital projects	<u>\$ 17,895,182</u>	<u>\$ 44,537,595</u>
Enterprise funds:		
Water and Sewer capital projects	\$ 27,567,712	\$ 17,367,864
Storm Water capital projects	<u>3,069,168</u>	<u>2,285,836</u>
Total enterprise funds	<u>\$ 30,636,880</u>	<u>\$ 19,653,700</u>

DISCRETELY PRESENTED COMPONENT UNIT

Activity for the Cape Fear Public Transportation Authority for the year ended June 30, 2008, is as follows:

	<u>July 1, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2008</u>
Capital assets not being depreciated:				
Land	\$ 638,993	\$ 1,750,460	\$ -	\$ 2,389,453
Construction in progress	<u>3,600</u>	<u>36,084</u>	<u>-</u>	<u>39,684</u>
Total capital assets not being depreciated	<u>642,593</u>	<u>\$ 1,786,544</u>	<u>\$ -</u>	<u>2,429,137</u>
Capital assets being depreciated:				
Buildings and improvements	539,547	\$ -	\$ -	539,547
Furniture, fixtures, machinery and equipment	<u>9,015,287</u>	<u>995,685</u>	<u>-</u>	<u>10,010,972</u>
Total capital assets being depreciated	<u>9,554,834</u>	<u>\$ 995,685</u>	<u>\$ -</u>	<u>10,550,519</u>
Less accumulated depreciation for:				
Buildings and improvements	455,022	\$ 19,283	\$ -	474,305
Furniture, fixtures, machinery and equipment	<u>4,048,405</u>	<u>965,592</u>	<u>-</u>	<u>5,013,997</u>
Total accumulated depreciation	<u>4,503,427</u>	<u>\$ 984,875</u>	<u>\$ -</u>	<u>5,488,302</u>
Total capital assets being depreciated, net	<u>5,051,407</u>			<u>5,062,217</u>
Authority capital assets, net	<u>\$ 5,694,000</u>			<u>\$ 7,491,354</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2008

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES

PENSION PLAN OBLIGATIONS

1. Local Governmental Employees' Retirement System

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

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The City and the Authority are required to contribute at an actuarially determined rate. For the City and the Authority, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.80% and 4.78%, 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 and Authority to LGERS for the years ended June 30, 2008, 2007, and 2006 were \$2,425,801, \$2,176,189 and \$2,021,023, 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.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)
June 30, 2008

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

PENSION PLAN OBLIGATIONS (continued)

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

a. *Plan Description. (continued)*

All full-time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2007, the Separation Allowance's membership consisted of:

Retirees currently receiving benefits	11
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>271</u>
Total	<u><u>282</u></u>

b. *Summary of Significant Accounting Policies:*

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

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

c. *Contributions.*

The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned by making contributions based on actuarial valuations. For the current year, the City contributed \$250,000 or 2.11% of annual covered payroll. There were no contributions made by employees. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are paid by the City.

The annual required contribution for the current year was determined as part of the December 31, 2006 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return and (b) projected salary increases ranging from 4.5% to 12.3% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed basis. The remaining amortization period at December 31, 2006 was 24 years.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)
June 30, 2008

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

PENSION PLAN OBLIGATIONS (continued)

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

c. Contributions. (continued)

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	\$ 295,567
Interest on net pension obligation	(19,807)
Adjustment to annual required contribution	<u>16,787</u>
Annual pension cost	292,547
Contributions made	<u>(250,000)</u>
Change in net pension obligation (asset)	42,547
Net pension obligation (asset) beginning of year	<u>(273,194)</u>
Net pension obligation (asset) end of year	<u><u>\$ (230,647)</u></u>

Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percent of APC Contributed Contributed</u>	<u>Net Pension Obligation (Asset)</u>
June 30, 2006	\$ 280,365	89.17 %	\$ (285,927)
June 30, 2007	262,733	95.15	(273,194)
June 30, 2008	292,547	85.46	(230,647)

d. Funded status and funding progress.

As of December 31, 2007, the most recent actuarial valuation date, the plan was 24.7% funded. The actuarial accrued liability for benefits was \$3,296,724, and the actuarial value of assets was \$814,144, resulting in an unfunded actuarial liability (UAAL) of \$2,482,580. The covered payroll (annual payroll of active employees covered by the plan) was \$11,869,396, and the ratio of the UAAL to the covered payroll was 20.92 percent.

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

3. Supplemental Retirement Income Plan for Law Enforcement Officers

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

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2008

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

PENSION PLAN OBLIGATIONS (continued)

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

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, 2008 the City's required contribution was \$600,684 for the law enforcement officers.

The City has elected to make contributions on behalf of all employees to the Supplemental Retirement Income Plan or the 457 Deferred Compensation Plan, discussed below. The City's contribution is 4.5% of covered payroll and contributions are made to the plan selected by the employee. The City Council established the contribution and can amend or discontinue it at any time. Employees can also make voluntary contributions to these plans.

Employer contributions to the Supplemental Retirement Income Plan, excluding required contributions for law enforcement officers, totaled \$1,276,245 for the year ended June 30, 2008. Employee contributions to this plan, including law enforcement officers, included in salary expense for the year ended June 30, 2008, were \$975,987. The Authority has elected to contribute on behalf of all employees full matching of employee contributions up to 4.5% of eligible compensation. Authority contributions on behalf of the employees were \$11,068 for the year ended June 30, 2008.

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.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2008

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (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.

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, 2008, were \$255,130 that was matched by the City.

Employer contributions to the 457 Deferred Compensation Plan totaled \$1,449,621 for the year ended June 30, 2008. This amount included the 3% contribution and matching contributions for fire fighters as well as the 4.5% 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, 2008, were \$430,042.

OTHER EMPLOYMENT BENEFIT

The City has elected to provide death benefits to employees engaged in law enforcement through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest month's salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. All death benefits are made from the Death Benefit Plan. The City has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payrolls, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the City, the City does not determine the number of eligible participants. For the fiscal year ended June 30, 2008, the City made contributions to the State for death benefits of \$16,819. The City's contribution for law enforcement officers represented .14% of covered payroll. The City is not required to contribute for employees not engaged in law enforcement. The contributions to the Death Benefit Plan cannot be separated between the post employment benefit amount and the other benefit amount.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2008

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

OTHER POST-EMPLOYMENT BENEFITS

In addition to providing pension benefits, the City of Wilmington has elected to provide post-employment health care benefits to retirees of the City, provided they participated in the North Carolina Local Government Employees' Retirement System (System) and have at least five years of creditable service with the City. The City shares the cost of coverage for these benefits with the retiree by paying claims under its medical self-insurance program and charging participants a co-payment amount. Expenditures for post-employment health care benefits are recognized as retirees report claims and include a provision for actual claims and claims not yet reported. Currently, 121 retirees participate in the post-retirement health benefits. The City's expenditures totaled \$1,160,165 for the year ended June 30, 2008, net of \$176,103 received from participants.

In June 2004, the Governmental Accounting Standards Board (“GASB”) issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB Statement No. 45 generally requires that state and local governmental employers account for other post-employment benefits (“OPEB”) on an accrual basis similar to the manner that they currently account for pensions. GASB Statement No. 45 also requires disclosure of information for the plans in which an employer participates, the funding policy followed and the actuarial valuation process and assumptions. The City is considered a “phase 2” government under GASB Statement No. 45 and must implement GASB Statement No. 45 for the fiscal year ending June 30, 2009.

Although not implementing GASB Statement 45 early, disclosure of the actuarial results is being made since the information is available.

The City engaged the actuarial consulting firm of Cavanaugh Macdonald Consulting, LLC to prepare an analysis of the liability and annual required contribution of the employer (“ARC”) for its OPEB benefits for the fiscal year ending June 30, 2009 and thereafter. The City is not required to fully fund the ARC. However, pursuant to GASB Statement No. 45, the City will be required to disclose the unfunded ARC, which must be amortized over future periods. The annual required contribution for the fiscal year ending June 30, 2009 is \$3,477,479. The City will be adopting an OPEB funding plan for the fiscal year ending June 30, 2009.

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 both governmental and business-type activities. General obligation bonds issued for governmental activity purposes are serviced by the Debt Service Fund. Those bonds reported in the business-type activities are expected to be repaid from revenues of the proprietary funds. Principal and interest requirements are provided by appropriation in the year in which they become due. At June 30, 2008, the City had general obligation bonds authorized but unissued of \$14,000,000.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)
June 30, 2008

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

LONG-TERM LIABILITIES (continued)

General Obligation Bonds (continued)

General obligation bonds outstanding at June 30, 2008 are comprised of the following issues:

	Governmental activities	Business-type activities
<p>\$11,500,000 Public Improvements and Parks and Recreational Facilities Bonds, Series 1997A; principal payments due annually in installments ranging from \$90,000 to \$460,000 through April 1, 2014; semiannual interest payments due April 1 and October 1 with rates from 4.50 to 5.00 percent; \$3,130,000 of this issue related to business-type activities was refunded with the issue of Storm Water Fee Revenue Bonds, Series 2007.</p> <p style="padding-left: 40px;">Serviced by Debt Service Fund</p>	\$ 2,300,000	\$ -
<p>\$10,400,000 Refunding Bonds, Series 1997B; principal payments due annually on April 1 in installments ranging from \$710,000 to \$850,000 through April 1, 2010; semiannual interest payments due April 1 and October 1 with rates from 4.00 to 5.00 percent; \$3,774,202 of this issue refunded Street Improvement Bonds and \$6,625,798 refunded Water and Sewer Bonds.</p> <p style="padding-left: 40px;">Serviced by Debt Service Fund</p> <p style="padding-left: 40px;">Serviced by Water and Sewer Fund</p>	566,130 -	- 993,870
<p>\$3,400,000 Public Improvements Bonds, Series 2000 issued for streets, sidewalks, and municipal buildings; principal payments due annually on February 1 in installments ranging from \$125,000 to \$400,000 through February 1, 2018; semiannual interest payments due February 1 and August 1 with rates from 5.00 to 5.25 percent.</p> <p style="padding-left: 40px;">Serviced by Debt Service Fund</p>	2,525,000	-
<p>\$28,825,000 Synthetic Refunding Bonds, Series 2002 issued to refund General Obligation Water Bonds; principal payments due annually on February 1 in varying amounts from \$2,355,000 to \$3,065,000 through June 1, 2015; variable rate semiannual interest payments due June 1 and December 1.</p> <p style="padding-left: 40px;">Serviced by Water and Sewer Fund</p>	-	19,870,000

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)
June 30, 2008

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

General Obligation Bonds (continued)

	Governmental activities	Business-type activities
<p>\$3,580,000 Public Improvements Bonds, Series 2003A issued for streets and sidewalks; principal payments due annually on March 1 in installments of \$255,000 through March 1, 2018; semiannual interest payments due March 1 and September 1 with rates from 3.00 to 5.00 percent.</p>		
Served by Debt Service Fund	\$ 2,550,000	\$ -
<p>\$9,000,000 Refunding Bonds, Series 2003B; principal payment due on March 1, 2009 in the amount of \$850,000; interest due March 1, 2009 at 2.75 percent; \$6,657,065 of this issue refunded General Obligation Refunding Bonds for streets, sidewalks, drainage, and municipal buildings and is serviced by the Debt Service Fund; \$2,342,935 of this issue refunded General Obligation Refunding Bonds for water and sewer improvements.</p>		
Served by Debt Service Fund	628,723	-
Served by Water and Sewer Fund	-	221,277
	\$ 8,569,853	\$ 21,085,147
<p>General Obligation Bonds Served By:</p>		
Debt Service Fund	\$ 8,569,853	\$ -
Water and Sewer Fund	-	21,085,147
	\$ 8,569,853	\$ 21,085,147

CITY OF WILMINGTON, NORTH CAROLINA

**Notes to Financial Statements (Continued)
June 30, 2008**

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, 2008 are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2009	\$ 1,636,385	\$ 374,695	\$ 3,268,615	\$ 813,819
2010	1,148,468	313,047	3,606,532	686,118
2011	840,000	261,644	3,025,000	542,112
2012	840,000	224,744	2,985,000	426,708
2013	840,000	187,525	2,945,000	312,830
2014-2018	3,265,000	435,050	5,255,000	290,321
	<u>\$ 8,569,853</u>	<u>\$ 1,796,705</u>	<u>\$ 21,085,147</u>	<u>\$ 3,071,908</u>

In connection with the creation of the Cape Fear Public Utility Authority (CFPUA) on July 1, 2008, general obligation bond annual debt service requirements of the water and sewer fund will continue to be obligations of the City and be reimbursed to the City by the CFPUA. See Note 7 to the financial statements for additional information.

Revenue Bonds

The City has issued tax exempt revenue bonds for improvements to the water, sewer and storm water systems. Net revenues of the Water and Sewer Fund and the Storm Water Management Fund (business-type activities) are pledged as security for the revenue bonds. Principal and interest requirements are provided by appropriation in the year in which they become due.

Revenue bonds outstanding at June 30, 2008 are comprised of the following individual issues:

	Business-type activities
\$15,615,000 Water and Sewer Revenue Bonds, Series 1999 issued for water and sewer system improvements; principal payments due annually on June 1 in varying amounts from \$745,000 to \$780,000 through June 1, 2010; semiannual interest payments due June 1 and December 1 at rates from 4.80 to 5.10 percent; \$9,235,000 of this issue was refunded in conjunction with the issue of Water and Sewer Bonds, Series 2005.	
Serviced by Water and Sewer Fund	\$ 1,525,000

CITY OF WILMINGTON, NORTH CAROLINA

**Notes to Financial Statements (Continued)
June 30, 2008**

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

Revenue Bonds (continued)

Business-type
activities

\$6,508,316 Refunding Water and Sewer Revenue Bonds, Series 2003 issued to refund Water and Sewer Revenue Bonds the proceeds of which were used for water and sewer system improvements; principal payments due semiannually on June 1 and December 1 in varying amounts from \$181,862 to \$261,107 plus interest at 3.65 percent through December 1, 2018.

Serviced by Water and Sewer Fund

\$ 4,603,686

\$62,400,000 Water and Sewer Revenue and Refunding Revenue Bonds, Series 2005 issued for wastewater plant expansion, other water and sewer system improvements and to refund \$9,235,000 of Water and Sewer Revenue bonds the proceeds of which were used for like improvements; principal payments due semiannually on June 1 in varying amounts from \$1,120,000 to \$3,400,000 plus interest at rates from 3.00 to 5.00 percent through June 1, 2034.

Serviced by Water and Sewer Fund

61,080,000

\$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 \$405,000 to \$725,000 through June 1, 2033; semiannual interest payments due June 1 and December 1 at fixed rates from 4.25 to 5.00 percent.

Serviced by Storm Water Management Fund

13,895,000

\$ 81,103,686

Revenue Bonds Serviced By:

Water and Sewer Fund

\$ 67,208,686

Storm Water Management Fund

13,895,000

\$ 81,103,686

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)
June 30, 2008

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 orders, among the most restrictive of which provides that the City maintain a long-term debt service coverage ratio, as defined, of not less than 1.20. The coverage ratios at June 30, 2008 are 2.73 and 2.25 for the Water and Sewer Fund and the Storm Water Management Fund, respectively. The City was in compliance with the covenants during the fiscal year ended June 30, 2008.

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

Year Ending June 30	Business-type Activities	
	Principal	Interest
2009	\$ 2,637,043	\$ 3,812,742
2010	2,745,562	3,708,360
2011	2,849,579	3,595,901
2012	2,969,113	3,492,142
2013	3,074,182	3,378,748
2014-2018	17,592,100	14,652,860
2019-2023	13,656,107	10,730,189
2024-2028	14,155,000	7,501,260
2029-2033	18,025,000	3,634,860
2034	3,400,000	170,000
	<u>\$ 81,103,686</u>	<u>\$ 54,677,062</u>

In connection with the creation of the Cape Fear Public Utility Authority (CFPUA) on July 1, 2008, \$67,208,686 of water and sewer revenue bonds will be assigned to the CFPUA and future debt service requirements for those revenue bonds will be the responsibility of the CFPUA. See Note 7 to the financial statements for additional information.

Installment Obligations

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

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)
June 30, 2008

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

Installment Obligations (continued)

Certificates of Participation outstanding at June 30, 2008 are comprised of the following individual issues:

	Governmental activities	Business-type activities
<p>\$23,000,000 Certificates of Participation, Series 1999A issued for acquisition of two private water systems; principal payment of \$740,000 due June 1, 2009; semiannual interest payments due June 1 and December 1 at rates from 4.85 to 4.95 percent; \$16,965,000 of this issue was refunded with the issue of Certificates of Participation, Series 2006A.</p> <p style="padding-left: 40px;">Serviced by Ground Water Fund</p>	\$	- \$ 740,000
<p>\$4,425,000 Certificates of Participation, Series 1999B issued for acquisition of the Operations Center site and construction of two fire stations; principal payment of \$315,000 due June 1, 2009; semiannual interest payments due June 1 and December 1 at rates from 4.80 to 4.90 percent; \$1,835,000 of this issue was refunded with the issue of Certificates of Participation, Series 2005A.</p> <p style="padding-left: 40px;">Serviced by Debt Service Fund</p>	315,000	-
<p>\$13,470,000 Certificates of Participation, Series 2003A issued for construction of the Operations Center, construction of a parking facility, and improvements to the City's riverwalk; principal payments due annually on June 1 in installments ranging from \$400,000 to \$620,000 through June 1, 2028; semiannual interest payments due June 1 and December 1 at rates from 2.00 to 5.00 percent.</p> <p style="padding-left: 40px;">Serviced by Debt Service Fund</p> <p style="padding-left: 40px;">Serviced by Parking Facility Fund</p>	3,168,535	- 8,086,465

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)
June 30, 2008

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

Installment Obligations (continued)

	Governmental activities	Business-type activities
<p>\$11,810,000 Certificates of Participation, Series 2004 issued for construction of the second phase of the Operations Center and construction of a fire station; principal payments due annually on September 1 in installments ranging from \$300,000 to \$560,000 through September 1, 2029; semiannual interest payments due March 1 and September 1 at fixed rates from 2.25 to 5.25 percent.</p> <p style="padding-left: 40px;">Served by Debt Service Fund</p>	<p>\$ 11,010,000</p>	<p>\$ -</p>
<p>\$37,020,000 Certificates of Participation, Series 2005A issued for construction of the Police Headquarters, construction of the third phase of the Operations Center, improvements to the storm water system, and to refund \$6,360,000 of outstanding Series 1997 and \$1,835,000 of outstanding Series 1999B Certificates of Participation; principal payments due annually on June 1 in installments ranging from \$955,000 to \$2,190,000 through June 1, 2032; semiannual interest payments due June 1 and December 1 at rates from 3.125 to 5.000 percent.</p> <p style="padding-left: 40px;">Served by Debt Service Fund</p> <p style="padding-left: 40px;">Served by Storm Water Management Fund</p>	<p>34,740,000</p> <p>-</p>	<p>-</p> <p>1,250,000</p>
<p>\$17,235,000 Certificates of Participation, Series 2006A issued to refund \$16,965,000 of outstanding Series 1999A Certificates of Participation; principal payments due annually on June 1 in installments ranging from \$50,000 to \$1,550,000 through June 1, 2024; semiannual interest payments due June 1 and December 1 at rates from 3.75 to 5.00 percent.</p> <p style="padding-left: 40px;">Served by Ground Water Fund</p>	<p>-</p>	<p>17,135,000</p>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)
June 30, 2008

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

Installment Obligations (continued)

	Governmental activities	Business-type activities
<p>\$46,560,000 Certificates of Participation, Series 2008A issued for construction of the Convention Center; principal payments due annually on June 1 in installments ranging from \$1,010,000 to \$3,825,000 beginning June 1, 2017 through June 1, 2038; semiannual interest payments due June 1 and December 1 beginning December 1, 2008 at rates from 4.00 to 5.00 percent.</p> <p style="padding-left: 40px;">Served 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 beginning June 1, 2009 through June 1, 2028; annual interest payments due June 1 beginning June 1, 2009 at a rate of 4.21 percent.</p> <p style="padding-left: 40px;">Served by Convention Center Fund</p>	7,190,000	-
<p>\$8,745,000 Certificates of Participation, Series 2008C issued for construction of the private business use portion of the parking deck adjacent to the Convention Center; principal payments due annually on June 1 in installments ranging from \$1,305,000 to \$1,620,000 beginning June 1, 2011 through June 1, 2016; annual interest payments due June 1 beginning June 1, 2009 at a rate of 4.46 percent.</p> <p style="padding-left: 40px;">Served by Convention Center Fund</p>	<u>8,745,000</u> <u>\$ 111,728,535</u>	<u>-</u> <u>\$ 27,211,465</u>
<p>Certificates of Participation Served By:</p> <p style="padding-left: 20px;">Debt Service Fund</p> <p style="padding-left: 20px;">Convention Center Fund</p> <p style="padding-left: 20px;">Ground Water Fund</p> <p style="padding-left: 20px;">Storm Water Management Fund</p> <p style="padding-left: 20px;">Nonmajor Parking Facility Fund</p>	<p>\$ 49,233,535</p> <p>62,495,000</p> <p>-</p> <p>-</p> <p>-</p> <hr style="width: 100%;"/> <p>\$ 111,728,535</p>	<p>\$ -</p> <p>-</p> <p>17,875,000</p> <p>1,250,000</p> <p>8,086,465</p> <hr style="width: 100%;"/> <p>\$ 27,211,465</p>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)
June 30, 2008

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 Certificates of Participation are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2009	\$ 1,708,569	\$ 5,533,492	\$ 1,271,431	\$ 1,246,851
2010	1,788,569	5,224,956	1,301,431	1,189,803
2011	3,163,569	5,166,681	1,331,431	1,140,390
2012	3,293,569	5,040,866	1,361,431	1,087,565
2013	4,113,569	4,903,559	1,406,431	1,033,315
2014-2018	21,147,845	21,608,886	7,707,155	4,162,703
2019-2023	19,017,845	16,914,006	9,142,155	2,163,306
2024-2028	20,085,000	12,256,790	3,690,000	361,375
2029-2033	20,025,000	7,170,105	-	-
2034-2038	17,385,000	2,692,500	-	-
	<u>\$ 111,728,535</u>	<u>\$ 86,511,841</u>	<u>\$ 27,211,465</u>	<u>\$ 12,385,308</u>

In connection with the creation of the Cape Fear Public Utility Authority (CFPUA) on July 1, 2008, installment obligation annual debt service requirements of the ground water fund will continue to be obligations of the City and reimbursed to the City by the CFPUA. See Note 7 to the financial statements for additional information.

Defeased Debt

The City has defeased certain Certificates of Participation and revenue bonds by placing the proceeds in irrevocable trusts to provide for all future debt service payments on the old debt. Accordingly, the trust account assets and liabilities for the defeased certificates and defeased bonds are not included in the City's financial statements. At June 30, 2008, \$18,800,000 of outstanding certificates of participation and \$9,235,000 of outstanding revenue bonds are considered defeased.

In October 2007, the City issued \$3,150,000 Storm Water Fee Revenue Bonds to refund \$3,130,000 of Series 1997A general obligation bonds. The reacquisition price exceeded the net carrying amount of the old debt by \$58,117. This amount is being netted against the new debt and amortized over the life of the refunded debt, which is shorter than the life of the new debt issued. The transaction resulted in an economic gain of \$809 and an increase of \$685,489 in future debt service payments. In April 2008, the defeased bonds were redeemed.

CITY OF WILMINGTON, NORTH CAROLINA

**Notes to Financial Statements (Continued)
June 30, 2008**

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

Other Long-Term Obligations

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

Other long-term obligations outstanding at June 30, 2008 are comprised of the following individual issues:

	Governmental activities	Business-type activities
\$5,500,000 parks & recreation installment purchase agreement executed in December 2001 for improvements to the Legion Stadium Sports Complex; installments due semiannually on June 15 and December 15 of \$137,500 plus interest at 3.94 percent through December 15, 2021.		
Serviced by Debt Service Fund	\$ 3,712,500	\$ -
\$1,068,174 parking facility installment purchase agreement executed in March 1994 for acquisition of a parking facility; agreement refinanced in June 2003; installments due semiannually on March 2 and September 2 of \$98,224 including interest at 3.40 percent through March 2, 2009.		
Serviced by Parking Facility Fund	-	191,551
\$6,000,000 installment purchase agreement executed in May 2006 for various equipment replacements; installments due monthly of \$135,251 including interest at 3.88 percent through June, 2010.		
Serviced by Equipment Replacement Fund	2,669,263	-
Serviced by Solid Waste Fund	-	449,035
\$5,000,000 installment purchase agreement executed in June 2007 for various equipment replacements and to refinance a \$2,250,000 outstanding variable rate installment purchase agreement; installments due monthly of \$92,719 including interest at 3.66 percent through May, 2012.		
Serviced by Debt Service Fund	886,420	-
Serviced by Equipment Replacement Fund	3,168,010	-

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)
June 30, 2008

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

Other Long-Term Obligations (continued)

	<u>Governmental activities</u>	<u>Business-type activities</u>
<p>\$14,270,000 installment purchase agreement executed in May 2008 for construction of two fire stations, renovation of the community arts center, acquisition of land for a multi-modal transportation center and a city park, acquisition of a police command center and improvements to the City's riverwalk; payments due annually on June 1 in 14 installments of \$715,000 and 6 installments of \$710,000 plus interest at 3.96 percent through June 1, 2028.</p> <p>Serviced by Debt Service Fund</p>	<p>\$ 14,270,000</p>	<p>\$ -</p>
<p>\$12,000,000 installment agreement executed in June 2008 for development of parks; principal payments due annually on June 1 in 11 installments of \$500,000, 8 installments of \$725,000 and one installment of \$700,000 beginning June 1, 2010 through June 1, 2029; semiannual interest payments due June 1 and December 1 beginning December 1, 2008 at rates from 3.50 to 5.00 percent.</p> <p>Serviced by Debt Service Fund</p>	<p><u>12,000,000</u></p>	<p><u>-</u></p>
	<p><u>\$ 36,706,193</u></p>	<p><u>\$ 640,586</u></p>
<p>Other Long-Term Obligations Serviced By:</p> <p>Debt Service Fund</p> <p>Equipment Replacement Fund</p> <p>Solid Waste Fund</p> <p>Nonmajor Parking Facility Fund</p>	<p>\$ 30,868,920</p> <p>5,837,273</p> <p>-</p> <p>-</p> <p><u>-</u></p>	<p>\$ -</p> <p>-</p> <p>449,035</p> <p>191,551</p> <p><u>-</u></p>
	<p><u>\$ 36,706,193</u></p>	<p><u>\$ 640,586</u></p>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)
June 30, 2008

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

Other Long-Term Obligations (continued)

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

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2009	\$ 3,279,482	\$ 1,427,541	\$ 411,716	\$ 18,448
2010	3,867,695	1,274,451	228,870	4,844
2011	2,545,005	1,151,189	-	-
2012	2,491,511	1,055,614	-	-
2013	1,490,000	975,268	-	-
2014-2018	7,450,000	3,980,529	-	-
2019-2023	7,707,500	2,491,554	-	-
2024-2028	7,175,000	1,012,015	-	-
2029	700,000	29,750	-	-
	<u>\$ 36,706,193</u>	<u>\$ 13,397,911</u>	<u>\$ 640,586</u>	<u>\$ 23,292</u>

Interest Rate Swap Agreement

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

Terms. The bonds and the related swap agreement mature on June 1, 2015 and the swap’s notional amount of \$19,870,000 matches the face amount of the variable-rate bonds. The swap was entered into at the same time the bonds were issued (February 2002). The notional value of the swap declines with the principal amount of the associated debt. Under the swap the City pays the counterparty a fixed payment of 3.815% and receives a variable payment computed at 67% of the LIBOR. Conversely, the bonds’ variable-rate coupons are based on the actual float rate coupons marketed weekly.

Fair value. Because interest rates have declined since execution of the swap, the swap has a negative fair value of \$780,182 as of June 30, 2008. The swap’s negative fair value may be countered by a reduction in total interest payments required under the variable rate bonds, creating a lower synthetic interest rate. Because the coupons on the City’s variable-rate bonds are adjusted every seven days to changing interest rates, the bonds do not have a corresponding fair value increase. The mark-to-market valuations were established by market quotations from the counterparty representing estimates of the amounts that would be paid for replacement transactions.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)
June 30, 2008

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

Interest Rate Swap Agreement (continued)

Credit risk. As of June 30, 2008 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 Aa3 by Moody's Investors Service (Moody's), AA- 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, 2008 of 3.77%. As of June 30, 2008, the rate on the City's Bonds was 1.6% whereas 67% of LIBOR was 1.649%.

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

Swap payments and associated debt. Using rates as of June 30, 2008, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same for the term of the bonds, were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Principal	Interest	Interest Rate Swap, Net	Total
2009	\$ 2,595,000	\$ 317,920	\$ 430,226	\$ 3,343,146
2010	3,065,000	276,400	374,038	3,715,438
2011	3,025,000	227,360	307,675	3,560,035
2012	2,985,000	178,960	242,178	3,406,138
2013	2,945,000	131,200	177,546	3,253,746
2014-2015	5,255,000	121,760	164,771	5,541,531
	<u>\$ 19,870,000</u>	<u>\$ 1,253,600</u>	<u>\$ 1,696,434</u>	<u>\$ 22,820,034</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2008

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

Interest Rate Swap Agreement (continued)

In connection with the creation of the Cape Fear Public Utility Authority (CFPUA) on July 1, 2008, the interest rate swap agreement will continue to be an obligation of the City and all payments required to be made by the City under the agreement will be reimbursed to the City by the CFPUA. See Note 7 to the financial statements for additional information.

Other long-term liabilities disclosures

State statutes provide for a legal debt limit of 8% of the City's assessed value of taxable property. The City's legal debt limit as of June 30, 2008 amounts to \$1,091,479,245.

Long-term liability activity for the year ended June 30, 2008 was as follows:

	Balance July 1, 2007	Additions	Reductions	Balance June 30, 2008	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 10,819,973	\$ -	\$ 2,250,120	\$ 8,569,853	\$ 1,636,385
Less deferred amounts:					
For issuance discount	-	(36,997)	-	(36,997)	-
On refunding	(293,417)	-	(62,731)	(230,686)	-
Plus deferred amounts:					
For issuance premium	2,212,400	86,447	-	2,298,847	-
Installment obligations	50,907,104	62,495,000	1,673,569	111,728,535	1,708,569
Other long-term obligations	12,915,737	26,270,000	2,479,544	36,706,193	3,279,482
Compensated absences	4,752,752	3,918,432	3,713,112	4,958,072	3,873,149
	<u>\$ 81,314,549</u>	<u>\$ 92,732,882</u>	<u>\$ 10,053,614</u>	<u>\$ 163,993,817</u>	<u>\$ 10,497,585</u>
Governmental activity long-term liabilities					
	<u>\$ 81,314,549</u>	<u>\$ 92,732,882</u>	<u>\$ 10,053,614</u>	<u>\$ 163,993,817</u>	<u>\$ 10,497,585</u>
Business-type activities:					
General obligation bonds	\$ 27,245,027	\$ -	\$ 6,159,880	\$ 21,085,147	\$ 3,268,615
Revenue bonds	69,357,690	14,035,000	2,289,004	81,103,686	2,637,043
Installment obligations	28,437,896	-	1,226,431	27,211,465	1,271,431
Less deferred amounts:					
For issuance discount	(7,217)	(2,406)	-	(9,623)	-
On refunding	(3,110,859)	(58,117)	(329,225)	(2,839,751)	-
Plus deferred amounts:					
For issuance premium	3,495,761	639,525	-	4,135,286	-
Other long-term obligations	1,037,576	-	396,990	640,586	411,716
Compensated absences	1,215,196	905,647	1,103,835	1,017,008	786,300
	<u>\$ 127,671,070</u>	<u>\$ 15,519,649</u>	<u>\$ 10,846,915</u>	<u>\$ 132,343,804</u>	<u>\$ 8,375,105</u>
Business-type activity long-term liabilities					
	<u>\$ 127,671,070</u>	<u>\$ 15,519,649</u>	<u>\$ 10,846,915</u>	<u>\$ 132,343,804</u>	<u>\$ 8,375,105</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2008

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for internal service funds are included as part of the above totals for governmental activities. At year-end \$89,616 of internal service funds compensated absences and \$5,837,273 of internal service funds other long-term obligations are included in the above amounts. Also, for the governmental activities, compensated absences are generally liquidated by the general fund.

COMMITMENTS AND CONTINGENCIES

The City entered into a thirty-year ground lease commencing September 1, 2001 with the intention of building a parking facility on the site. Annual lease payments for the first five years are \$100,000 with an increase of 12.5% for each additional five-year period. The lease can be terminated after five years and is currently on a month to month basis. For the fiscal year ending June 30, 2008, the City paid \$126,900 on the lease agreement.

The City leases office facilities from the County under an operating lease with a current expiration date of August, 2008, at which time the rental is on a month to month basis. The annual cost of the lease is approximately \$144,000 per year.

The City leases golf carts under an operating lease with an annual cost of approximately \$40,000. The lease expires in December 2008.

A contractor subject to an agreement that will expire on January 31, 2011 manages the City's Second Street parking deck, the Market Street parking deck, and a parking lot. During the year ended June 30, 2008 the City paid \$330,386 for administration of the parking decks and \$37,012 for administration of the parking lot. The agreement also provides for the enforcement, maintenance and administration of on street parking. During the year ended June 30, 2008 the City paid \$477,639 for these services.

As part of the agreement for the acquisition of Cape Fear Utilities, Inc. and Quality Water Supplies, Inc., the City has agreed to hold harmless the former shareholders against any and all claims in connection with the City's failure to comply with the terms of the purchase agreement. The agreement requires that the entire purchase price paid by the City be funded from non-recourse obligations issued under North Carolina General Statute §160A-20, which shall be secured only by the assets and/or revenues of the companies. The taxing power of the City is not and may not be pledged to secure any part of the purchase debt. The structure of the debt is designed to reasonably ensure that all debt service will be fully funded in a timely manner through the companies' revenue and the City does not expect to provide any additional funding for operation and maintenance of the water system outside of that generated by the companies.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2008

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

COMMITMENTS AND CONTINGENCIES (continued)

Pursuant to a management agreement effective July 1, 2005 through June 30, 2008, the Authority retains First Transit, Inc. to provide management and operational services for the public transportation system. The agreement provides that First Transit, Inc. 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, 2008, the Authority paid management fees totaling \$173,246. The contract with First Transit, Inc. terminated June 30, 2008 and an agreement was signed with Professional Transit Management, Ltd. under similar terms as existed with First Transit, Inc.

The agreement provides that the Authority will reimburse the management company for all operating expenses incurred in the management and operation of the public transit system. As of June 30, 2008, the Authority incurred expenses of \$5,490,039 under the contract with First Transit, Inc., of which \$914,830 is included in current liabilities at year-end.

The City of Wilmington and the New Hanover County Water and Sewer District have entered into an interlocal cost sharing agreement for the upgrade and expansion of the City's northside wastewater treatment plant. A contract for construction in the amount of \$68,522,000 was awarded in October 2005. The total project including engineering services, construction, and a construction contingency are estimated at \$81,744,717. The District agreed to pay \$45,830,856 or approximately 56.1% of the total cost. The City agreed to pay the remaining portion, totaling \$35,913,861 or 43.9% of the total cost. The District made an irrevocable deposit in an escrow fund for their portion of the cost. The trustee for the escrow fund pays the City 56.1% of the expenditures incurred for the project. The City is liable for any costs that exceed the project budget and are entitled to any District funds remaining in escrow upon completion of the project. When completed, the plant will be jointly owned by the City and the District. As of June 30, 2008 the City had incurred approximately \$34,198,400 of their share of the costs of the project.

The City entered into an incentive agreement in March 2004 with Cellco Partnership to provide incentive payments to the company in exchange for the company's commitment to construct, equip, and staff a facility in the City. The City's obligation under the agreement is \$125,000 per year for seven years commencing in the year following occupancy of the facility. In addition the City has agreed to provide up to \$500,000 for public infrastructure improvements required for the construction of the facility. The public infrastructure when completed will be dedicated for public maintenance and use. The Company is required to have a direct investment in the facility of at least \$20 million and to provide 1,000 full time jobs by October 15th of the year following occupancy of the facility. The facility was approved for occupancy on July 20, 2004 and the company complied with the job creation requirement. As of June 30, 2008 the City has made the first four payments to Cellco.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2008

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

COMMITMENTS AND CONTINGENCIES (continued)

The City entered into an incentive agreement in June 2005 with Pharmaceutical Product Development, Inc 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. In addition the City agreed to provide up to \$4,000,000 in public infrastructure improvements in a designated redevelopment area that includes the Company's new facility. The improvements must be completed by December 31, 2008. As of June 30, 2008 no funds had been paid or requested for public infrastructure improvements. The Company is required to make a direct investment in the facility of at least \$80 million and to provide 857 additional jobs by October 15th of the sixth year after occupancy. In the seventh through tenth years following occupancy a total of 1000 additional jobs must be provided.

The City entered into an incentive agreement in November 2005 with Guilford Mills, Inc. to provide payments to the company in exchange for the company's commitment to relocate its corporate headquarters to the City. The City's obligation under the agreement is \$66,667 per year for three years. The company is required to have 15 full-time employees at the Wilmington facility by October of the year following occupancy of their facility. The company is required to have 40 employees by the third year of the agreement. As of June 30, 2008 the City has made the first two payments to Guilford Mills.

The City entered into an incentive agreement in June 2007 through Wilmington Industrial Development, Inc for the location by General Electric of additional manufacturing facilities at the site of the Global Nuclear/GE Aircraft Industrial Plant in New Hanover County which will provide additional employment opportunities in New Hanover County and benefit the City of Wilmington and its residents. The City has agreed to contribute \$50,000 per year for five years for a total of \$250,000. General Electric is required to hire 200 new employees and invest a minimum of \$41 million in facility construction. As of June 30, 2008 the City has made the first two payments to General Electric.

The City, New Hanover County (County) and Cape Fear Community College (College) entered into an interlocal agreement to construct a \$10 million centralized public safety facility (facility) dedicated to the training of public and private emergency response personnel. The City and County will contribute 35% of the cost of the facility or \$3.5 million each and the College will provide the land estimated at 30% of the project cost or \$3.0 million. The City has expended approximately \$2.3 million on the project as of June 30, 2008. The annual maintenance and operating costs will be covered by funds appropriated by the County as part of the usual community college budgeting process and revenue generated by the facility. The County and City will share the cost of any annual facility operating deficits equally.

CITY OF WILMINGTON, NORTH CAROLINA

**Notes to Financial Statements (Continued)
June 30, 2008**

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

COMMITMENTS AND CONTINGENCIES (continued)

Jointly Governed Organizations

The City, in conjunction with Bladen County, New Hanover County, Columbus County, Pender County and Brunswick County is a member of the Lower Cape Fear Water and Sewer Authority. The Water and Sewer Authority was formed to provide raw water to counties, municipalities and industrial customers in southeastern North Carolina. The Water and Sewer Authority is governed by a thirteen member Board appointed by the participating entities with the City represented by two members. The Water and Sewer Authority is not considered to be a joint venture under generally accepted accounting principles since the counties and municipalities do not retain an ongoing financial interest (i.e., an equity interest in either assets or liabilities) or responsibility. During the year ended June 30, 2008 the City purchased \$738,592 in raw water from the Water and Sewer Authority.

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 \$17,784 to the Council during the fiscal year ended June 30, 2008.

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, 2008, are as follows:

	<u>General Fund</u>	<u>Building Improvements Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>	<u>Component Unit</u>
Receivable Fund	<u>\$ 1,477,588</u>	<u>\$ 1,576,506</u>	<u>\$ 3,588,430</u>	<u>\$ 6,642,524</u>	<u>\$ 24,654</u>
Payable Fund					
General Fund	\$ -	\$ -	\$ -	\$ -	\$ 24,654
Nonmajor Governmental Funds	1,477,588	1,500,000	3,521,678	6,499,266	-
Component Unit	<u>-</u>	<u>76,506</u>	<u>66,752</u>	<u>143,258</u>	<u>-</u>
Total	<u>\$ 1,477,588</u>	<u>\$ 1,576,506</u>	<u>\$ 3,588,430</u>	<u>\$ 6,642,524</u>	<u>\$ 24,654</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)
June 30, 2008

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

C. INTERFUND BALANCES AND ACTIVITY (continued)

Component unit reconciliation to the statement of net assets:

Component unit payable	\$ 143,258
Component unit receivable	<u>24,654</u>
Due to primary government	<u>\$ 118,604</u>

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

Interfund transfers:

	<u>General Fund</u>	<u>Building Improvements Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Water and Sewer Fund</u>	<u>Solid Waste Management Fund</u>	<u>Internal Service Funds</u>	<u>Total</u>	<u>Governmental Activities Capital Assets</u>
Transfers out	<u>\$ 14,158,648</u>	<u>\$ 829,328</u>	<u>\$ 2,617,914</u>	<u>\$ 500,000</u>	<u>\$ 1,895</u>	<u>\$ 561,312</u>	<u>\$ 18,669,097</u>	<u>\$ 57,795</u>
Transfers in:								
General Fund	\$ -	\$ -	\$ 100,000	\$ 500,000	\$ -	\$ -	\$ 600,000	\$ -
Building Improvements Fund	1,863,330	-	-	-	-	-	1,863,330	-
Nonmajor Governmental Funds	11,397,494	829,328	2,517,914	-	1,895	-	14,746,631	-
Solid Waste Management Fund	672,824	-	-	-	-	-	672,824	6,699
Storm Water Management Fund	25,000	-	-	-	-	-	25,000	-
Nonmajor Enterprise Funds	200,000	-	-	-	-	78,969	278,969	-
Internal Service Funds	-	-	-	-	-	-	-	<u>51,096</u>
Total	<u>\$ 14,158,648</u>	<u>\$ 829,328</u>	<u>\$ 2,617,914</u>	<u>\$ 500,000</u>	<u>\$ 1,895</u>	<u>\$ 78,969</u>	<u>\$ 18,186,754</u>	<u>\$ 57,795</u>
Governmental Activities Capital Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 482,343</u>	<u>\$ 482,343</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, and 3) use unrestricted revenues collected in various funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)
June 30, 2008

NOTE 4 – DEFERRED/UNEARNED REVENUES

The balance in deferred revenues in the governmental fund statements and related unearned revenues in the government-wide statement of net assets at June 30, 2008 is summarized as follows:

	Governmental Funds			Net Assets
	General Fund	Special Revenue Funds	Total	
Taxes receivable, net	\$ 1,420,971	\$ -	\$ 1,420,971	\$ -
Notes and accounts receivable	597,021	66,863	663,884	8,542
Special assessments receivable	48,325	-	48,325	-
	<u>\$ 2,066,317</u>	<u>\$ 66,863</u>	<u>\$ 2,133,180</u>	<u>\$ 8,542</u>

NOTE 5 – RISK MANAGEMENT

The City and the Authority are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; natural disasters; errors and omissions; and injuries to employees. The City has chosen to establish a risk financing fund for risks associated with the employee's health insurance plan and workers' compensation coverage. The risk financing fund is accounted for in the general fund where assets are set aside for claim settlements. Premiums are paid into the general fund by other funds that incur claims and are available to pay claims, claim reserves and administrative costs of the programs. These interfund premiums are used to reduce the amount of claims expenditures reported in the general fund. As of June 30, 2008, such interfund premiums did not exceed reimbursable expenditures.

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

The City carries flood insurance on water and sewer operations including buildings, contents, and equipment with a blanket limit of \$5,000,000 and a 3% deductible on the total insurable value of the location(s) involved in the occurrence, subject to a \$250,000 minimum, on all properties not located within a 100 year flood zone. Any water and sewer property located within a 100 year flood zone carries a limit of protection in the amount of \$500,000, subject to a \$250,000 deductible. The City carries flood insurance on those properties other than those used in water and sewer operations with a limit of protection in the amount of \$5,000,000 and subject to a \$100,000 deductible. None of these properties are located within a 100 year flood zone, with the exception of the City's Riverwalk which is excluded from flood coverage.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2008

NOTE 5 – RISK MANAGEMENT (continued)

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

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

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

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

	2007	2008
Medical Self-Insurance Program:		
Unpaid claims, beginning	\$ 834,299	\$ 1,047,325
Incurred claims (including IBNRs)	7,869,543	7,733,090
Claim payments	(7,656,517)	(8,568,769)
Unpaid claims, ending, due within one year	\$ 1,047,325	\$ 211,646
	2007	2008
Workers' Compensation Self-Insurance Program:		
Unpaid claims, beginning	\$ 361,952	\$ 481,591
Incurred claims (including IBNRs)	513,338	964,076
Claim payments	(393,699)	(802,610)
Unpaid claims, ending, due within one year	\$ 481,591	\$ 643,057

NOTE 6 – SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

A. LITIGATION

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

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2008

NOTE 6 – SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES (continued)

A. LITIGATION (continued)

Various accident and damage claims are pending against the Authority incidental to its operations. The Authority's insurance coverage provides for a \$5,000 deductible per occurrence. Based on an analysis of individual pending claims in accordance with Statement of Financial Accounting Standards No. 5, the Authority believes any liability as of June 30, 2008 to be immaterial.

B. FEDERAL AND STATE ASSISTANCE PROGRAMS

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

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

C. UNDERGROUND STORAGE TANK REMOVAL PROGRAM

The City has completed a program to remove and replace all underground storage tanks not in full compliance with current environmental regulations. Remedial action, including monitoring for pollutants, is continuing at some sites as of June 30, 2008. In the opinion of the City attorney, any future actions required to be taken at these sites should not result in costs, which, in the aggregate, would have a material adverse effect on the City's financial statements.

D. ROOM OCCUPANCY TAXES

A 3% room occupancy tax was levied by the City of Wilmington in February 2003 pursuant to state enabling legislation. The funds may be used only for the construction and operation of a convention center facility. In May 2005, in accordance with the legislation, the New Hanover County Tourism Development Authority determined that the City had met the initial requirements for release of the tax revenue. A secondary requirement of the legislation is that a convention facility must be under construction by the beginning of July 2008 and was met. For the year ending June 30, 2008, the City recognized \$1,926,903 in tax revenue as result of the tax levy with a total of \$9,086,607 collected since the levy was enacted.

In accordance with Session Law 2006-167 Section 1.(3), the City of Wilmington must annually publish a detailed, audited report on its receipts and expenditures of the occupancy tax proceeds during the preceding year. The text of the report must be included in the minutes of the City Council and placed on a public web site and must be made available in hard copy upon request. The City has included this required detailed report on its receipts and expenditures of the occupancy tax proceeds in the Supplemental Financial Data Section of this report.

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

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)

June 30, 2008

NOTE 7 – SUBSEQUENT EVENTS

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

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

General Obligation Bonds in the amount of \$14,605,000 were issued in August 2008 to finance the cost of capital improvements to the City’s streets and sidewalks pursuant to and in accordance with the bond orders. The interest rates on the bonds ranges from 3.50% to 4.25% with the final maturity on September 1, 2028. Debt service payments are scheduled semiannually at amounts that range from \$730,000 to \$765,000. The City received ratings for the bonds of Aa2 from Moody’s, AA+ from Standard & Poor’s and AA from Fitch.

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REQUIRED SUPPLEMENTARY INFORMATION

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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)
12-31-98	\$ 531,500	\$ 1,518,641	\$ 987,141	35.00 %	\$ 6,221,505	15.87 %
12-31-99	510,000	1,595,807	1,085,807	31.96	7,613,564	14.26
12-31-00	430,005	2,181,126	1,751,121	19.71	8,282,301	21.14
12-31-01	470,152	2,312,294	1,842,142	20.33	8,728,050	21.11
12-31-02	515,998	2,171,141	1,655,143	23.77	8,755,071	18.90
12-31-03	548,103	2,581,657	2,033,554	21.23	9,471,632	21.47
12-31-04	550,848	2,622,109	2,071,261	21.01	9,267,628	22.35
12-31-05	609,627	2,612,495	2,002,868	23.34	9,838,179	20.36
12-31-06	695,700	2,820,805	2,125,105	24.66	11,201,563	18.97
12-31-07	814,144	3,296,724	2,482,580	24.70	11,869,396	20.92

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>
1999	\$ 124,699	69.4 %
2000	153,384	78.2
2001	175,293	114.1
2002	231,190	97.5
2003	247,189	91.2
2004	239,035	99.6
2005	279,828	89.6
2006	285,130	87.7
2007	266,626	93.8
2008	295,567	84.6

Notes to the Required Schedules:

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

Valuation date	12-31-2007
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	23 Years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	7.25%
Projected salary increases*	4.5% to 12.3%
*Includes inflation at	3.75%
Cost-of living adjustments	None

**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, 2008

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and cash equivalents	\$ 12,307,372	\$ 5,499,973	\$ 7,323,504	\$ 25,130,849
Other receivables	27,884	4,383	16,603	48,870
Due from other funds	1,021,678	2,500,000	-	3,521,678
Due from component unit	66,752	-	-	66,752
Due from other governments	2,131,585	7,885,529	-	10,017,114
Notes receivable	12,570,569	-	-	12,570,569
Restricted assets:				
Cash and cash equivalents	<u>6,010,157</u>	<u>1,504,256</u>	<u>840,371</u>	<u>8,354,784</u>
Total assets	<u>\$ 34,135,997</u>	<u>\$ 17,394,141</u>	<u>\$ 8,180,478</u>	<u>\$ 59,710,616</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 249,566	\$ 1,617,733	\$ 128,020	\$ 1,995,319
Due to other funds	1,021,678	5,477,588	-	6,499,266
Accrued liabilities	804	-	-	804
Customer and escrow deposits	323,302	-	-	323,302
Deferred revenues	<u>66,863</u>	<u>-</u>	<u>-</u>	<u>66,863</u>
Total liabilities	<u>1,662,213</u>	<u>7,095,321</u>	<u>128,020</u>	<u>8,885,554</u>
Fund balances:				
Reserved for encumbrances	488,476	9,888,100	-	10,376,576
Reserved by State statute	3,242,626	10,389,912	16,603	13,649,141
Reserved for loans	14,399,916	-	-	14,399,916
Reserved for firemen's relief	20,189	-	-	20,189
Reserved for capital projects	-	318,711	-	318,711
Reserved for debt service	-	-	8,035,855	8,035,855
Reserved for convention center facility	16,043,193	-	-	16,043,193
Unreserved and undesignated (deficit)	<u>(1,720,616)</u>	<u>(10,297,903)</u>	<u>-</u>	<u>(12,018,519)</u>
Total fund balances	<u>32,473,784</u>	<u>10,298,820</u>	<u>8,052,458</u>	<u>50,825,062</u>
Total liabilities and fund balances	<u>\$ 34,135,997</u>	<u>\$ 17,394,141</u>	<u>\$ 8,180,478</u>	<u>\$ 59,710,616</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

June 30, 2008

	Special Purpose Fund	Convention Center Fund	Community Development Fund	Home Investment Partnership Fund	Rental Rehabilitation Loan Fund	Commercial Loan Fund	UDAG Loan Fund
ASSETS							
Cash and cash equivalents	\$ 9,326,921	\$ 650,545	\$ -	\$ -	\$ 30,022	\$ -	\$ -
Other receivables	21,136	1,475	-	-	68	-	-
Due from other funds	1,021,678	-	-	-	-	-	-
Due from component unit	66,752	-	-	-	-	-	-
Due from other governments	1,085,029	-	242,199	804,357	-	-	-
Notes receivable	-	-	-	-	84,681	711,275	27,520
Restricted assets:							
Cash and cash equivalents	-	6,010,157	-	-	-	-	-
Total assets	<u>\$ 11,521,516</u>	<u>\$ 6,662,177</u>	<u>\$ 242,199</u>	<u>\$ 804,357</u>	<u>\$ 114,771</u>	<u>\$ 711,275</u>	<u>\$ 27,520</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 124,710	\$ 4,500	\$ 22,166	\$ 2,712	\$ 57	\$ -	\$ -
Due to other funds	-	-	220,033	801,645	-	-	-
Accrued liabilities	804	-	-	-	-	-	-
Customer and escrow deposits	-	-	-	-	-	-	-
Deferred revenues	-	-	-	-	-	8,542	-
Total liabilities	<u>125,514</u>	<u>4,500</u>	<u>242,199</u>	<u>804,357</u>	<u>57</u>	<u>8,542</u>	<u>-</u>
Fund balances:							
Reserved for encumbrances	223,082	-	152,331	113,063	-	-	-
Reserved by State statute	2,194,595	1,475	242,199	804,357	-	-	-
Reserved for loans	-	-	-	-	114,714	702,733	27,520
Reserved for firemen's relief	-	-	-	-	-	-	-
Reserved for convention center facility	9,386,991	6,656,202	-	-	-	-	-
Unreserved and undesignated (deficit)	<u>(408,666)</u>	<u>-</u>	<u>(394,530)</u>	<u>(917,420)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>11,396,002</u>	<u>6,657,677</u>	<u>-</u>	<u>-</u>	<u>114,714</u>	<u>702,733</u>	<u>27,520</u>
Total liabilities and fund balances	<u>\$ 11,521,516</u>	<u>\$ 6,662,177</u>	<u>\$ 242,199</u>	<u>\$ 804,357</u>	<u>\$ 114,771</u>	<u>\$ 711,275</u>	<u>\$ 27,520</u>

Rehabilitation Loan Fund	CDBG HOP Loan Fund	GF HOP Loan Fund	Home Loan Fund	Economic Development Loan Fund	CHDO Proceeds Fund	Firemen's Relief Fund	Firemen's Benefit Fund	Total Nonmajor Special Revenue Funds
\$ 591,383	\$ 140,770	\$ 940,856	\$ -	\$ 302,085	\$ 304,637	\$ 20,153	\$ -	\$ 12,307,372
1,341	319	2,133	-	685	691	36	-	27,884
-	-	-	-	-	-	-	-	1,021,678
-	-	-	-	-	-	-	-	66,752
-	-	-	-	-	-	-	-	2,131,585
2,910,102	1,622,932	2,503,048	4,553,844	157,167	-	-	-	12,570,569
-	-	-	-	-	-	-	-	6,010,157
<u>\$ 3,502,826</u>	<u>\$ 1,764,021</u>	<u>\$ 3,446,037</u>	<u>\$ 4,553,844</u>	<u>\$ 459,937</u>	<u>\$ 305,328</u>	<u>\$ 20,189</u>	<u>\$ -</u>	<u>\$ 34,135,997</u>
\$ 64,043	\$ 15,793	\$ 533	\$ -	\$ 15,052	\$ -	\$ -	\$ -	\$ 249,566
-	-	-	-	-	-	-	-	1,021,678
-	-	-	-	-	-	-	-	804
16,956	401	617	-	-	305,328	-	-	323,302
-	-	-	-	58,321	-	-	-	66,863
<u>80,999</u>	<u>16,194</u>	<u>1,150</u>	<u>-</u>	<u>73,373</u>	<u>305,328</u>	<u>-</u>	<u>-</u>	<u>1,662,213</u>
-	-	-	-	-	-	-	-	488,476
-	-	-	-	-	-	-	-	3,242,626
3,421,827	1,747,827	3,444,887	4,553,844	386,564	-	-	-	14,399,916
-	-	-	-	-	-	20,189	-	20,189
-	-	-	-	-	-	-	-	16,043,193
-	-	-	-	-	-	-	-	(1,720,616)
<u>3,421,827</u>	<u>1,747,827</u>	<u>3,444,887</u>	<u>4,553,844</u>	<u>386,564</u>	<u>-</u>	<u>20,189</u>	<u>-</u>	<u>32,473,784</u>
<u>\$ 3,502,826</u>	<u>\$ 1,764,021</u>	<u>\$ 3,446,037</u>	<u>\$ 4,553,844</u>	<u>\$ 459,937</u>	<u>\$ 305,328</u>	<u>\$ 20,189</u>	<u>\$ -</u>	<u>\$ 34,135,997</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

June 30, 2008

	Streets and Sidewalks Fund	Parks and Recreation Fund	Public Improvements Fund	Total Nonmajor Capital Projects Funds
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
ASSETS				
Cash and cash equivalents	\$ 5,049,867	\$ -	\$ 450,106	\$ 5,499,973
Other receivables	3,363	-	1,020	4,383
Due from other funds	2,500,000	-	-	2,500,000
Due from other governments	303,214	7,582,315	-	7,885,529
Restricted assets:				
Cash and cash equivalents	-	1,504,256	-	1,504,256
Total assets	<u>\$ 7,856,444</u>	<u>\$ 9,086,571</u>	<u>\$ 451,126</u>	<u>\$ 17,394,141</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,228,626	\$ 331,865	\$ 57,242	\$ 1,617,733
Due to other funds	-	5,477,588	-	5,477,588
Total liabilities	<u>1,228,626</u>	<u>5,809,453</u>	<u>57,242</u>	<u>7,095,321</u>
Fund balances (deficit):				
Reserved for encumbrances	7,985,381	1,828,566	74,153	9,888,100
Reserved by State statute	2,806,577	7,582,315	1,020	10,389,912
Reserved for capital projects	-	-	318,711	318,711
Unreserved and undesignated (deficit)	<u>(4,164,140)</u>	<u>(6,133,763)</u>	<u>-</u>	<u>(10,297,903)</u>
Total fund balances	<u>6,627,818</u>	<u>3,277,118</u>	<u>393,884</u>	<u>10,298,820</u>
Total liabilities and fund balances	<u>\$ 7,856,444</u>	<u>\$ 9,086,571</u>	<u>\$ 451,126</u>	<u>\$ 17,394,141</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2008

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:				
Room occupancy tax	\$ 1,926,903	\$ -	\$ -	\$ 1,926,903
Restricted intergovernmental	3,512,430	2,094,242	-	5,606,672
Investment earnings	466,990	336,542	176,034	979,566
Miscellaneous	<u>696,170</u>	<u>91,612</u>	-	<u>787,782</u>
Total revenues	<u>6,602,493</u>	<u>2,522,396</u>	<u>176,034</u>	<u>9,300,923</u>
Expenditures:				
General government	-	122,273	-	122,273
Public safety	1,228,668	-	-	1,228,668
Transportation	846,258	2,843,594	-	3,689,852
Economic and physical development	1,626,719	-	-	1,626,719
Environmental protection	14,158	-	-	14,158
Cultural and recreational	32,326	6,728,501	-	6,760,827
Transit system	-	70,563	-	70,563
Debt service:				
Principal retirement	-	-	4,405,767	4,405,767
Interest and other charges	<u>4,500</u>	-	<u>3,158,608</u>	<u>3,163,108</u>
Total expenditures	<u>3,752,629</u>	<u>9,764,931</u>	<u>7,564,375</u>	<u>21,081,935</u>
Excess of revenues over (under) expenditures	<u>2,849,864</u>	<u>(7,242,535)</u>	<u>(7,388,341)</u>	<u>(11,781,012)</u>
Other financing sources (uses):				
Transfers from other funds	4,297,303	1,565,000	8,884,328	14,746,631
Transfers to other funds	(2,617,914)	-	-	(2,617,914)
Issuance of installment obligation	5,995,949	-	-	5,995,949
Issuance of other long-term obligations	-	<u>7,464,435</u>	-	<u>7,464,435</u>
Total other financing sources	<u>7,675,338</u>	<u>9,029,435</u>	<u>8,884,328</u>	<u>25,589,101</u>
Net change in fund balances	10,525,202	1,786,900	1,495,987	13,808,089
Fund balances at beginning of year	<u>21,948,582</u>	<u>8,511,920</u>	<u>6,556,471</u>	<u>37,016,973</u>
Fund balances at end of year	<u>\$ 32,473,784</u>	<u>\$ 10,298,820</u>	<u>\$ 8,052,458</u>	<u>\$ 50,825,062</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2008

	Special Purpose Fund	Convention Center Fund	Community Development Fund	Home Investment Partnership Fund	Rental Rehabilitation Loan Fund	Commercial Loan Fund	UDAG Loan Fund
Revenues:							
Room occupancy tax	\$ 1,926,903	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted intergovernmental	1,279,966	-	887,695	1,344,769	-	-	-
Investment earnings	390,736	17,228	-	-	7,420	-	-
Miscellaneous	655,460	-	716	7,500	2,725	-	-
Total revenues	<u>4,253,065</u>	<u>17,228</u>	<u>888,411</u>	<u>1,352,269</u>	<u>10,145</u>	<u>-</u>	<u>-</u>
Expenditures:							
Public safety	1,105,265	-	-	-	-	-	-
Transportation	846,258	-	-	-	-	-	-
Economic and physical development	118,905	-	892,410	552,879	-	-	-
Environmental protection	14,158	-	-	-	-	-	-
Cultural and recreational	32,326	-	-	-	-	-	-
Debt service:							
Interest and other charges	-	4,500	-	-	-	-	-
Total expenditures	<u>2,116,912</u>	<u>4,500</u>	<u>892,410</u>	<u>552,879</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>2,136,153</u>	<u>12,728</u>	<u>(3,999)</u>	<u>799,390</u>	<u>10,145</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):							
Transfers from other funds	2,011,639	649,000	3,999	220,971	-	-	-
Transfers to other funds	(749,000)	-	-	(1,020,361)	(440,748)	(1,251)	(9,250)
Issuance of installment obligation	-	5,995,949	-	-	-	-	-
Total other financing sources (uses)	<u>1,262,639</u>	<u>6,644,949</u>	<u>3,999</u>	<u>(799,390)</u>	<u>(440,748)</u>	<u>(1,251)</u>	<u>(9,250)</u>
Net change in fund balances	3,398,792	6,657,677	-	-	(430,603)	(1,251)	(9,250)
Fund balances at beginning of year	7,997,210	-	-	-	545,317	703,984	36,770
Fund balances at end of year	<u>\$ 11,396,002</u>	<u>\$ 6,657,677</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 114,714</u>	<u>\$ 702,733</u>	<u>\$ 27,520</u>

Rehabilitation Loan Fund	CDBG HOP Loan Fund	GF HOP Loan Fund	Home Loan Fund	Economic Development Loan Fund	CHDO Proceeds Fund	Firemen's Relief Fund	Firemen's Benefit Fund	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,926,903
-	-	-	-	-	-	-	-	3,512,430
4,552	211	38,149	-	5,566	-	3,128	-	466,990
50	-	8,831	7,995	12,893	-	-	-	696,170
<u>4,602</u>	<u>211</u>	<u>46,980</u>	<u>7,995</u>	<u>18,459</u>	<u>-</u>	<u>3,128</u>	<u>-</u>	<u>6,602,493</u>
-	-	-	-	-	-	-	123,403	1,228,668
-	-	-	-	-	-	-	-	846,258
7,990	-	-	54,535	-	-	-	-	1,626,719
-	-	-	-	-	-	-	-	14,158
-	-	-	-	-	-	-	-	32,326
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,500</u>
<u>7,990</u>	<u>-</u>	<u>-</u>	<u>54,535</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>123,403</u>	<u>3,752,629</u>
<u>(3,388)</u>	<u>211</u>	<u>46,980</u>	<u>(46,540)</u>	<u>18,459</u>	<u>-</u>	<u>3,128</u>	<u>(123,403)</u>	<u>2,849,864</u>
4,729	-	250,000	1,033,562	-	-	-	123,403	4,297,303
(13,201)	-	(35,000)	(225,700)	-	-	(123,403)	-	(2,617,914)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,995,949</u>
<u>(8,472)</u>	<u>-</u>	<u>215,000</u>	<u>807,862</u>	<u>-</u>	<u>-</u>	<u>(123,403)</u>	<u>123,403</u>	<u>7,675,338</u>
(11,860)	211	261,980	761,322	18,459	-	(120,275)	-	10,525,202
<u>3,433,687</u>	<u>1,747,616</u>	<u>3,182,907</u>	<u>3,792,522</u>	<u>368,105</u>	<u>-</u>	<u>140,464</u>	<u>-</u>	<u>21,948,582</u>
<u>\$ 3,421,827</u>	<u>\$ 1,747,827</u>	<u>\$ 3,444,887</u>	<u>\$ 4,553,844</u>	<u>\$ 386,564</u>	<u>\$ -</u>	<u>\$ 20,189</u>	<u>\$ -</u>	<u>\$ 32,473,784</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2008

	<u>Streets and Sidewalks Fund</u>	<u>Parks and Recreation Fund</u>	<u>Public Improvements Fund</u>	<u>Total Nonmajor Capital Projects Funds</u>
Revenues:				
Restricted intergovernmental	\$ 504,926	\$ 1,589,316	\$ -	\$ 2,094,242
Investment earnings	310,409	4,256	21,877	336,542
Miscellaneous	<u>-</u>	<u>-</u>	<u>91,612</u>	<u>91,612</u>
Total revenues	<u>815,335</u>	<u>1,593,572</u>	<u>113,489</u>	<u>2,522,396</u>
Expenditures:				
General government	-	-	122,273	122,273
Transportation	2,767,842	-	75,752	2,843,594
Cultural and recreational	1,117,551	5,610,950	-	6,728,501
Transit system	<u>70,563</u>	<u>-</u>	<u>-</u>	<u>70,563</u>
Total expenditures	<u>3,955,956</u>	<u>5,610,950</u>	<u>198,025</u>	<u>9,764,931</u>
Excess of expenditures over revenues	(3,140,621)	(4,017,378)	(84,536)	(7,242,535)
Other financing sources:				
Transfers from other funds	1,265,000	300,000	-	1,565,000
Issuance of other long-term obligations	<u>-</u>	<u>7,464,435</u>	<u>-</u>	<u>7,464,435</u>
Total other financing sources	<u>1,265,000</u>	<u>7,764,435</u>	<u>-</u>	<u>9,029,435</u>
Net change in fund balances	(1,875,621)	3,747,057	(84,536)	1,786,900
Fund balances (deficit) at beginning of year	<u>8,503,439</u>	<u>(469,939)</u>	<u>478,420</u>	<u>8,511,920</u>
Fund balances at end of year	<u>\$ 6,627,818</u>	<u>\$ 3,277,118</u>	<u>\$ 393,884</u>	<u>\$ 10,298,820</u>

CITY OF WILMINGTON, NORTH CAROLINA

**Combining Statement of Net Assets -
Nonmajor Enterprise Funds**

June 30, 2008

	Parking Facilities Fund	Golf Fund	Total Nonmajor Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,046,123	\$ 1,496,028	\$ 4,542,151
Other receivables	7,004	3,450	10,454
Due from other governments	947	-	947
Inventory of materials and supplies	<u>-</u>	<u>9,333</u>	<u>9,333</u>
Total current assets	<u>3,054,074</u>	<u>1,508,811</u>	<u>4,562,885</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	<u>21,777</u>	<u>-</u>	<u>21,777</u>
Capital assets:			
Land	1,355,954	109,393	1,465,347
Improvements other than buildings	-	764,576	764,576
Buildings, plant and structures	12,235,702	290,903	12,526,605
Furniture, fixtures, machinery and equipment	87,311	405,104	492,415
Construction in progress	248,324	90,110	338,434
Less accumulated depreciation	<u>(3,945,677)</u>	<u>(1,001,895)</u>	<u>(4,947,572)</u>
Capital assets, net of accumulated depreciation	<u>9,981,614</u>	<u>658,191</u>	<u>10,639,805</u>
Other assets:			
Deferred charges, net	<u>139,480</u>	<u>-</u>	<u>139,480</u>
Total noncurrent assets	<u>10,142,871</u>	<u>658,191</u>	<u>10,801,062</u>
Total assets	<u>13,196,945</u>	<u>2,167,002</u>	<u>15,363,947</u>

CITY OF WILMINGTON, NORTH CAROLINA

**Combining Statement of Net Assets -
Nonmajor Enterprise Funds (Continued)**

June 30, 2008

	Parking Facilities Fund	Golf Fund	Total Nonmajor Funds
	<u> </u>	<u> </u>	<u> </u>
LIABILITIES			
Current liabilities:			
Accounts payable:			
Trade	\$ 102,561	\$ 20,431	\$ 122,992
Contracts and retainage	199	60,163	60,362
Due to other governments	-	3,368	3,368
Accrued liabilities:			
Personnel costs	1,389	8,514	9,903
Interest	32,309	-	32,309
Current portion of long-term liabilities:			
Installment obligations	406,431	-	406,431
Other long-term obligations	191,551	-	191,551
Accrued vacation and sick leave	3,958	27,481	31,439
Unearned revenues	<u>-</u>	<u>25,637</u>	<u>25,637</u>
Total current liabilities	<u>738,398</u>	<u>145,594</u>	<u>883,992</u>
Noncurrent liabilities:			
Installment obligations	7,680,034	-	7,680,034
Accrued vacation and sick leave	<u>1,382</u>	<u>9,172</u>	<u>10,554</u>
Total noncurrent liabilities	<u>7,681,416</u>	<u>9,172</u>	<u>7,690,588</u>
Total liabilities	<u>8,419,814</u>	<u>154,766</u>	<u>8,574,580</u>
NET ASSETS			
Invested in capital assets, net of related debt	1,864,855	658,191	2,523,046
Unrestricted	<u>2,912,276</u>	<u>1,354,045</u>	<u>4,266,321</u>
Net assets	<u>\$ 4,777,131</u>	<u>\$ 2,012,236</u>	<u>\$ 6,789,367</u>

CITY OF WILMINGTON, NORTH CAROLINA

**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets -
Nonmajor Enterprise Funds**

Year Ended June 30, 2008

	<u>Parking Facilities Fund</u>	<u>Golf Fund</u>	<u>Total Nonmajor Funds</u>
Revenues:			
Charges for services	\$ 2,408,489	\$ 1,191,396	\$ 3,599,885
Other operating revenues	<u>-</u>	<u>1,362</u>	<u>1,362</u>
Total operating revenues	<u>2,408,489</u>	<u>1,192,758</u>	<u>3,601,247</u>
Operating expenses:			
Salaries, employee benefits and other personnel costs	79,070	467,485	546,555
Materials and fuels consumed	9,234	210,373	219,607
Services	1,009,216	54,925	1,064,141
Utilities	48,098	30,771	78,869
Depreciation	618,140	55,362	673,502
Amortization	6,974	-	6,974
Other operating expenses	<u>171,830</u>	<u>193,642</u>	<u>365,472</u>
Total operating expenses	<u>1,942,562</u>	<u>1,012,558</u>	<u>2,955,120</u>
Operating income	<u>465,927</u>	<u>180,200</u>	<u>646,127</u>
Nonoperating revenues (expenses):			
Investment earnings	137,727	61,242	198,969
Interest and other charges	<u>(385,752)</u>	<u>-</u>	<u>(385,752)</u>
Total nonoperating revenues (expenses)	<u>(248,025)</u>	<u>61,242</u>	<u>(186,783)</u>
Income before capital contributions and transfers	217,902	241,442	459,344
Capital contributions	-	78,969	78,969
Transfers from other funds	<u>200,000</u>	<u>-</u>	<u>200,000</u>
Change in net assets	417,902	320,411	738,313
Net assets at beginning of year	<u>4,359,229</u>	<u>1,691,825</u>	<u>6,051,054</u>
Net assets at end of year	<u>\$ 4,777,131</u>	<u>\$ 2,012,236</u>	<u>\$ 6,789,367</u>

CITY OF WILMINGTON, NORTH CAROLINA

**Combining Statement of Cash Flows -
Nonmajor Enterprise Funds**

Year Ended June 30, 2008

	Parking Facilities Fund	Golf Fund	Total Nonmajor Funds
Cash flows from operating activities:			
Receipts from customers and users	\$ 2,407,542	\$ 1,171,519	\$ 3,579,061
Payments to suppliers	(1,151,167)	(441,994)	(1,593,161)
Payments to or on behalf of employees	(76,549)	(456,824)	(533,373)
Payments for interfund services used	<u>(9,285)</u>	<u>(42,827)</u>	<u>(52,112)</u>
Net cash provided by operating activities	<u>1,170,541</u>	<u>229,874</u>	<u>1,400,415</u>
Cash flows from noncapital and related financing activities:			
Transfer from other funds	<u>200,000</u>	<u>-</u>	<u>200,000</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	-	(45,447)	(45,447)
Principal payments on installment obligations	(401,431)	-	(401,431)
Principal payments on other long-term obligations	(185,200)	-	(185,200)
Interest and other charges	<u>(388,851)</u>	<u>-</u>	<u>(388,851)</u>
Net cash used in capital and related financing activities	<u>(975,482)</u>	<u>(45,447)</u>	<u>(1,020,929)</u>
Cash flows from investing activities:			
Investment earnings	<u>154,556</u>	<u>67,441</u>	<u>221,997</u>
Net increase in cash and cash equivalents	549,615	251,868	801,483
Cash and cash equivalents at beginning of year	<u>2,518,285</u>	<u>1,244,160</u>	<u>3,762,445</u>
Cash and cash equivalents at end of year	<u>\$ 3,067,900</u>	<u>\$ 1,496,028</u>	<u>\$ 4,563,928</u>
Reconciliation to combining balance sheet:			
Cash and cash equivalents	\$ 3,046,123	\$ 1,496,028	\$ 4,542,151
Restricted cash and cash equivalents	<u>21,777</u>	<u>-</u>	<u>21,777</u>
Total cash and cash equivalents	<u>\$ 3,067,900</u>	<u>\$ 1,496,028</u>	<u>\$ 4,563,928</u>

CITY OF WILMINGTON, NORTH CAROLINA

**Combining Statement of Cash Flows -
Nonmajor Enterprise Funds (Continued)**

Year Ended June 30, 2008

	<u>Parking Facilities Fund</u>	<u>Golf Fund</u>	<u>Total Nonmajor Funds</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 465,927	\$ 180,200	\$ 646,127
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	625,114	55,362	680,476
Changes in assets and liabilities:			
Accounts receivable	-	(8)	(8)
Due from other governments	(947)	-	(947)
Inventory of materials and supplies	-	(3,415)	(3,415)
Accounts payable and accrued liabilities	78,333	11,240	89,573
Accrued vacation and sick leave	2,114	7,726	9,840
Deferred revenues	-	(21,231)	(21,231)
Net cash provided by operating activities	<u>\$ 1,170,541</u>	<u>\$ 229,874</u>	<u>\$ 1,400,415</u>
 Supplemental disclosure of noncash investing, capital and related financing activities:			
Capital assets acquired on account	\$ -	\$ 60,163	\$ 60,163
Capital contributions from proprietary funds	-	78,969	78,969

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2008

	<u>June 30, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2008</u>
Water and Sewer Fund:				
General obligation bonds	\$ 24,138,243	\$ -	\$ 3,053,096	\$ 21,085,147
Revenue bonds	69,357,690	-	2,149,004	67,208,686
Accrued vacation and sick leave	<u>771,286</u>	<u>404,294</u>	<u>618,280</u>	<u>557,300</u>
	<u>94,267,219</u>	<u>404,294</u>	<u>5,820,380</u>	<u>88,851,133</u>
Ground Water Utility Fund:				
Installment obligations	18,630,000	-	755,000	17,875,000
Accrued vacation and sick leave	<u>25,052</u>	<u>13,087</u>	<u>16,831</u>	<u>21,308</u>
	<u>18,655,052</u>	<u>13,087</u>	<u>771,831</u>	<u>17,896,308</u>
Solid Waste Management Fund:				
Other long-term obligations	660,825	-	211,790	449,035
Accrued vacation and sick leave	<u>195,643</u>	<u>250,514</u>	<u>240,014</u>	<u>206,143</u>
	<u>856,468</u>	<u>250,514</u>	<u>451,804</u>	<u>655,178</u>
Storm Water Management Fund:				
General obligation bonds	3,106,784	-	3,106,784	-
Revenue bonds	-	14,035,000	140,000	13,895,000
Installment obligations	1,320,000	-	70,000	1,250,000
Accrued vacation and sick leave	<u>191,062</u>	<u>202,549</u>	<u>203,347</u>	<u>190,264</u>
	<u>4,617,846</u>	<u>14,237,549</u>	<u>3,520,131</u>	<u>15,335,264</u>
Golf Fund:				
Accrued vacation and sick leave	<u>28,927</u>	<u>29,414</u>	<u>21,688</u>	<u>36,653</u>
Parking Facilities Fund:				
Installment obligations	8,487,896	-	401,431	8,086,465
Other long-term obligations	376,751	-	185,200	191,551
Accrued vacation and sick leave	<u>3,226</u>	<u>5,789</u>	<u>3,675</u>	<u>5,340</u>
	<u>8,867,873</u>	<u>5,789</u>	<u>590,306</u>	<u>8,283,356</u>
	<u>\$ 127,293,385</u>	<u>\$ 14,940,647</u>	<u>\$ 11,176,140</u>	<u>\$ 131,057,892</u>

THE GENERAL FUND TAB (FRONT)

THE GENERAL FUND TAB (BACK)

CITY OF WILMINGTON, NORTH CAROLINA

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

**Year Ended June 30, 2008
With Comparative Actual Amounts for Year Ended June 30, 2007**

	2008		Variance Positive (Negative)	2007 Actual
	Budget	Actual		
Revenues:				
Ad valorem taxes:				
Current year	\$ 43,787,185	\$ 40,641,812	\$ (3,145,373)	\$ 41,565,365
Prior years	620,000	658,096	38,096	561,669
Penalties and interest	165,000	172,373	7,373	149,807
Total	<u>44,572,185</u>	<u>41,472,281</u>	<u>(3,099,904)</u>	<u>42,276,841</u>
Other taxes:				
Local option sales tax	18,004,250	16,643,044	(1,361,206)	16,897,125
Franchise tax	5,321,000	6,278,700	957,700	5,314,491
Video programming sales tax	1,120,000	1,381,040	261,040	594,024
Rental vehicle tax	187,200	158,599	(28,601)	169,451
Total	<u>24,632,450</u>	<u>24,461,383</u>	<u>(171,067)</u>	<u>22,975,091</u>
Unrestricted intergovernmental:				
Beer and wine	447,200	453,864	6,664	438,928
ABC revenue	830,500	778,086	(52,414)	783,272
Court fees	60,000	42,642	(17,358)	59,968
Total	<u>1,337,700</u>	<u>1,274,592</u>	<u>(63,108)</u>	<u>1,282,168</u>
Restricted intergovernmental:				
Powell bill	2,810,000	3,165,559	355,559	2,814,944
PEG channel support	-	7,302	7,302	-
Categorical grants:				
Transportation	564,739	464,495	(100,244)	362,859
Hurricane disaster assistance	-	20,053	20,053	-
Other	236,408	214,911	(21,497)	183,478
Total	<u>3,611,147</u>	<u>3,872,320</u>	<u>261,173</u>	<u>3,361,281</u>
Licenses and permits:				
Privilege licenses	1,725,000	1,726,618	1,618	1,694,079
Motor vehicle licenses	385,000	363,616	(21,384)	368,108
CATV fees	230,000	179,988	(50,012)	1,106,950
Other permits and fees	260,473	250,789	(9,684)	259,241
Total	<u>2,600,473</u>	<u>2,521,011</u>	<u>(79,462)</u>	<u>3,428,378</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, 2008
With Comparative Actual Amounts for Year Ended June 30, 2007**

	2008		Variance Positive (Negative)	2007 Actual
	Budget	Actual		
Revenues: (continued)				
Sales and services:				
Charges to water and sewer	\$ 1,571,126	\$ 1,571,126	\$ -	\$ 1,411,126
Charges to storm water	743,075	743,075	-	576,700
Charges to ground water	-	-	-	27,572
Charges to community development	405,000	405,000	-	405,000
Charges to home program	50,000	50,000	-	50,000
Charges to solid waste	556,830	556,830	-	468,922
Charges to golf course	96,200	96,200	-	76,957
Charges to parking facilities	34,500	34,500	-	29,000
Recreation department sales and service	518,255	536,509	18,254	571,732
Other departmental charges	1,444,400	1,395,456	(48,944)	1,654,428
Central services charges	44,000	48,213	4,213	56,946
Total	<u>5,463,386</u>	<u>5,436,909</u>	<u>(26,477)</u>	<u>5,328,383</u>
Fines and forfeits:				
Fire code violations	10,000	6,750	(3,250)	10,410
Civil citations	90,000	91,101	1,101	92,334
Total	<u>100,000</u>	<u>97,851</u>	<u>(2,149)</u>	<u>102,744</u>
Interest earnings:				
Investment earnings	1,500,000	1,199,454	(300,546)	1,891,525
Interest on liens	-	3,424	3,424	7,265
Total	<u>1,500,000</u>	<u>1,202,878</u>	<u>(297,122)</u>	<u>1,898,790</u>
Miscellaneous:				
Sale of real estate, equipment and material	-	43,614	43,614	28,211
Rents	110,000	106,036	(3,964)	106,015
Other	243,318	241,801	(1,517)	211,412
Total	<u>353,318</u>	<u>391,451</u>	<u>38,133</u>	<u>345,638</u>
Total revenues	<u>84,170,659</u>	<u>80,730,676</u>	<u>(3,439,983)</u>	<u>80,999,314</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, 2008
With Comparative Actual Amounts for Year Ended June 30, 2007**

	2008		Variance Positive (Negative)	2007 Actual
	Budget	Actual		
Expenditures:				
General government:				
City Council and Clerk	\$ 376,542	\$ 350,763	\$ 25,779	\$ 356,263
City Manager	1,512,891	1,343,824	169,067	1,313,635
City Attorney	768,004	748,072	19,932	685,760
Human Resource Management	753,058	739,834	13,224	693,899
Finance	2,609,658	2,476,098	133,560	2,370,947
Information Technology Services	2,102,354	1,923,267	179,087	1,783,511
Development Services	3,721,361	3,189,563	531,798	3,274,656
Public Services	3,266,806	2,896,453	370,353	2,271,233
Contributions to other agencies	356,591	322,807	33,784	295,427
Nondepartmental	4,444,811	3,453,356	991,455	2,616,660
Total	19,912,076	17,444,037	2,468,039	15,661,991
Public safety:				
Police	22,986,247	22,397,048	589,199	20,922,635
Fire	13,858,710	13,918,734	(60,024)	12,699,140
Total	36,844,957	36,315,782	529,175	33,621,775
Transportation:				
Traffic engineering	4,026,652	3,549,293	477,359	3,474,059
Streets	2,113,926	1,869,529	244,397	1,768,270
Storm water management fee	1,285,156	1,285,156	-	1,253,811
Total	7,425,734	6,703,978	721,756	6,496,140
Economic and physical development:				
Economic and community development	2,460,209	2,140,632	319,577	2,065,630
Contributions to other agencies	1,004,177	551,460	452,717	508,557
Total	3,464,386	2,692,092	772,294	2,574,187
Cultural and recreational:				
Parks and recreation	5,271,364	4,902,196	369,168	4,917,349
Contributions to other agencies	419,033	413,891	5,142	310,317
Total	5,690,397	5,316,087	374,310	5,227,666

CITY OF WILMINGTON, NORTH CAROLINA

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

**Year Ended June 30, 2008
With Comparative Actual Amounts for Year Ended June 30, 2007**

	2008		Variance Positive (Negative)	2007 Actual
	Budget	Actual		
Expenditures: (continued)				
Transit system:				
Cape Fear Public Transportation Authority	\$ 1,166,480	\$ 1,166,480	\$ -	\$ 859,890
Total expenditures	<u>74,504,030</u>	<u>69,638,456</u>	<u>4,865,574</u>	<u>64,441,649</u>
Excess of revenues over expenditures	<u>9,666,629</u>	<u>11,092,220</u>	<u>1,425,591</u>	<u>16,557,665</u>
Other financing sources (uses):				
Operating transfers - in:				
Special Purpose Fund	100,000	100,000	-	-
Water and Sewer Fund	<u>500,000</u>	<u>500,000</u>	<u>-</u>	<u>-</u>
Total operating transfers - in	<u>600,000</u>	<u>600,000</u>	<u>-</u>	<u>-</u>
Operating transfers - out:				
GF-HOP Loan Fund	(250,000)	(250,000)	-	(250,000)
Debt Service Fund	(8,555,000)	(8,055,000)	500,000	(7,419,246)
Special Purpose Fund	(1,554,121)	(1,527,494)	26,627	(195,290)
Streets and Sidewalks Fund	(1,265,000)	(1,265,000)	-	(1,857,000)
Parks and Recreation Fund	(300,000)	(300,000)	-	(1,540,000)
Building Improvements Fund	(1,863,330)	(1,863,330)	-	(1,493,000)
Parking Facilities Fund	(200,000)	(200,000)	-	(200,000)
Storm Water Management Fund	(25,000)	(25,000)	-	-
Solid Waste Management Fund	<u>(672,824)</u>	<u>(672,824)</u>	<u>-</u>	<u>(422,325)</u>
Total operating transfers - out	<u>(14,685,275)</u>	<u>(14,158,648)</u>	<u>526,627</u>	<u>(13,376,861)</u>
Appropriated fund balance	<u>4,418,646</u>	<u>-</u>	<u>(4,418,646)</u>	<u>-</u>
Total other financing uses	<u>(9,666,629)</u>	<u>(13,558,648)</u>	<u>(3,892,019)</u>	<u>(13,376,861)</u>
Net change in fund balance	<u>\$ -</u>	<u>(2,466,428)</u>	<u>\$ (2,466,428)</u>	<u>3,180,804</u>
Fund balance at beginning of year		29,816,359		26,659,431
Change in reserve for inventories		<u>20,694</u>		<u>(23,876)</u>
Fund balance at end of year		<u>\$ 27,370,625</u>		<u>\$ 29,816,359</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, 2008

	Grant Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Taxes:					
Room occupancy tax	\$ 3,149,000	\$ 7,159,704	\$ 1,926,903	\$ 9,086,607	\$ 5,937,607
Restricted intergovernmental:					
Federal grants	2,700,854	1,698,147	934,253	2,632,400	(68,454)
State grants	2,301,916	715,151	306,338	1,021,489	(1,280,427)
Other governments	215,613	147,892	39,375	187,267	(28,346)
Total restricted intergovernmental	5,218,383	2,561,190	1,279,966	3,841,156	(1,377,227)
Investment earnings	392,944	1,033,918	390,736	1,424,654	1,031,710
Miscellaneous revenues:					
Red light traffic cameras	5,525,916	4,693,771	553,636	5,247,407	(278,509)
Other program income	201,819	216,909	29,334	246,243	44,424
Donations	173,471	83,483	53,870	137,353	(36,118)
Sale of property	25,234	6,615	18,620	25,235	1
Total miscellaneous revenues	5,926,440	5,000,778	655,460	5,656,238	(270,202)
Total revenues	14,686,767	15,755,590	4,253,065	20,008,655	5,321,888
Expenditures:					
Public safety projects:					
Child Safety Seats	5,000	4,635	-	4,635	365
Fireboat grant	1,600,000	1,294,766	191,861	1,486,627	113,373
Dreams Prevention Arts	57,828	57,818	-	57,818	10
Justice assistance grant	143,943	138,612	5,331	143,943	-
Bulletproof Vest Partnership	27,624	13,279	11,199	24,478	3,146
Santa cop program	1,125	750	-	750	375
Governors Highway Safety Program	470,974	103,147	77,444	180,591	290,383
SABLE - Helicopter unit	199,800	151,233	47,242	198,475	1,325
Homeland Port Security	339,732	-	-	-	339,732
Building Futures	198,164	64,894	98,269	163,163	35,001
Project Safe Neighborhoods	82,825	9,903	28,495	38,398	44,427
JAG-Moving Maps/SABLE/NHC	133,346	-	115,502	115,502	17,844
Violent Gang Apprehension	357,240	-	27,713	27,713	329,527
Gang Violence Prevention	33,333	-	-	-	33,333
Federal forfeiture - SABLE	278,400	158,400	53,241	211,641	66,759
RRT2 Equipment	444,429	66,840	117,648	184,488	259,941
Fire truck driving simulator	250,000	-	250,000	250,000	-
Fire safety house and equipment	68,604	-	68,459	68,459	145
FM Global Foundation	2,000	-	1,881	1,881	119

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, 2008

	Grant Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Expenditures:(continued)					
Public safety projects: (continued)					
Cop camp	\$ 7,823	\$ 6,373	\$ -	\$ 6,373	\$ 1,450
Federal Forfeiture	868,760	853,565	10,980	864,545	4,215
North Carolina Drug Tax	215,201	207,985	-	207,985	7,216
Court Judgments	21,225	14,450	-	14,450	6,775
Project ASSIST	1,000	1,000	-	1,000	-
Total public safety	<u>5,808,376</u>	<u>3,147,650</u>	<u>1,105,265</u>	<u>4,252,915</u>	<u>1,555,461</u>
Transportation projects:					
Transportation demand coordinator	204,272	183,085	-	183,085	21,187
Wave capital grant X356	100,000	-	92,145	92,145	7,855
Red light traffic cameras	6,962,476	5,970,330	734,663	6,704,993	257,483
Pedestrian plan	65,000	-	19,450	19,450	45,550
Market street corridor study	275,000	-	-	-	275,000
Total transportation	<u>7,606,748</u>	<u>6,153,415</u>	<u>846,258</u>	<u>6,999,673</u>	<u>607,075</u>
Economic and physical development projects:					
Homeless plan (10 year)	68,619	-	60,120	60,120	8,499
Historic preservation education	24,750	-	-	-	24,750
Canoe/Kayak Access	103,701	-	-	-	103,701
Affordable housing program	1,160,000	854,043	52,022	906,065	253,935
Homeownership services	33,950	10,030	2,253	12,283	21,667
Dudley School	3,000	3,000	-	3,000	-
UDAG Income Projects	822,288	813,718	3,118	816,836	5,452
Trees Forever	65,755	666	1,392	2,058	63,697
Trolley Station	3,716	2,123	-	2,123	1,593
Government Information Channel	50,000	47,510	-	47,510	2,490
Total economic and physical development	<u>2,335,779</u>	<u>1,731,090</u>	<u>118,905</u>	<u>1,849,995</u>	<u>485,784</u>
Environmental protection projects:					
ABC glass recycling	<u>17,911</u>	<u>-</u>	<u>14,158</u>	<u>14,158</u>	<u>3,753</u>
Cultural and recreational projects:					
Fitness Trail equipment	2,300	-	-	-	2,300
Downtown sundown concert	35,486	1,075	13,908	14,983	20,503
Love Grove regional access	306,364	-	-	-	306,364
Dog park development	22,822	16,479	840	17,319	5,503
Riverfront farmers market	28,000	11,725	11,728	23,453	4,547
July Fourth celebration	5,000	3,566	-	3,566	1,434
Downtown Business Alliance	17,514	-	-	-	17,514
Historic District Register	15,000	-	6,000	6,000	9,000

CITY OF WILMINGTON, NORTH CAROLINA

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

From Inception and Year Ended June 30, 2008

	Grant Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Expenditures:(continued)					
Cultural and recreational projects: (continued)					
Nautical festival	\$ 51,375	\$ 48,466	\$ -	\$ 48,466	\$ 2,909
Wilmington railroad caboose	4,713	-	-	-	4,713
Wilmington railroad pavilion	85,500	-	-	-	85,500
Bicycle Advisory	6,150	4,405	(150)	4,255	1,895
Total cultural and recreational	<u>580,224</u>	<u>85,716</u>	<u>32,326</u>	<u>118,042</u>	<u>462,182</u>
Total expenditures	<u>16,349,038</u>	<u>11,117,871</u>	<u>2,116,912</u>	<u>13,234,783</u>	<u>3,114,255</u>
Excess of revenues over expenditures	<u>(1,662,271)</u>	<u>4,637,719</u>	<u>2,136,153</u>	<u>6,773,872</u>	<u>8,436,143</u>
Other financing sources (uses):					
Operating transfers - in:					
UDAG Loan Fund	754,775	750,504	9,250	759,754	4,979
Community Development Fund	296,780	297,120	-	297,120	340
GF-HOP Loan Fund	1,035,000	1,000,000	35,000	1,035,000	-
Economic Development Loan Fund	85,893	85,893	-	85,893	-
Rental Rehabilitation Fund	438,000	-	438,000	438,000	-
Solid Waste Fund	1,895	-	1,895	1,895	-
Storm Water Management Fund	-	63	-	63	63
General Fund	<u>3,167,134</u>	<u>1,729,332</u>	<u>1,527,494</u>	<u>3,256,826</u>	<u>89,692</u>
Total operating transfers - in	<u>5,779,477</u>	<u>3,862,912</u>	<u>2,011,639</u>	<u>5,874,551</u>	<u>95,074</u>
Operating transfers - out:					
General Fund	(116,000)	(16,000)	(100,000)	(116,000)	-
Convention Center Fund	(649,000)	-	(649,000)	(649,000)	-
Building Improvements Fund	(2,500,000)	-	-	-	2,500,000
Economic Development Loan Fund	(364,430)	-	-	-	364,430
UDAG Loan Fund	(46,130)	(46,130)	-	(46,130)	-
Home Investment Partnership Fund	<u>(441,646)</u>	<u>(441,584)</u>	<u>-</u>	<u>(441,584)</u>	<u>62</u>
Total operating transfers - out	<u>(4,117,206)</u>	<u>(503,714)</u>	<u>(749,000)</u>	<u>(1,252,714)</u>	<u>2,864,492</u>
Total other financing sources	<u>1,662,271</u>	<u>3,359,198</u>	<u>1,262,639</u>	<u>4,621,837</u>	<u>2,959,566</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 7,996,917</u>	<u>3,398,792</u>	<u>\$ 11,395,709</u>	<u>\$ 11,395,709</u>
Fund balance at beginning of year			<u>7,997,210</u>		
Fund balance at end of year			<u>\$ 11,396,002</u>		

CITY OF WILMINGTON, NORTH CAROLINA

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

From Inception and Year Ended June 30, 2008

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Investment earnings	\$ -	\$ -	\$ 17,228	\$ 17,228	\$ 17,228
Expenditures:					
Economic and physical development project:					
Convention Center operations	649,000	-	-	-	649,000
Debt service:					
Interest and other charges	-	-	4,500	4,500	(4,500)
Total expenditures	<u>649,000</u>	<u>-</u>	<u>4,500</u>	<u>4,500</u>	<u>644,500</u>
Excess of revenues over (under) expenditures	<u>(649,000)</u>	<u>-</u>	<u>12,728</u>	<u>12,728</u>	<u>(627,272)</u>
Other financing sources:					
Operating transfers - in:					
Special Purpose Fund	649,000	-	649,000	649,000	-
Issuance of installment obligation	-	-	5,995,949	5,995,949	5,995,949
Total other financing sources	<u>649,000</u>	<u>-</u>	<u>6,644,949</u>	<u>6,644,949</u>	<u>5,995,949</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	6,657,677	<u>\$ 6,657,677</u>	<u>\$ 5,368,677</u>
Fund balance at beginning of year			-		
Fund balance at end of year			<u>\$ 6,657,677</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, 2008

	Grant Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Restricted intergovernmental:					
Federal grants	\$ 7,672,757	\$ 5,972,211	\$ 887,695	\$ 6,859,906	\$ (812,851)
Miscellaneous revenues:					
Sale of property	4,080	27,080	-	27,080	23,000
Insurance reimbursement	200	750	716	1,466	1,266
Refunds	467,308	453,810	-	453,810	(13,498)
Total miscellaneous revenues	471,588	481,640	716	482,356	10,768
Total revenues	8,144,345	6,453,851	888,411	7,342,262	(802,083)
Expenditures:					
Economic and physical development projects:					
Acquisition	541,000	541,000	-	541,000	-
Public facilities	1,375,016	860,185	188,172	1,048,357	326,659
Demolition	161,547	85,362	27,832	113,194	48,353
Domestic Violence	113,000	78,000	35,000	113,000	-
Shelter for homeless	319,500	244,500	75,000	319,500	-
Community Boys Club	150,847	150,847	-	150,847	-
Shaw-Speaks Center	14,852	14,852	-	14,852	-
Lot cleaning	20,000	20,000	-	20,000	-
Volunteers of America	157,145	137,145	20,000	157,145	-
Girls, Inc.	32,000	32,000	-	32,000	-
Family Services	196,024	195,849	-	195,849	175
Cop program	30,000	30,000	-	30,000	-
Coalition of Success	13,500	13,500	-	13,500	-
Head Start of Wilmington	57,997	57,996	-	57,996	1
Cure AIDS of Wilmington	10,000	10,000	-	10,000	-
Mercy House shelter	5,000	5,000	-	5,000	-
Dreams of Wilmington	100,000	82,500	17,500	100,000	-
Food Bank of Coastal Carolina	10,000	10,000	-	10,000	-
Bottom Neighborhood Association	19,640	19,639	-	19,639	1
Brigade Boys and Girls Club	155,000	155,000	-	155,000	-
Leading Into New Communities	140,324	102,323	37,867	140,190	134
Amigos International	7,598	8,025	-	8,025	(427)
First Fruit Ministries	30,000	30,000	-	30,000	-
Housing counseling	35,000	29,860	3,025	32,885	2,115
Carousel Center	10,000	10,000	-	10,000	-
Wilmington interfaith network	10,000	10,000	-	10,000	-
YWCA - Kids Making It	25,000	25,000	-	25,000	-
Salvation Army	30,000	15,000	15,000	30,000	-
Relocation	98,649	44,549	11,493	56,042	42,607
Energy repairs/housing	255,692	144,406	56,521	200,927	54,765
Small Business Development	55,459	55,458	-	55,458	1
North Fourth Street revitalization	78,645	78,645	-	78,645	-

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, 2008

	Grant Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Expenditures: (continued)					
Economic and physical development projects:(continued)					
Castle Street	\$ 11,955	\$ 11,541	\$ -	\$ 11,541	\$ 414
Business training	17,886	17,883	-	17,883	3
Economic development	20,000	12,768	-	12,768	7,232
Charges for services	2,777,000	2,372,000	405,000	2,777,000	-
Equipment/administration	18,000	18,001	-	18,001	(1)
Code enforcement	228,000	228,000	-	228,000	-
Planning	10,000	10,000	-	10,000	-
Total expenditures	<u>7,341,276</u>	<u>5,966,834</u>	<u>892,410</u>	<u>6,859,244</u>	<u>482,032</u>
Excess of revenues over (under) expenditures	<u>803,069</u>	<u>487,017</u>	<u>(3,999)</u>	<u>483,018</u>	<u>(320,051)</u>
Other financing sources (uses):					
Operating transfers - in:					
Commercial Loan Fund	104,697	102,305	1,251	103,556	(1,141)
Rehabilitation Loan Fund	124,645	124,645	-	124,645	-
Rental Rehabilitation Loan Fund	135,670	136,040	2,748	138,788	3,118
Total operating transfers - in	<u>365,012</u>	<u>362,990</u>	<u>3,999</u>	<u>366,989</u>	<u>1,977</u>
Operating transfers - out:					
Loan Funds	(1,075,097)	(757,035)	-	(757,035)	318,062
Streets and Sidewalks Fund	(92,984)	(92,972)	-	(92,972)	12
Total operating transfers - out	<u>(1,168,081)</u>	<u>(850,007)</u>	<u>-</u>	<u>(850,007)</u>	<u>318,074</u>
Total other financing sources (uses)	<u>(803,069)</u>	<u>(487,017)</u>	<u>3,999</u>	<u>(483,018)</u>	<u>320,051</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance at beginning of year				-	
Fund balance at end of year			<u>\$ -</u>		

CITY OF WILMINGTON, NORTH CAROLINA

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

From Inception and Year Ended June 30, 2008

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental:					
Federal grants	\$ 4,989,016	\$ 2,032,259	\$ 1,344,769	\$ 3,377,028	\$ (1,611,988)
Miscellaneous	211,342	148,130	7,500	155,630	(55,712)
Total revenues	<u>5,200,358</u>	<u>2,180,389</u>	<u>1,352,269</u>	<u>3,532,658</u>	<u>(1,667,700)</u>
Expenditures:					
Economic and physical development projects:					
HUD reimbursement	-	129,170	-	129,170	(129,170)
Community Development Housing Organizations	1,838,790	981,671	429,579	1,411,250	427,540
Tenant Based Assistance	273,000	-	-	-	273,000
Affordable Housing Infrastructure	63,300	-	63,300	63,300	-
Homeless rental housing	90,000	90,000	-	90,000	-
Charges for services	355,951	280,031	50,000	330,031	25,920
Land trust administration	10,000	-	10,000	10,000	-
Relocation assistance	-	44,257	-	44,257	(44,257)
Total expenditures	<u>2,631,041</u>	<u>1,525,129</u>	<u>552,879</u>	<u>2,078,008</u>	<u>553,033</u>
Excess of revenues over expenditures	<u>2,569,317</u>	<u>655,260</u>	<u>799,390</u>	<u>1,454,650</u>	<u>(1,114,667)</u>
Other financing sources (uses):					
Operating transfers - in:					
Special Purpose Fund	-	192,382	-	192,382	192,382
Home Loan Fund	1,415,355	1,112,302	220,971	1,333,273	(82,082)
Total operating transfers - in	1,415,355	1,304,684	220,971	1,525,655	110,300
Operating transfers - out:					
Home Loan Fund	(3,984,672)	(1,959,944)	(1,020,361)	(2,980,305)	1,004,367
Total other financing uses	<u>(2,569,317)</u>	<u>(655,260)</u>	<u>(799,390)</u>	<u>(1,454,650)</u>	<u>1,114,667</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance at beginning of year			-		
Fund balance at end of year			<u>\$ -</u>		

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CAPITAL PROJECT FUNDS TAB (FRONT)

CAPITAL PROJECT FUNDS TAB (BACK)

CITY OF WILMINGTON, NORTH CAROLINA

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

From Inception and Year Ended June 30, 2008

	Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Restricted intergovernmental	\$ 5,939,832	\$ 815,884	\$ 504,926	\$ 1,320,810	\$ (4,619,022)
Investment earnings	1,550,377	2,030,989	310,409	2,341,398	791,021
Donations	1,306,273	450,852	-	450,852	(855,421)
Miscellaneous	496,285	767,286	-	767,286	271,001
Total revenues	9,292,767	4,065,011	815,335	4,880,346	(4,412,421)
Expenditures:					
Transportation:					
Utility cuts program	496,285	486,035	-	486,035	10,250
Fifth Street bridge	664,000	651,177	-	651,177	12,823
Bridge repairs 2004-05	100,000	12,020	-	12,020	87,980
Street rehabilitation 2004-05	2,493,565	2,076	875,725	877,801	1,615,764
Independence Boulevard phase II	4,400,000	448,324	53,805	502,129	3,897,871
Intersection improvements	135,500	25,000	-	25,000	110,500
Neighborhood traffic management	1,150,000	329,483	88,686	418,169	731,831
Masonboro/Pine Grove intersection	235,000	-	-	-	235,000
Eastwood Road path	29,214	-	-	-	29,214
Military Cutoff preservation maps	800,000	277,864	1,500	279,364	520,636
New sidewalk construction 2004-05	168,907	-	-	-	168,907
Independence Boulevard phase III	3,709,258	-	-	-	3,709,258
North downtown streetscape	5,200,000	275,963	542,649	818,612	4,381,388
Gingerwood collector plan	7,000	6,708	-	6,708	292
Hoggard school fence	243,500	231,321	2,631	233,952	9,548
Ringo Drive extension	271,273	265,523	-	265,523	5,750
Taylor Homes Improvements	420,000	-	-	-	420,000
Riverwalk North convention center	1,224,000	-	71,286	71,286	1,152,714
North 3rd Street improvements	3,600,000	77,902	311,851	389,753	3,210,247
Dedicated right turn lane	270,000	-	-	-	270,000
Front Street two-way	500,000	300,351	-	300,351	199,649
Kinston Avenue extension phase I	200,000	-	-	-	200,000
Front Street streetscapes	1,000,000	-	5,693	5,693	994,307
Market/Water Streets bulkhead	6,500	-	8,500	8,500	(2,000)
Signal system upgrade	5,000,000	-	65,754	65,754	4,934,246
Independence Boulevard 2000-01	954,216	954,213	-	954,213	3
Traffic signal improvement 2000-01	80,745	786	-	786	79,959
Sidewalk rehabilitation 2001-02	430,853	430,852	-	430,852	1
Eastwood Road bike path	601,610	273,246	247,989	521,235	80,375
Heidi Drive relief 2002-03	75,000	75,000	-	75,000	-
Wrightsville and MacMillan Avenues	205,200	124	-	124	205,076
Dawson/Wooster street improvements	423,781	294,488	(575)	293,913	129,868
Marstellar CSX railroad crossing	15,000	-	-	-	15,000
Park Avenue paved shoulders	236,273	236,272	-	236,272	1

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, 2008

	Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Expenditures (continued):					
Transportation (continued):					
Wooster Street sidewalks	\$ 165,000	\$ 11,097	\$ -	\$ 11,097	\$ 153,903
Dudley School property	95,046	93,292	-	93,292	1,754
Street rehabilitation 2003-04	1,309,762	1,309,353	-	1,309,353	409
Randall Parkway widening	7,041,455	657,054	27,193	684,247	6,357,208
Underground utility placement	518,743	68,216	163,627	231,843	286,900
New street paving	1,110,000	43,816	-	43,816	1,066,184
Sidewalk rehabilitation and repairs	1,020,947	554,743	193,857	748,600	272,347
Sidewalk construction 2003-04	1,231,366	196,744	106,738	303,482	927,884
Woodale and Mallard Street bike path	234,592	5,736	933	6,669	227,923
Military Cutoff bike path	250,000	-	-	-	250,000
Love Grove Access	64,792	59,900	-	59,900	4,892
Park Avenue paving	1,471,745	1,471,743	-	1,471,743	2
Wrightsville Avenue reconstruction	<u>1,399,597</u>	<u>1,399,597</u>	<u>-</u>	<u>1,399,597</u>	<u>-</u>
Total transportation	51,259,725	11,526,019	2,767,842	14,293,861	36,965,864
Cultural and recreational:					
Riverwalk North marina	5,431,500	-	1,117,551	1,117,551	4,313,949
Transit system					
Transit capital grant match	<u>242,000</u>	<u>62,936</u>	<u>70,563</u>	<u>133,499</u>	<u>108,501</u>
Total expenditures	<u>56,933,225</u>	<u>11,588,955</u>	<u>3,955,956</u>	<u>15,544,911</u>	<u>41,388,314</u>
Excess of expenditures over revenues	<u>(47,640,458)</u>	<u>(7,523,944)</u>	<u>(3,140,621)</u>	<u>(10,664,565)</u>	<u>36,975,893</u>
Other financing sources (uses):					
Operating transfers - in:					
General Fund	10,312,349	9,342,573	1,265,000	10,607,573	295,224
Operating transfers - out:					
Parks and Recreation Fund	(95,000)	(95,000)	-	(95,000)	-
Issuance of bonds	26,293,609	6,434,810	-	6,434,810	(19,858,799)
Issuance of installment obligations	<u>11,129,500</u>	<u>345,000</u>	<u>-</u>	<u>345,000</u>	<u>(10,784,500)</u>
Total other financing sources	<u>47,640,458</u>	<u>16,027,383</u>	<u>1,265,000</u>	<u>17,292,383</u>	<u>(30,348,075)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 8,503,439</u>	<u>(1,875,621)</u>	<u>\$ 6,627,818</u>	<u>\$ 6,627,818</u>
Fund balance at beginning of year			<u>8,503,439</u>		
Fund balance at end of year			<u>\$ 6,627,818</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, 2008

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Totals to Date	
Revenues:					
Restricted intergovernmental	\$ 925,000	\$ 1,000,000	\$ 1,589,316	\$ 2,589,316	\$ 1,664,316
Investment earnings	509,000	696,497	4,256	700,753	191,753
Donations	3,517	-	-	-	(3,517)
Total revenues	1,437,517	1,696,497	1,593,572	3,290,069	1,852,552
Expenditures:					
Cultural and recreational:					
Riverwalk South	2,754,500	2,733,964	-	2,733,964	20,536
Riverwalk North	1,555,650	1,533,931	-	1,533,931	21,719
Park facility improvements 2004-05	561,373	308,643	182,923	491,566	69,807
Maides Park improvements	1,469,000	328,663	328,334	656,997	812,003
Empie tennis court renovations	125,000	108,668	4,853	113,521	11,479
Halyburton playground	50,000	9,844	-	9,844	40,156
Recreation master plan	50,000	13,223	3,500	16,723	33,277
1898 Memorial Park	20,000	3,890	7,850	11,740	8,260
Alley improvements	150,000	-	2,250	2,250	147,750
Alderman preserve	300,000	-	-	-	300,000
Dobo Park property	830,000	8,329	90,798	99,127	730,873
Annexation parks	2,500,000	1,200	2,350	3,550	2,496,450
Olsen Park Phase I	5,500,000	4,211,707	197,719	4,409,426	1,090,574
Downtown parks	60,000	-	20,484	20,484	39,516
Greenfield Park amphitheater	1,188,615	9,868	1,142,780	1,152,648	35,967
Northside splash pool	400,000	10,650	246,001	256,651	143,349
Bike/Greenway system improvements	1,075,000	912	30,163	31,075	1,043,925
10th & Fanning park development	100,000	-	-	-	100,000
MLK Center bond improvements	655,000	38,193	581,488	619,681	35,319
Tennis complex	850,000	-	111,661	111,661	738,339
Love Grove Park	400,000	28,413	9,772	38,185	361,815
Park land purchase	1,855,000	2,099	-	2,099	1,852,901
Water Street Park	2,606,000	-	2,596,808	2,596,808	9,192
Riverfront Park improvements	191,700	47,186	-	47,186	144,514
Community Arts center	115,000	81,301	31,655	112,956	2,044
Market Street landing dock	83,800	75,288	-	75,288	8,512
Land acquisition and economic development	500,000	5,238	-	5,238	494,762
Riverwalk signage	150,000	9,028	9,110	18,138	131,862
Intracoastal waterway park	19,500	1,800	-	1,800	17,700
Legion Stadium	6,940,000	6,336,316	8,511	6,344,827	595,173
South 17th Street park	1,946,493	1,913,784	2,740	1,916,524	29,969
Greenfield amphitheater	225,402	225,402	(800)	224,602	800
Total expenditures	35,227,033	18,047,540	5,610,950	23,658,490	11,568,543
Excess of expenditures over revenues	(33,789,516)	(16,351,043)	(4,017,378)	(20,368,421)	13,421,095

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, 2008

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Other financing sources:					
Operating transfers - in:					
General Fund	\$ 5,020,323	\$ 4,756,838	\$ 300,000	\$ 5,056,838	\$ 36,515
Public Improvements Fund	-	5,000	-	5,000	5,000
Total operating transfers - in	5,020,323	4,761,838	300,000	5,061,838	41,515
Issuance of bonds	2,821,493	2,821,493	-	2,821,493	-
Issuance of installment obligations	8,297,700	8,297,773	-	8,297,773	73
Issuance of other long-term obligations	17,650,000	-	7,464,435	7,464,435	(10,185,565)
Total other financing sources	33,789,516	15,881,104	7,764,435	23,645,539	(10,143,977)
Net change in fund balance	\$ -	\$ (469,939)	3,747,057	\$ 3,277,118	\$ 3,277,118
Fund balance (deficit) at beginning of year			(469,939)		
Fund balance at end of year			\$ 3,277,118		

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, 2008

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Totals to Date	
Revenues:					
Restricted intergovernmental	\$ 446,886	\$ 329,598	\$ 68,892	\$ 398,490	\$ (48,396)
Investment earnings	1,920,981	1,928,710	216,976	2,145,686	224,705
Sale of real estate	863,000	863,000	-	863,000	-
Rents	22,000	10,954	10,670	21,624	(376)
Miscellaneous	-	5,958	-	5,958	5,958
Total revenues	3,252,867	3,138,220	296,538	3,434,758	181,891
Expenditures:					
General government:					
City Hall/Thalian Hall	254,917	254,885	-	254,885	32
Convention Center	59,313,200	2,076,402	7,089,740	9,166,142	50,147,058
Building improvements 2004-05	553,462	343,984	109,381	453,365	100,097
Joint City-County Emergency					
Operations Center	233,225	213,150	19,278	232,428	797
ITS server consolidation	180,000	179,643	-	179,643	357
ITS infrastructure improvements	155,000	88,385	50,616	139,001	15,999
Hilton riverwalk bulkhead	3,840,833	46,465	2,400,749	2,447,214	1,393,619
City Hall improvements	1,100,000	-	73	73	1,099,927
Time & attendance system	534,045	440,615	61,213	501,828	32,217
Call center renovations	15,000	14,021	-	14,021	979
Northern warehouse purchase	1,756,000	1,702,568	45,712	1,748,280	7,720
Underground railroad kiosk	25,000	238	-	238	24,762
Thalian Hall renovations	3,000,000	348,338	373,752	722,090	2,277,910
Fiber optics - Operation Center	150,000	112,444	9,680	122,124	27,876
10th & Fanning reuse	341,000	75,926	209,954	285,880	55,120
Environmental assessments	125,000	76,444	18,494	94,938	30,062
Naviline Select	152,000	-	98,420	98,420	53,580
Downtown restroom facility	75,000	-	3,114	3,114	71,886
Community Arts Center	2,243,541	482,332	1,713,360	2,195,692	47,849
Administrative office building	232,108	232,089	-	232,089	19
City council chambers	666,267	475,952	60,698	536,650	129,617
Multi-modal facility study	1,043,892	43,892	920,341	964,233	79,659
Document imaging	170,000	68,682	6,500	75,182	94,818
Building security	250,000	107,650	7,619	115,269	134,731
Work order system	250,000	247,756	-	247,756	2,244
Market Street landing dock	212,000	208,397	-	208,397	3,603
Land acquisition and economic development	3,803,500	3,803,500	-	3,803,500	-
CCTV upgrade and expansion	85,000	80,892	-	80,892	4,108
ADA compliance	690,000	106,803	130,068	236,871	453,129
Communication equipment - technology enhancements	1,685,669	1,685,669	-	1,685,669	-
Operations center	19,763,847	19,631,089	108,424	19,739,513	24,334
Total general government	102,899,506	33,148,211	13,437,186	46,585,397	56,314,109

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, 2008

	Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Expenditures: (continued)					
Public safety:					
Police building	\$ 24,112,840	\$ 23,812,685	\$ 280,807	\$ 24,093,492	\$ 19,348
Training facility	3,500,000	-	2,346,414	2,346,414	1,153,586
Seagate annexation fire station 1998	3,395,596	705,943	2,328,177	3,034,120	361,476
Fire station exhaust system	206,330	-	206,330	206,330	-
Fire station security	54,000	-	50,833	50,833	3,167
Fire station improvements	96,000	-	27,769	27,769	68,231
WPD southeast substation	1,521,000	-	1,274,776	1,274,776	246,224
Masonboro annexation fire station	3,008,339	2,911,700	64,759	2,976,459	31,880
Annexation fire stations	<u>2,536,269</u>	<u>2,536,241</u>	<u>-</u>	<u>2,536,241</u>	<u>28</u>
Total public safety	<u>38,430,374</u>	<u>29,966,569</u>	<u>6,579,865</u>	<u>36,546,434</u>	<u>1,883,940</u>
Cultural and recreational:					
Riverwalk Governor's Landing	412,000	-	46,765	46,765	365,235
Riverwalk bulkhead reserve	<u>214,900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>214,900</u>
Total cultural and recreational	<u>626,900</u>	<u>-</u>	<u>46,765</u>	<u>46,765</u>	<u>580,135</u>
Transit system:					
Bus garage	709,089	180,518	-	180,518	528,571
Wave transit facility	<u>124,200</u>	<u>76,506</u>	<u>-</u>	<u>76,506</u>	<u>47,694</u>
Total transit system	<u>833,289</u>	<u>257,024</u>	<u>-</u>	<u>257,024</u>	<u>576,265</u>
Total expenditures	<u>142,790,069</u>	<u>63,371,804</u>	<u>20,063,816</u>	<u>83,435,620</u>	<u>59,354,449</u>
Excess of expenditures over revenues	<u>(139,537,202)</u>	<u>(60,233,584)</u>	<u>(19,767,278)</u>	<u>(80,000,862)</u>	<u>59,536,340</u>
Other financing sources (uses):					
Operating transfers - in:					
General Fund	17,327,154	15,508,237	1,863,330	17,371,567	44,413
Special Purpose Fund	<u>2,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,500,000)</u>
Total operating transfers - in	19,827,154	15,508,237	1,863,330	17,371,567	(2,455,587)
Operating transfers - out:					
Debt Service Fund	(896,901)	-	(829,328)	(829,328)	67,573
Issuance of bonds	578,460	166,937	-	166,937	(411,523)
Issuance of installment obligations	106,858,489	46,145,037	56,499,051	102,644,088	(4,214,401)
Issuance of other long-term obligations	13,170,000	-	12,953,110	12,953,110	(216,890)
Premium on installment obligations	-	1,860,258	-	1,860,258	1,860,258
Discount on installment obligations	<u>-</u>	<u>-</u>	<u>(36,997)</u>	<u>(36,997)</u>	<u>(36,997)</u>
Total other financing sources	<u>139,537,202</u>	<u>63,680,469</u>	<u>70,449,166</u>	<u>134,129,635</u>	<u>(5,407,567)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 3,446,885</u>	<u>50,681,888</u>	<u>\$ 54,128,773</u>	<u>\$ 54,128,773</u>
Fund balance at beginning of year			<u>3,446,885</u>		
Fund balance at end of year			<u>\$ 54,128,773</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, 2008

	Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Restricted intergovernmental	\$ 18,840	\$ 16,624	\$ -	\$ 16,624	\$ (2,216)
Investment earnings	90,663	177,507	21,877	199,384	108,721
Miscellaneous	-	-	91,612	91,612	91,612
Total revenues	109,503	194,131	113,489	307,620	198,117
Expenditures:					
Capital projects:					
Transportation - streets and sidewalks:					
Masonboro/Pine Grove intersection	10,800	620	-	620	10,180
Eastwood Road path	7,786	-	-	-	7,786
Underground utility placement	257	-	-	-	257
Sidewalk construction 2003-04	548	383	137	520	28
Northern gateway	100,450	12,950	75,615	88,565	11,885
Median restoration	34,804	27,998	-	27,998	6,806
Total transportation - streets and sidewalks	154,645	41,951	75,752	117,703	36,942
Cultural and recreational:					
Legion Stadium improvements	30,000	29,218	-	29,218	782
General government:					
Building improvements 2004-05	77,873	17,671	-	17,671	60,202
Hilton riverwalk bulkhead	186,733	-	115,423	115,423	71,310
ADA compliance	348,423	306,571	6,850	313,421	35,002
Annexation fire stations	803	-	-	-	803
Total general government	613,832	324,242	122,273	446,515	167,317
Total expenditures	798,477	395,411	198,025	593,436	205,041
Excess of expenditures over revenues	(688,974)	(201,280)	(84,536)	(285,816)	403,158
Other financing sources:					
Operating transfers - in:					
General Fund	688,974	679,700	-	679,700	(9,274)
Net change in fund balance	\$ -	\$ 478,420	(84,536)	\$ 393,884	\$ 393,884
Fund balance at beginning of year			478,420		
Fund balance at end of year			\$ 393,884		

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DEBT SERVICE FUND TAB (FRONT)

DEBT SERVICE FUND TAB (BACK)

CITY OF WILMINGTON, NORTH CAROLINA

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

**Year Ended June 30, 2008
With Comparative Actual Amounts for Year Ended June 30, 2007**

	2008		Variance Positive (Negative)	2007 Actual
	Budget	Actual		
Revenues:				
Investment earnings	\$ -	\$ 176,034	\$ 176,034	\$ 280,143
Expenditures:				
Debt service:				
Principal retirement	4,621,447	4,405,767	215,680	4,375,252
Interest and other charges	<u>4,830,454</u>	<u>3,158,608</u>	<u>1,671,846</u>	<u>3,211,459</u>
Total expenditures	<u>9,451,901</u>	<u>7,564,375</u>	<u>1,887,526</u>	<u>7,586,711</u>
Excess of expenditures over revenues	<u>(9,451,901)</u>	<u>(7,388,341)</u>	<u>2,063,560</u>	<u>(7,306,568)</u>
Other financing sources (uses):				
Operating transfers-in:				
General Fund	8,555,000	8,055,000	(500,000)	7,419,246
Building Improvements Fund	<u>896,901</u>	<u>829,328</u>	<u>(67,573)</u>	<u>-</u>
Total operating transfers - in	<u>9,451,901</u>	<u>8,884,328</u>	<u>(567,573)</u>	<u>7,419,246</u>
Issuance of other long-term obligations	-	-	-	1,093,500
Payment to redeem other long-term obligations	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,093,500)</u>
Total other financing sources	<u>9,451,901</u>	<u>8,884,328</u>	<u>(567,573)</u>	<u>7,419,246</u>
Net change in fund balance	<u>\$ -</u>	1,495,987	<u>\$ 1,495,987</u>	112,678
Fund balance at beginning of year		<u>6,556,471</u>		<u>6,443,793</u>
Fund balance at end of year		<u>\$ 8,052,458</u>		<u>\$ 6,556,471</u>

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ENTERPRISE FUNDS TAB (FRONT)

ENTERPRISE FUNDS TAB (BACK)

CITY OF WILMINGTON, NORTH CAROLINA

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

**Year Ended June 30, 2008
With Comparative Actual Amounts for Year Ended June 30, 2007**

	2008		Variance Positive (Negative)	2007 Actual
	Budget	Actual		
Revenues:				
Operating revenues:				
Charges for services:				
Water charges	\$ 13,665,818	\$ 13,596,512	\$ (69,306)	\$ 12,991,829
Sewer charges	16,744,640	16,249,892	(494,748)	14,849,765
Total charges for services	<u>30,410,458</u>	<u>29,846,404</u>	<u>(564,054)</u>	<u>27,841,594</u>
Other operating revenues:				
Connection or reconnection fees	1,327,000	947,195	(379,805)	1,211,301
Hydrant rentals	250,000	-	(250,000)	497,601
Fire protection charges	183,750	145,700	(38,050)	173,410
Total other operating revenues	<u>1,760,750</u>	<u>1,092,895</u>	<u>(667,855)</u>	<u>1,882,312</u>
Total operating revenues	<u>32,171,208</u>	<u>30,939,299</u>	<u>(1,231,909)</u>	<u>29,723,906</u>
Nonoperating revenues:				
Facility impact fees	1,850,000	2,898,725	1,048,725	2,319,605
Investment earnings	920,000	1,427,866	507,866	1,456,502
Hurricane disaster assistance	-	-	-	90,412
Total nonoperating revenues	<u>2,770,000</u>	<u>4,326,591</u>	<u>1,556,591</u>	<u>3,866,519</u>
Total revenues	<u>34,941,208</u>	<u>35,265,890</u>	<u>324,682</u>	<u>33,590,425</u>
Expenditures:				
Operating expenditures:				
Line maintenance and repair and billing and meter reading	5,429,043	4,749,251	679,792	4,117,518
Administration	1,232,361	868,860	363,501	640,561
Water treatment	5,191,244	4,773,819	417,425	4,554,168
Wastewater treatment	6,356,466	5,536,608	819,858	5,113,781
Environmental services	1,565,137	1,430,410	134,727	1,387,519
Other operating expenditures	<u>3,586,700</u>	<u>3,048,101</u>	<u>538,599</u>	<u>2,285,346</u>
Total operating expenditures	<u>23,360,951</u>	<u>20,407,049</u>	<u>2,953,902</u>	<u>18,098,893</u>
Nonoperating expenditures:				
Interest and other charges	4,895,883	4,272,060	623,823	4,425,280
Hurricane disaster recovery	-	-	-	233,237
Principal payments on bonds	5,222,194	5,202,104	20,090	3,795,724
Capital outlay:				
Administration	5,300	4,003	1,297	1,320
Water and sewer line improvements	401,901	251,642	150,259	303,870

CITY OF WILMINGTON, NORTH CAROLINA

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

**Year Ended June 30, 2008
With Comparative Actual Amounts for Year Ended June 30, 2007**

	2008		Variance Positive (Negative)	2007 Actual
	Budget	Actual		
Nonoperating expenditures: (continued)				
Water and wastewater treatment improvements	\$ 886,468	\$ 580,805	\$ 305,663	\$ 616,245
Environmental services	12,279	11,370	909	4,948
Total nonoperating expenditures	<u>11,424,025</u>	<u>10,321,984</u>	<u>1,102,041</u>	<u>9,380,624</u>
Total expenditures	<u>34,784,976</u>	<u>30,729,033</u>	<u>4,055,943</u>	<u>27,479,517</u>
Excess of revenues over expenditures	<u>156,232</u>	<u>4,536,857</u>	<u>4,380,625</u>	<u>6,110,908</u>
Other financing sources (uses):				
Operating transfers - out:				
Water and Sewer Capital Projects Fund	(1,321,000)	(1,321,000)	-	(5,800,000)
General Fund	(500,000)	(500,000)	-	-
Total operating transfers - out	<u>(1,821,000)</u>	<u>(1,821,000)</u>	<u>-</u>	<u>(5,800,000)</u>
Appropriated fund balance	<u>1,664,768</u>	-	<u>(1,664,768)</u>	-
Total other financing sources (uses)	<u>(156,232)</u>	<u>(1,821,000)</u>	<u>(1,664,768)</u>	<u>(5,800,000)</u>
Net change in fund balance	<u>\$ -</u>	2,715,857	<u>\$ 2,715,857</u>	310,908
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Water and sewer charges accrual		(578,785)		217,707
Connection fees		(57,355)		(121,112)
Vacation and sick leave accrual		213,986		(32,350)
Change in inventory		39,712		218,862
Capital asset expenditures		78,092		212,792
Depreciation		(4,828,276)		(4,490,173)
Amortization		(162,575)		(162,575)
Other noncapital expenses - Water and Sewer Capital Projects Fund		(201,755)		(1,726,155)
Investment earnings - Water and Sewer Capital Projects Fund		1,326,098		2,588,671
Investment earnings accrual		(91,513)		13,016
Interest expense accrual		2,046,853		1,182,439
Principal payments on bonds		5,202,104		3,795,724
Operating transfer - Water and Sewer Capital Projects Fund		1,321,000		5,800,000
Capital contributions - others		-		553,415
Change in net assets		<u>\$ 7,023,443</u>		<u>\$ 8,361,169</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

From Inception and Year Ended June 30, 2008

	Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Investment earnings	\$ 10,463,265	\$ 14,985,860	\$ 1,326,098	\$ 16,311,958	\$ 5,848,693
Restricted intergovernmental	49,893,726	31,958,142	9,490,963	41,449,105	(8,444,621)
Other revenues	-	1,801	-	1,801	1,801
Total revenues	60,356,991	46,945,803	10,817,061	57,762,864	(2,594,127)
Expenditures:					
Capital outlay:					
Market Street drainage	168,000	166,695	-	166,695	1,305
Pump station flow meters	300,000	-	-	-	300,000
Pump station generators	678,000	666,689	-	666,689	11,311
Meares Street sewer	625,951	625,950	-	625,950	1
King's Bluff	542,742	525,897	6,500	532,397	10,345
SCP Utilities relocation	1,540,000	343,652	93,037	436,689	1,103,311
Northside heat exchanger	190,000	-	-	-	190,000
Corrosion control valve replacement	115,000	61,824	-	61,824	53,176
Water distribution system improvements	3,730,000	34,548	-	34,548	3,695,452
Meter replacement	3,595,000	3,311,802	48,499	3,360,301	234,699
ASR phase II field investigation	500,000	214,192	98,009	312,201	187,799
Fence replacement pump stations 10 and 14	80,000	15,627	42,666	58,293	21,707
Sewer condition assessment	1,091,600	971,950	66,297	1,038,247	53,353
Wastewater pump renewal	100,000	5,974	78,014	83,988	16,012
Pump station painting	200,000	2,800	-	2,800	197,200
Pump station roofing	300,000	30,571	147,307	177,878	122,122
Pump station 14 grit improvements	100,000	-	-	-	100,000
Pump station 2 improvements	400,000	-	88,100	88,100	311,900
Pump station 11 replacement	300,000	-	-	-	300,000
River road force main	633,000	596,567	-	596,567	36,433
NEI evaluation and improvements	9,937,000	1,436,119	6,178,510	7,614,629	2,322,371
Dawson Street tank #2	425,600	412,244	10,600	422,844	2,756
ASR phase III expansion	3,500,000	452,595	-	452,595	3,047,405
Water capital reserve	100,000	-	-	-	100,000
Pump station removal 17 & 28	200,000	-	-	-	200,000
Pump station repairs	300,000	-	15,584	15,584	284,416
Pump station 5 replacement	650,000	-	-	-	650,000
Kerr Ave sewer main relocation	1,023,000	-	630	630	1,022,370
Sweeney WTP expansion	14,840,175	3,061,613	2,474,860	5,536,473	9,303,702
Sweeney HVAC-Ozone facility	400,000	-	-	-	400,000
3MGD Tank-College Rd & 17th St	2,971,765	4,100	676,613	680,713	2,291,052
Raw water transmission assessment	300,000	-	-	-	300,000
Carolina Beach Road main phase II	1,783,000	-	-	-	1,783,000

CITY OF WILMINGTON, NORTH CAROLINA

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

From Inception and Year Ended June 30, 2008

	Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Expenditures: (continued)					
Capital outlay: (continued)					
Equipment purchases	\$ 1,518,500	\$ 26,417	\$ 987,116	\$ 1,013,533	\$ 504,967
Pump renewal project	100,000	-	-	-	100,000
Sewer assessment improvements	8,940,000	-	2,000,000	2,000,000	6,940,000
Dystor structure fab replacement	257,000	-	-	-	257,000
System wide flow monitoring	300,000	-	160,094	160,094	139,906
Wrightsville Avenue utility relocation	999,253	-	439,813	439,813	559,440
Aquifer storage/retrieval	2,705,000	-	-	-	2,705,000
Intake canal dredging	189,000	-	14,348	14,348	174,652
Alum sludge line relocation	286,758	-	259,993	259,993	26,765
Raw water line repair	1,495,000	-	1,374,625	1,374,625	120,375
ESD laboratory	2,500,000	-	144,390	144,390	2,355,610
Mineral Springs outfall	426,500	374,773	3,882	378,655	47,845
Annexation 98 sewers	3,762,680	1,879,340	315,777	2,195,117	1,567,563
Annexation 98 distribution mains	7,796,498	7,643,803	88,320	7,732,123	64,375
Pump stations 10, 12, 14	696,968	677,291	17,541	694,832	2,136
Recycling pump station	566,142	555,515	-	555,515	10,627
Water system master plan	316,000	260,999	-	260,999	55,001
Downtown water/sewer rehabilitation	3,866,003	630,646	649,058	1,279,704	2,586,299
Pump station 9	719,043	701,982	(2,109)	699,873	19,170
Sewer maintenance and replacement 2002-03	1,689,000	1,440,462	-	1,440,462	248,538
Downtown water/sewer rehabilitation 2002-03	110,000	-	-	-	110,000
Hazmat remediation	50,500	50,330	-	50,330	170
Water valve replacement 2002-03	100,000	-	-	-	100,000
Water laterals	50,000	14,526	-	14,526	35,474
Sweeney filter rehabilitation	150,000	145,293	-	145,293	4,707
Vulnerability assessment improvements	607,500	601,011	-	601,011	6,489
Sweeney study and construction	60,000	-	-	-	60,000
Water reuse project	5,000	-	-	-	5,000
Tank improvements	1,544,245	1,544,243	-	1,544,243	2
Annexation - sewer	700,000	673,037	-	673,037	26,963
Annexation - water	5,292,499	5,273,642	-	5,273,642	18,857
Burnt Mill Creek outfall	3,166,896	3,161,262	-	3,161,262	5,634
Greenville Loop Road force main	249,500	24,480	-	24,480	225,020
Wrightsville Avenue reconstruction	394,176	394,175	-	394,175	1
New elevated water tank	3,189,955	3,189,950	-	3,189,950	5
Coleman Complex improvements	100,750	100,147	-	100,147	603
Upgrade pump station 5,6,8 and 11	275,500	3,383	-	3,383	272,117

CITY OF WILMINGTON, NORTH CAROLINA

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

From Inception and Year Ended June 30, 2008

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Expenditures: (continued)					
Capital outlay: (continued)					
Pump station 10 improvements	\$ 285,501	\$ 260,708	\$ -	\$ 260,708	\$ 24,793
Replace Northside trickling filter distributor	161,100	161,037	-	161,037	63
Paint/repair Southside WWTP #1 trickling filter	238,589	238,589	-	238,589	-
Southside WWTP expansion	8,847,360	367,570	201,681	569,251	8,278,109
Independence/Shipyard force main	3,063,374	3,053,423	7,036	3,060,459	2,915
Smith Creek outfall	1,200,180	855,182	84,355	939,537	260,643
Annexation 95 water phase II	7,622,377	6,607,454	9,660	6,617,114	1,005,263
Oversizing water and sewer lines	455,528	185,438	-	185,438	270,090
Pump station 12 conveyor system	200,000	-	-	-	200,000
Pump station 34, 35 VFD control room improvements	5,676,500	519,270	4,712,869	5,232,139	444,361
Pump station 14 bar screen replacement	260,680	258,489	-	258,489	2,191
Pump station 36 bar screen improvement	45,000	42,634	-	42,634	2,366
Pump station 39 grinder	11,500	4,143	-	4,143	7,357
Northside WWTP expansion	81,844,717	59,427,609	15,225,567	74,653,176	7,191,541
Sewer line replacement	885,459	810,156	-	810,156	75,303
Sludge scales	30,000	-	-	-	30,000
Division Drive pump station	1,774,230	1,655,407	-	1,655,407	118,823
Annexation 98 water mains	6,259,345	6,259,340	-	6,259,340	5
Water valve replacement	1,388,000	794,933	-	794,933	593,067
Water laterals and services	215,000	3,284	-	3,284	211,716
Water and sewer street construction	300,000	208,388	91,612	300,000	-
Total expenditures	<u>227,560,139</u>	<u>124,021,170</u>	<u>36,810,854</u>	<u>160,832,024</u>	<u>66,728,115</u>
Excess of expenditures over revenues	<u>(167,203,148)</u>	<u>(77,075,367)</u>	<u>(25,993,793)</u>	<u>(103,069,160)</u>	<u>64,133,988</u>
Other financing sources:					
Operating transfers - in:					
Water and Sewer Fund	43,798,746	42,416,412	1,321,000	43,737,412	(61,334)
Issuance of bonds	<u>123,404,402</u>	<u>67,648,849</u>	<u>-</u>	<u>67,648,849</u>	<u>(55,755,553)</u>
Total other financing sources	<u>167,203,148</u>	<u>110,065,261</u>	<u>1,321,000</u>	<u>111,386,261</u>	<u>(55,816,887)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 32,989,894</u>	<u>\$ (24,672,793)</u>	<u>\$ 8,317,101</u>	<u>\$ 8,317,101</u>

CITY OF WILMINGTON, NORTH CAROLINA

**Ground Water Utility Fund
Schedule of Revenues and Expenditures -
Budget and Actual (Non - GAAP)**

**Year Ended June 30, 2008
With Comparative Actual Amounts for Year Ended June 30, 2007**

	2008		Variance Positive (Negative)	2007 Actual
	Budget	Actual		
Revenues:				
Operating revenues:				
Charges for services:				
Water charges	\$ 4,772,000	\$ 5,015,751	\$ 243,751	\$ 4,709,756
Other operating revenues:				
Connection or reconnection fees	-	78,685	78,685	61,610
Total operating revenues	<u>4,772,000</u>	<u>5,094,436</u>	<u>322,436</u>	<u>4,771,366</u>
Nonoperating revenues:				
Investment earnings	-	178,188	178,188	155,920
Total revenues	<u>4,772,000</u>	<u>5,272,624</u>	<u>500,624</u>	<u>4,927,286</u>
Expenditures:				
Operating expenditures:				
Collections and billing	439,275	391,112	48,163	374,583
Water treatment	2,500,000	2,500,005	(5)	2,584,532
Other operating expenditures	10,800	10,800	-	33,144
Total operating expenditures	<u>2,950,075</u>	<u>2,901,917</u>	<u>48,158</u>	<u>2,992,259</u>
Nonoperating expenditures:				
Interest and other charges	973,928	874,753	99,175	908,322
Principal payments on installment obligations	705,000	755,000	(50,000)	720,000
Reserved for debt service	143,534	-	143,534	-
Total nonoperating expenditures	<u>1,822,462</u>	<u>1,629,753</u>	<u>192,709</u>	<u>1,628,322</u>
Total expenditures	<u>4,772,537</u>	<u>4,531,670</u>	<u>240,867</u>	<u>4,620,581</u>
Excess of revenues over (under) expenditures	<u>(537)</u>	<u>740,954</u>	<u>741,491</u>	<u>306,705</u>
Other financing sources (uses):				
Appropriated fund balance	537	-	(537)	-
Total other financing sources	<u>537</u>	<u>-</u>	<u>(537)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>740,954</u>	<u>\$ 740,954</u>	<u>306,705</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

**Year Ended June 30, 2008
With Comparative Actual Amounts for Year Ended June 30, 2007**

	2008		Variance Positive (Negative)	2007 Actual
	Budget	Actual		
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Water charges accrual		\$ (88,456)		\$ 53,295
Vacation and sick leave accrual		3,745		12,556
Depreciation		(453,713)		(453,713)
Amortization		(11,208)		(11,208)
Investment earnings accrual		(4,599)		966
Proceeds from refunding installment obligations		-		-
Principal payments on installment obligations		755,000		720,000
Deferred charge - bond issuance costs		-		-
Interest expense accrual		(131,508)		(64,730)
Change in net assets		<u>\$ 810,215</u>		<u>\$ 563,871</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

**Year Ended June 30, 2008
With Comparative Actual Amounts for Year Ended June 30, 2007**

	2008		Variance Positive (Negative)	2007 Actual
	Budget	Actual		
Operating revenues:				
Charges for services:				
Refuse collection	\$ 7,647,594	\$ 7,421,272	\$ (226,322)	\$ 6,607,955
Recycling	10,000	15,743	5,743	22,761
Total operating revenues	<u>7,657,594</u>	<u>7,437,015</u>	<u>(220,579)</u>	<u>6,630,716</u>
Operating expenditures:				
Administration	365,516	319,878	45,638	340,716
Customer refuse	3,869,005	3,387,883	481,122	4,458,229
Recycling	711,367	755,677	(44,310)	688,673
Yard waste	1,732,723	1,570,278	162,445	1,539,056
Special services	363,265	267,973	95,292	242,234
Downtown collection	539,337	436,173	103,164	311,528
Other operating expenditures	635,555	615,555	20,000	499,218
Total operating expenditures	<u>8,216,768</u>	<u>7,353,417</u>	<u>863,351</u>	<u>8,079,654</u>
Excess of operating revenues over (under) expenditures	<u>(559,174)</u>	<u>83,598</u>	<u>642,772</u>	<u>(1,448,938)</u>
Nonoperating revenues (expenditures):				
Investment earnings	100,000	106,132	6,132	137,522
Interest and other charges	(21,923)	(21,924)	(1)	(30,539)
Principal payments on other long-term obligations	(211,788)	(211,790)	(2)	(203,175)
Total nonoperating expenditures	<u>(133,711)</u>	<u>(127,582)</u>	<u>6,129</u>	<u>(96,192)</u>
Excess of expenditures over revenues	<u>(692,885)</u>	<u>(43,984)</u>	<u>648,901</u>	<u>(1,545,130)</u>
Other financing sources (uses):				
Operating transfer - in:				
General Fund	687,879	672,824	(15,055)	422,325
Operating transfer - out:				
Special Purpose Fund	(1,895)	(1,895)	-	-
Appropriated fund balance	6,901	-	(6,901)	-
Total other financing sources	<u>692,885</u>	<u>670,929</u>	<u>(21,956)</u>	<u>422,325</u>
Net change in fund balance	<u>\$ -</u>	<u>626,945</u>	<u>\$ 626,945</u>	<u>(1,122,805)</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, 2008
With Comparative Actual Amounts for Year Ended June 30, 2007**

	2008		Variance Positive (Negative)	2007 Actual
	Budget	Actual		
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Vacation and sick leave accrual		\$ (10,500)		\$ (25,873)
Depreciation		(1,770)		(550)
Capital asset expenditures		-		5,499
Investment earnings accrual		(5,356)		(369)
Capital contributions from governmental funds		6,699		-
Interest expense accrual		685		1,218
Principal payments on other long-term obligations		<u>211,790</u>		<u>203,175</u>
Change in net assets		<u>\$ 828,493</u>		<u>\$ (939,705)</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

**Year Ended June 30, 2008
With Comparative Actual Amounts for Year Ended June 30, 2007**

	2008		Variance Positive (Negative)	2007 Actual
	Budget	Actual		
Operating revenues:				
Charges for services:				
Utility fees	\$ 4,787,048	\$ 4,823,347	\$ 36,299	\$ 4,752,883
City streets	1,285,156	1,285,156	-	1,253,811
Other operating revenues	48,225	67,949	19,724	65,454
Total operating revenues	<u>6,120,429</u>	<u>6,176,452</u>	<u>56,023</u>	<u>6,072,148</u>
Operating expenditures:				
Engineering	793,095	683,960	109,135	596,471
Operations	2,732,553	2,443,766	288,787	2,462,440
Street sweeping	604,004	527,113	76,891	505,668
Other operating expenditures	802,225	782,225	20,000	596,885
Total operating expenditures	<u>4,931,877</u>	<u>4,437,064</u>	<u>494,813</u>	<u>4,161,464</u>
Excess of operating revenues over expenditures	<u>1,188,552</u>	<u>1,739,388</u>	<u>550,836</u>	<u>1,910,684</u>
Nonoperating revenues (expenditures):				
Facility fees	30,000	462,639	432,639	81,203
Investment earnings	150,000	284,177	134,177	278,803
Interest and fiscal charges	(704,389)	(586,199)	118,190	(231,185)
Principal payments on bonds	(623,522)	(210,000)	413,522	(503,522)
Reserved for debt service	(13,182)	-	13,182	-
Total nonoperating expenditures	<u>(1,161,093)</u>	<u>(49,383)</u>	<u>1,111,710</u>	<u>(374,701)</u>
Excess of revenues over expenditures	<u>27,459</u>	<u>1,690,005</u>	<u>1,662,546</u>	<u>1,535,983</u>
Other financing sources (uses):				
Operating transfers in:				
General Fund	25,000	25,000	-	-
Operating transfers out:				
Storm Water Capital Projects Fund	(678,400)	(678,400)	-	(200,000)
Issuance of refunding bonds	3,232,447	3,150,000	(82,447)	-
Premium on refunding bonds	-	82,447	82,447	-
Payment to redeem outstanding bonds	(3,164,901)	(3,164,900)	1	-
Appropriated fund balance	558,395	-	(558,395)	-
Total other financing uses	<u>(27,459)</u>	<u>(585,853)</u>	<u>(558,394)</u>	<u>(200,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>1,104,152</u>	<u>\$ 1,104,152</u>	<u>1,335,983</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, 2008
With Comparative Actual Amounts for Year Ended June 30, 2007**

	2008		Variance Positive (Negative)	2007 Actual
	Budget	Actual		
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Vacation and sick leave accrual		\$ 798		\$ (7,176)
Change in inventory		31,150		(8,329)
Capital asset expenditures		32,988		37,352
Depreciation		(381,929)		(357,064)
Amortization		(12,752)		(1,234)
Other noncapital expenses - Storm Water Capital Projects Fund		-		(72,934)
Operating transfer - Storm Water Capital Projects Fund		678,400		200,000
Investment earnings accrual		(15,719)		(3,205)
Investment earnings - Storm Water Capital Projects Fund		304,109		114,954
Principal payments on general obligation bonds		-		428,522
Principal payments on revenue bonds		140,000		-
Principal payments on installment obligations		70,000		75,000
Interest expense accrual		361,417		231,111
Capital contributions - others		161,816		2,172,244
Other		(15,000)		5,557
Change in net assets		<u>\$ 2,459,430</u>		<u>\$ 4,150,781</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, 2008

	Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Investment earnings	\$ 886,488	\$ 1,301,137	\$ 304,109	\$ 1,605,246	\$ 718,758
Restricted intergovernmental	3,143,000	2,566,439	161,816	2,728,255	(414,745)
Total revenues	4,029,488	3,867,576	465,925	4,333,501	304,013
Expenditures:					
Market Street drainage	468,219	467,795	-	467,795	424
Wrightsville Avenue culvert	131,795	124,890	4,917	129,807	1,988
Stormwater Inventory Mapping	750,000	56,750	44,868	101,618	648,382
Lincoln outfall	85,000	-	-	-	85,000
Dupree Drive	1,269,205	37,526	49,896	87,422	1,181,783
437 Shipyard pipe repair	54,915	54,912	-	54,912	3
Cedar Avenue/Sweetwater outfall	770,220	-	60,137	60,137	710,083
Storm drainage rehabilitation	2,103,462	-	131,811	131,811	1,971,651
Sweeper storage facility	1,278,040	36,980	68,690	105,670	1,172,370
Bradley Creek/Michelle Drive	625,000	-	74,765	74,765	550,235
Doctors branch bank stabilization	390,000	-	83,810	83,810	306,190
Greenfield spillway rehabilitation	474,425	-	355,441	355,441	118,984
Cavalier Drive drainage	700,000	-	-	-	700,000
Longstreet canal	3,419,348	2,611,107	710,825	3,321,932	97,416
Rileys branch	2,051,400	452,646	1,088,095	1,540,741	510,659
Seagate area improvements	531,392	531,317	-	531,317	75
Lions Gate	1,171,128	1,170,863	-	1,170,863	265
Market Northwoods	1,258,000	184,560	1,025,332	1,209,892	48,108
Market Inland Greens	1,719,515	140,760	433,722	574,482	1,145,033
Mineral Springs 2002-03	233,625	-	-	-	233,625
Heidi Drive relief 2002-03	272,115	252,455	10,402	262,857	9,258
Drainage easement relief	59,000	20,350	1,400	21,750	37,250
Brenda Drive drainage	366,500	-	-	-	366,500
New Hanover County Storm Water Improvement project	3,940,787	3,217,815	156,639	3,374,454	566,333
Burnt Mill Creek outfall	83,960	83,960	-	83,960	-
Rosemont Avenue drainage	323,277	322,266	-	322,266	1,011
Total expenditures	24,530,328	9,766,952	4,300,750	14,067,702	10,462,626
Excess of expenditures over revenues	(20,500,840)	(5,899,376)	(3,834,825)	(9,734,201)	10,766,639

CITY OF WILMINGTON, NORTH CAROLINA

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

From Inception and Year Ended June 30, 2008

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Other financing sources:					
Operating transfers - in:					
General Fund	\$ 123,658	\$ 123,659	\$ -	\$ 123,659	\$ 1
Storm Water Management Fund	5,927,651	5,249,252	678,400	5,927,652	1
Total operating transfers - in	6,051,309	5,372,911	678,400	6,051,311	2
Issuance of bonds	13,632,869	303,062	10,885,000	11,188,062	(2,444,807)
Premium on bonds	394,157	-	394,157	394,157	-
Issuance of installment obligations	365,543	351,035	-	351,035	(14,508)
Premium on installment obligations	-	14,507	-	14,507	14,507
Issuance of other long-term obligations	56,962	56,963	-	56,963	1
Total other financing sources	20,500,840	6,098,478	11,957,557	18,056,035	(2,444,805)
Net change in fund balance	\$ -	\$ 199,102	\$ 8,122,732	\$ 8,321,834	\$ 8,321,834

CITY OF WILMINGTON, NORTH CAROLINA

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

**Year Ended June 30, 2008
With Comparative Actual Amounts for Year Ended June 30, 2007**

	2008		Variance	2007
	Budget	Actual	Positive (Negative)	Actual
Operating revenues:				
Charges for services:				
Parking fees	\$ 1,824,986	\$ 1,677,460	\$ (147,526)	\$ 1,376,071
Parking violations	462,110	731,029	268,919	443,932
Total operating revenues	2,287,096	2,408,489	121,393	1,820,003
Operating expenditures:				
Salaries and benefits	80,752	76,281	4,471	71,477
Contracted services	1,048,938	974,986	73,952	720,132
Repairs and maintenance	109,132	32,018	77,114	17,241
Capital outlay	565	565	-	2,626
Other operating expenditures	270,948	228,484	42,464	147,335
Total operating expenditures	1,510,335	1,312,334	198,001	958,811
Excess of operating revenues over expenditures	776,761	1,096,155	319,394	861,192
Nonoperating revenues (expenditures):				
Investment earnings	80,000	142,569	62,569	134,965
Interest and other charges	(392,681)	(388,851)	3,830	(403,046)
Principal payments on installment obligations	(416,961)	(401,431)	15,530	(406,431)
Principal payments on other long-term obligations	(185,200)	(185,200)	-	(179,060)
Reserved for debt service	(41,982)	-	41,982	-
Total nonoperating expenditures	(956,824)	(832,913)	123,911	(853,572)
Excess of revenues over (under) expenditures	(180,063)	263,242	443,305	7,620
Other financing sources (uses):				
Operating transfer - in:				
General Fund	200,000	200,000	-	200,000
Operating transfer - out:				
Parking Facilities Capital Projects Fund	(135,000)	(135,000)	-	-
Appropriated fund balance	115,063	-	(115,063)	-
Total other financing sources	180,063	65,000	(115,063)	200,000
Net change in fund balance	\$ -	328,242	\$ 328,242	207,620

CITY OF WILMINGTON, NORTH CAROLINA

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

**Year Ended June 30, 2008
With Comparative Actual Amounts for Year Ended June 30, 2007**

	2008		Variance Positive (Negative)	2007 Actual
	Budget	Actual		
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Vacation and sick leave accrual		\$ (2,114)		\$ (1,066)
Other noncapital expenses - Parking Facilities				
Capital Projects Fund		(3,000)		(22,600)
Depreciation		(618,140)		(619,695)
Amortization		(6,974)		(6,974)
Investment earnings accrual		(5,786)		817
Investment earnings - Parking Facilities Capital				
Projects Fund		944		1,038
Operating transfer - Parking Facilities Capital				
Projects Fund		135,000		-
Principal payments on installment obligations		401,431		406,431
Principal payments on other long-term obligations		185,200		179,060
Interest expense accrual		3,099		2,873
Change in net assets		<u>\$ 417,902</u>		<u>\$ 147,504</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, 2008

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Investment earnings	\$ 70,000	\$ 80,259	\$ 946	\$ 81,205	\$ 11,205
Expenditures:					
Parking study	22,600	22,600	-	22,600	-
Water Street parking deck	9,075,000	248,324	-	248,324	8,826,676
Second Street parking deck cameras	135,000	-	-	-	135,000
Market Street parking deck	9,291,900	9,221,797	3,000	9,224,797	67,103
Total expenditures	<u>18,524,500</u>	<u>9,492,721</u>	<u>3,000</u>	<u>9,495,721</u>	<u>9,028,779</u>
Excess of expenditures over revenues	<u>(18,454,500)</u>	<u>(9,412,462)</u>	<u>(2,054)</u>	<u>(9,414,516)</u>	<u>9,039,984</u>
Other financing sources:					
Operating transfers - in:					
Parking Facilities Fund	135,000	-	135,000	135,000	-
Issuance of installment obligations	<u>18,319,500</u>	<u>9,232,190</u>	<u>-</u>	<u>9,232,190</u>	<u>(9,087,310)</u>
Total other financing sources	<u>18,454,500</u>	<u>9,232,190</u>	<u>135,000</u>	<u>9,367,190</u>	<u>(9,087,310)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (180,272)</u>	<u>\$ 132,946</u>	<u>\$ (47,326)</u>	<u>\$ (47,326)</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

**Year Ended June 30, 2008
With Comparative Actual Amounts for Year Ended June 30, 2007**

	2008		Variance	2007
	Budget	Actual	Positive (Negative)	Actual
Operating revenues:				
Fees and coupons	\$ 680,712	\$ 711,636	\$ 30,924	\$ 637,130
Cart rentals	250,000	322,929	72,929	297,219
Concessions	120,000	152,006	32,006	125,775
Other operating revenues	500	1,362	862	1,536
Total operating revenues	1,051,212	1,187,933	136,721	1,061,660
Operating expenditures:				
Salaries and employee benefits	472,468	453,684	18,784	463,970
Repairs and maintenance	361,893	362,801	(908)	270,707
Other operating expenditures	137,873	130,208	7,665	116,724
Capital outlay	31,193	31,192	1	1,365
Total operating expenditures	1,003,427	977,885	25,542	852,766
Excess of operating revenues over expenditures	47,785	210,048	162,263	208,894
Nonoperating revenues:				
Investment earnings	20,000	50,150	30,150	53,956
Excess of revenues over expenditures	67,785	260,198	192,413	262,850
Other financing sources (uses):				
Operating transfer - out:				
Golf Capital Projects Fund	(79,357)	(79,357)	-	(250,000)
Appropriated fund balance	11,572	-	(11,572)	-
Total other financing uses	(67,785)	(79,357)	(11,572)	(250,000)
Net change in fund balance	\$ -	180,841	\$ 180,841	12,850
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Deferred revenues		4,825		1,512
Vacation and sick leave accrual		(7,726)		(1,418)
Change in inventory		3,415		(2,131)
Capital asset expenditures		25,000		-
Depreciation		(55,362)		(51,722)
Investment earnings - Golf Capital Projects Fund		13,973		-
Investment earnings accrual		(2,881)		791
Capital contributions from enterprise funds		78,969		-
Operating transfer - Golf Capital Projects Fund		79,357		250,000
Change in net assets		\$ 320,411		\$ 209,882

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, 2008

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Totals to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Investment earnings	\$ -	\$ -	\$ 13,973	\$ 13,973	\$ 13,973
Expenditures:					
Club house improvements	<u>329,357</u>	<u>9,500</u>	<u>80,610</u>	<u>90,110</u>	<u>239,247</u>
Excess of expenditures over revenues	(329,357)	(9,500)	(66,637)	(76,137)	253,220
Other financing sources:					
Operating transfers - in:					
Golf Fund	<u>329,357</u>	<u>250,000</u>	<u>79,357</u>	<u>329,357</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 240,500</u>	<u>\$ 12,720</u>	<u>\$ 253,220</u>	<u>\$ 253,220</u>

INTERNAL SERVICE FUND TAB (FRONT)

INTERNAL SERVICE FUND TAB (BACK)

CITY OF WILMINGTON, NORTH CAROLINA

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

June 30, 2008

	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	\$ 7,614,239	\$ 679,836	\$ 8,294,075
Other receivables	17,190	1,541	18,731
Due from other governments	-	-	-
Inventory of materials and supplies	<u>119,034</u>	<u>-</u>	<u>119,034</u>
Total current assets	<u>7,750,463</u>	<u>681,377</u>	<u>8,431,840</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	<u>994,169</u>	<u>-</u>	<u>994,169</u>
Capital assets:			
Furniture, fixtures, machinery and equipment	22,973,701	-	22,973,701
Less accumulated depreciation	<u>(15,706,017)</u>	<u>-</u>	<u>(15,706,017)</u>
Total capital assets, net of accumulated depreciation	<u>7,267,684</u>	<u>-</u>	<u>7,267,684</u>
Other assets:			
Deferred charges, net	<u>9,091</u>	<u>-</u>	<u>9,091</u>
Total noncurrent assets	<u>8,270,944</u>	<u>-</u>	<u>8,270,944</u>
Total assets	<u>16,021,407</u>	<u>681,377</u>	<u>16,702,784</u>
LIABILITIES			
Current liabilities:			
Accounts payable	167,905	31,086	198,991
Accrued liabilities	30,086	-	30,086
Current portion of other long-term obligations	2,074,703	-	2,074,703
Accrued vacation and sick leave	<u>62,725</u>	<u>-</u>	<u>62,725</u>
Total current liabilities	<u>2,335,419</u>	<u>31,086</u>	<u>2,366,505</u>
Noncurrent liabilities:			
Other long-term obligations	3,762,570	-	3,762,570
Accrued vacation and sick leave	<u>26,891</u>	<u>-</u>	<u>26,891</u>
Total noncurrent liabilities	<u>3,789,461</u>	<u>-</u>	<u>3,789,461</u>
Total liabilities	<u>6,124,880</u>	<u>31,086</u>	<u>6,155,966</u>
NET ASSETS			
Invested in capital assets, net of related debt	2,433,671	-	2,433,671
Unrestricted	<u>7,462,856</u>	<u>650,291</u>	<u>8,113,147</u>
Total net assets	<u>\$ 9,896,527</u>	<u>\$ 650,291</u>	<u>\$ 10,546,818</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2008

	Equipment, Maintenance and Replacement Fund	Personal Computer Replacement Fund	Total Internal Service Funds
	<u> </u>	<u> </u>	<u> </u>
Operating revenues:			
Charges for services	\$ 2,001,465	\$ -	\$ 2,001,465
Charges for equipment replacement	2,045,604	387,040	2,432,644
Other operating revenues	<u>74,645</u>	<u>-</u>	<u>74,645</u>
Total operating revenues	<u>4,121,714</u>	<u>387,040</u>	<u>4,508,754</u>
Operating expenses:			
Salaries, employee benefits and other personnel costs	766,473	-	766,473
Materials and fuels consumed	20,429	-	20,429
Services	904,970	-	904,970
Utilities	5,343	-	5,343
Depreciation	2,251,808	-	2,251,808
Amortization	3,356	-	3,356
Other operating expenses	<u>421,117</u>	<u>303,206</u>	<u>724,323</u>
Total operating expenses	<u>4,373,496</u>	<u>303,206</u>	<u>4,676,702</u>
Operating income (loss)	<u>(251,782)</u>	<u>83,834</u>	<u>(167,948)</u>
Nonoperating revenues (expenses):			
Investment earnings	366,702	17,271	383,973
Interest and other charges	(255,184)	-	(255,184)
Gain on sale of capital assets	<u>206,239</u>	<u>-</u>	<u>206,239</u>
Total nonoperating revenues	<u>317,757</u>	<u>17,271</u>	<u>335,028</u>
Income before capital contributions and transfers	65,975	101,105	167,080
Capital contributions	51,096	-	51,096
Transfers to other funds	<u>(473,151)</u>	<u>(88,161)</u>	<u>(561,312)</u>
Change in net assets	(356,080)	12,944	(343,136)
Net assets at beginning of year	<u>10,252,607</u>	<u>637,347</u>	<u>10,889,954</u>
Net assets at end of year	<u>\$ 9,896,527</u>	<u>\$ 650,291</u>	<u>\$ 10,546,818</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2008

	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	\$ 273,183	\$ -	\$ 273,183
Receipts from interfund services provided	3,848,850	387,040	4,235,890
Payments to suppliers	(1,404,570)	(279,410)	(1,683,980)
Payments to or on behalf of employees	(755,546)	-	(755,546)
Payments for interfund services used	<u>(8,407)</u>	<u>-</u>	<u>(8,407)</u>
Net cash provided by operating activities	<u>1,953,510</u>	<u>107,630</u>	<u>2,061,140</u>
Cash flows from capital and related financing activities:			
financing activities:			
Acquisition and construction of capital assets	(3,025,229)	(88,161)	(3,113,390)
Principal payments on other long-term obligations	(1,997,464)	-	(1,997,464)
Interest and other charges	(261,510)	-	(261,510)
Proceeds from sale of capital assets	<u>222,500</u>	<u>-</u>	<u>222,500</u>
Net cash used in capital and related financing activities	<u>(5,061,703)</u>	<u>(88,161)</u>	<u>(5,149,864)</u>
Cash flows from investing activities:			
Investment earnings	<u>412,544</u>	<u>21,494</u>	<u>434,038</u>
Net increase (decrease) in cash and cash equivalents	(2,695,649)	40,963	(2,654,686)
Cash and cash equivalents at beginning of year	<u>11,304,057</u>	<u>638,873</u>	<u>11,942,930</u>
Cash and cash equivalents at end of year	<u>\$ 8,608,408</u>	<u>\$ 679,836</u>	<u>\$ 9,288,244</u>
Reconciliation to combining balance sheet:			
Cash and cash equivalents	\$ 7,614,239	\$ 679,836	\$ 8,294,075
Restricted cash and cash equivalents	<u>994,169</u>	<u>-</u>	<u>994,169</u>
Total cash and cash equivalents	<u>\$ 8,608,408</u>	<u>\$ 679,836</u>	<u>\$ 9,288,244</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2008

	Equipment, Maintenance and Replacement Fund	Personal Computer Replacement Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ (251,782)	\$ 83,834	\$ (167,948)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	2,255,164	-	2,255,164
Changes in assets and liabilities:			
Due from other governments	319	-	319
Inventory of materials and supplies	(16,721)	-	(16,721)
Accounts payable and accrued liabilities	(41,472)	23,796	(17,676)
Accrued vacation and sick leave	<u>8,002</u>	<u>-</u>	<u>8,002</u>
Net cash provided by operating activities	<u>\$ 1,953,510</u>	<u>\$ 107,630</u>	<u>\$ 2,061,140</u>
Supplemental disclosure of noncash investing, capital and related financing activities:			
Transfer of capital assets between proprietary funds	\$ (78,969)	\$ -	\$ (78,969)
Transfer of capital assets to governmental funds	(394,182)	(88,161)	(482,343)
Capital contributions from governmental funds	51,096	-	51,096

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2008

With Comparative Actual Amounts for Year Ended June 30, 2007

	2008		Variance Positive (Negative)	2007 Actual
	Budget	Actual		
Revenues:				
Operating revenues:				
Charges for services	\$ 1,971,885	\$ 2,001,465	\$ 29,580	\$ 1,914,435
Charges for equipment replacement	2,012,581	2,045,604	33,023	1,730,945
Other operating revenues	-	89,423	89,423	110,911
Total operating revenues	<u>3,984,466</u>	<u>4,136,492</u>	<u>152,026</u>	<u>3,756,291</u>
Nonoperating revenues:				
Investment earnings	350,000	382,995	32,995	529,096
Sale of capital assets	-	198,648	198,648	38,762
Total nonoperating revenues	<u>350,000</u>	<u>581,643</u>	<u>231,643</u>	<u>567,858</u>
Total revenues	<u>4,334,466</u>	<u>4,718,135</u>	<u>383,669</u>	<u>4,324,149</u>
Expenditures:				
Operating expenditures:				
Salaries, employee benefits and other personnel costs	794,087	750,021	44,066	702,524
Materials and fuels consumed	21,250	20,429	821	17,944
Maintenance and operating expenditures	969,785	931,619	38,166	1,062,561
Utilities	10,150	7,123	3,027	9,997
Other operating expenditures	196,532	180,241	16,291	155,313
Total operating expenditures	<u>1,991,804</u>	<u>1,889,433</u>	<u>102,371</u>	<u>1,948,339</u>
Nonoperating expenditures:				
Capital and noncapital equipment	3,859,743	3,253,773	605,970	4,257,214
Interest and other charges	279,330	261,510	17,820	246,175
Principal payments on other long-term obligations	1,999,000	1,997,464	1,536	1,593,263
Reserve for replacement	2,362,581	-	2,362,581	-
Total nonoperating expenditures	<u>8,500,654</u>	<u>5,512,747</u>	<u>2,987,907</u>	<u>6,096,652</u>
Total expenditures	<u>10,492,458</u>	<u>7,402,180</u>	<u>3,090,278</u>	<u>8,044,991</u>
Excess of expenditures over revenues	<u>(6,157,992)</u>	<u>(2,684,045)</u>	<u>3,473,947</u>	<u>(3,720,842)</u>
Other financing sources (uses):				
Issuance of other long-term obligations	-	-	-	3,906,500
Payment to redeem other long-term obligations	-	-	-	(1,156,500)
Appropriated fund balance	6,157,992	-	(6,157,992)	-
Total other financing sources	<u>6,157,992</u>	<u>-</u>	<u>(6,157,992)</u>	<u>2,750,000</u>
Net change in fund balance	<u>\$ -</u>	<u>(2,684,045)</u>	<u>\$(2,684,045)</u>	<u>(970,842)</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, 2008
With Comparative Actual Amounts for Year Ended June 30, 2007**

	2008		Variance Positive (Negative)	2007 Actual
	Budget	Actual		
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Vacation and sick leave accrual		\$ (8,002)		\$ (3,265)
Change in inventory		16,721		(11,957)
Capital asset expenditures		3,025,229		3,850,243
Depreciation		(2,251,808)		(1,824,680)
Amortization		(3,356)		(2,166)
Investment earnings accrual		(16,293)		587
Proceeds from other long-term obligations		-		(3,906,500)
Principal payments on other long-term obligations		1,997,464		2,749,763
Deferred charge - issuance costs on other long-term obligations		-		6,380
Interest expense accrual		6,326		(4,644)
Disposal of capital assets		(16,261)		(1,243)
Capital contributions from governmental funds		51,096		-
Transfers of capital assets to enterprise funds		(78,969)		-
Transfers of capital assets to governmental funds		(394,182)		-
Change in net assets		<u>\$ (356,080)</u>		<u>\$ (118,324)</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2008

With Comparative Actual Amounts for Year Ended June 30, 2007

	2008		Variance Positive (Negative)	2007 Actual
	Budget	Actual		
Operating revenues:				
Charges for equipment replacement	\$ 387,040	\$ 387,040	\$ -	\$ 307,845
Nonoperating revenues:				
Investment earnings	-	18,751	18,751	26,391
Total revenues	387,040	405,791	18,751	334,236
Nonoperating expenditures:				
Noncapital equipment	436,039	391,367	44,672	306,008
Excess of revenues over (under) expenditures	(48,999)	14,424	63,423	28,228
Appropriated fund balance	48,999	-	(48,999)	-
Net change in fund balance	<u>\$ -</u>	14,424	<u>\$ 14,424</u>	28,228
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Capital asset expenditures		88,161		-
Investment earnings accrual		(1,480)		178
Transfers of capital assets to governmental funds		(88,161)		-
Change in net assets		<u>\$ 12,944</u>		<u>\$ 28,406</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 2008

Governmental funds capital assets:	
Land	\$ 49,253,596
Improvements other than buildings	16,407,348
Buildings, plant and structures	76,258,952
Furniture, fixtures, machinery and equipment	15,262,396
Streets and drainage	153,302,926
Construction in progress	<u>29,841,041</u>
Total governmental funds capital assets	<u>\$ 340,326,259</u>
Investment in governmental funds capital assets by source:	
Prior years for which detail is not available	\$ 20,017,247
General Fund	10,193,796
Special Purpose Fund	2,457,708
Capital Project Funds	193,515,078
Accepted dedications	<u>114,142,430</u>
Total governmental funds capital assets	<u>\$ 340,326,259</u>

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

CITY OF WILMINGTON, NORTH CAROLINA

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

June, 30 2008

Function and Activity	Land	Improvements other than Buildings	Buildings, Plant and Structures
General government:			
City Manager	\$ -	\$ -	\$ -
Finance	-	-	-
Information Technology Services	-	-	-
Development Services	-	-	-
General government	<u>6,863,895</u>	<u>3,912,018</u>	<u>29,299,167</u>
Total general government	<u>6,863,895</u>	<u>3,912,018</u>	<u>29,299,167</u>
Public safety:			
Police	726,820	-	23,218,398
Fire	<u>2,107,338</u>	<u>19,950</u>	<u>12,731,576</u>
Total public safety	<u>2,834,158</u>	<u>19,950</u>	<u>35,949,974</u>
Transportation:			
Traffic engineering	37,638	-	72,364
Streets and drainage	<u>31,303,675</u>	<u>1,662,100</u>	<u>46,445</u>
Total transportation	<u>31,341,313</u>	<u>1,662,100</u>	<u>118,809</u>
Cultural and recreational:			
Parks and recreation	<u>7,906,665</u>	<u>10,813,280</u>	<u>10,749,567</u>
Environmental protection	<u>-</u>	<u>-</u>	<u>-</u>
Economic and physical development	<u>307,565</u>	<u>-</u>	<u>141,435</u>
Total governmental funds capital assets	<u>\$ 49,253,596</u>	<u>\$ 16,407,348</u>	<u>\$ 76,258,952</u>

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

Furniture, Fixtures, Machinery and Equipment	Streets and Drainage	Construction in Progress	Total
\$ 87,268	\$ -	\$ -	\$ 87,268
38,887	-	-	38,887
1,747,327	-	605,392	2,352,719
41,955	-	-	41,955
<u>673,204</u>	<u>-</u>	<u>14,145,139</u>	<u>54,893,423</u>
<u>2,588,641</u>	<u>-</u>	<u>14,750,531</u>	<u>57,414,252</u>
3,094,440	-	572,956	27,612,614
<u>8,413,476</u>	<u>-</u>	<u>2,662,008</u>	<u>25,934,348</u>
<u>11,507,916</u>	<u>-</u>	<u>3,234,964</u>	<u>53,546,962</u>
504,149	-	-	614,151
<u>232,652</u>	<u>153,302,926</u>	<u>6,295,463</u>	<u>192,843,261</u>
<u>736,801</u>	<u>153,302,926</u>	<u>6,295,463</u>	<u>193,457,412</u>
<u>429,038</u>	<u>-</u>	<u>5,560,083</u>	<u>35,458,633</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>449,000</u>
<u>\$ 15,262,396</u>	<u>\$ 153,302,926</u>	<u>\$ 29,841,041</u>	<u>\$ 340,326,259</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 2008

Function and Activity	July 1, 2007	Additions	Deductions
General government:			
City Manager	\$ 92,268	\$ -	\$ (5,000)
Finance	38,887	-	-
Information Technology Services	2,126,864	166,134	(28,440)
Development Services	41,955	-	-
General government buildings	43,331,416	11,562,007	-
Total general government	<u>45,631,390</u>	<u>11,728,141</u>	<u>(33,440)</u>
Public safety:			
Police	26,121,413	1,691,725	(165,011)
Fire	22,627,521	3,149,678	(262,852)
Total public safety	<u>48,748,934</u>	<u>4,841,403</u>	<u>(427,863)</u>
Transportation:			
Traffic engineering	614,151	-	-
Streets and drainage	183,986,494	8,863,366	(6,599)
Total transportation	<u>184,600,645</u>	<u>8,863,366</u>	<u>(6,599)</u>
Cultural and recreational:			
Parks and recreation	29,479,316	8,089,218	(2,109,901)
Environmental protection			
	-	6,699	-
Economic and physical development			
	449,000	-	-
Total governmental funds capital assets	<u>\$ 308,909,285</u>	<u>\$ 33,522,128</u>	<u>\$ (2,577,803)</u>

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

<u>Transfers</u>	<u>June 30, 2008</u>
\$ -	\$ 87,268
-	38,887
88,161	2,352,719
-	41,955
-	54,893,423
<u>88,161</u>	<u>57,414,252</u>
(35,513)	27,612,614
<u>420,001</u>	<u>25,934,348</u>
<u>384,488</u>	<u>53,546,962</u>
-	614,151
-	<u>192,843,261</u>
-	<u>193,457,412</u>
-	<u>35,458,633</u>
<u>(6,699)</u>	-
-	<u>449,000</u>
<u>\$ 472,649</u>	<u>\$ 340,326,259</u>

CITY OF WILMINGTON, NORTH CAROLINA

Schedule of Change in Ad Valorem Taxes Receivable

June 30, 2008

Fiscal Year	Uncollected Balance July 1, 2007	Additions	Collections and Credits	Uncollected Balance June 30, 2008
2007-2008	\$ -	\$ 43,171,138	\$ 42,396,479	\$ 774,659
2006-2007	802,908	-	549,003	253,905
2005-2006	190,303	-	54,005	136,298
prior years	<u>859,894</u>	<u>-</u>	<u>141,590</u>	<u>718,304</u>
	1,853,105	43,171,138	43,141,077	1,883,166
Less allowance for uncollectible taxes	<u>(448,854)</u>	<u>(13,342)</u>	<u>-</u>	<u>(462,196)</u>
Totals	<u>\$ 1,404,251</u>	<u>\$ 43,157,796</u>	<u>\$ 43,141,077</u>	<u>\$ 1,420,970</u>

Reconciliation of collections and credits:

New Hanover County tax office

remittances:

Taxes - ad valorem - current year - General Fund	\$ 40,641,812
Taxes - ad valorem - prior years - General Fund	658,096
Taxes - ad valorem - penalties and interest - General Fund	<u>172,373</u>

Total remittances 41,472,281

Other adjustments * 1,841,169

Less penalties and interest (172,373)

Total collections and credits \$ 43,141,077

* The source of this data is the New Hanover County Tax Office. The new software installed by New Hanover County 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, 2008

	City - Wide		Total Levy		
	Property	Total	Property	Registered	
	Valuation	Levy	excluding	Registered	
	Rate		Motor	Motor	
			Vehicles	Vehicles	
Original levy:					
Property taxed at current year's rate	\$13,447,698,333	\$.30	\$40,343,095	\$38,813,711	\$1,529,384
Motor vehicles taxed at prior year's rate	287,092,717	.46	1,320,626	-	1,320,626
Penalties	-		24,854	24,854	-
Total	13,734,791,050		41,688,575	38,838,565	2,850,010
Discoveries: *					
Current year taxes	-		-	-	-
Prior year taxes and penalties	-		1,798	1,798	-
Total			41,690,373	38,840,363	2,850,010
Abatements *	-		-	-	-
Other adjustments *	(91,300,487)		(273,902)	(233,076)	(40,826)
Total property valuation	<u>\$13,643,490,563</u>				
Net levy			41,416,471	38,607,287	2,809,184
Uncollected taxes at June 30, 2008			774,659	331,375	443,284
Current year's taxes collected			<u>\$ 40,641,812</u>	<u>\$ 38,275,912</u>	<u>\$ 2,365,900</u>
Current levy collection percentage			<u>98.13%</u>	<u>99.14%</u>	<u>84.22%</u>

* The source of this data is the New Hanover County Tax Office. The new software installed by New Hanover County 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, 2008

Receipts prior years	<u>\$ 7,159,704</u>
Receipts:	
July, 2007	218,944
August, 2007	212,226
September, 2007	174,755
October, 2007	153,075
November, 2007	120,178
December, 2007	87,366
January, 2008	104,363
February, 2008	112,338
March, 2008	147,718
April, 2008	184,137
May, 2008	209,657
June, 2008	<u>202,146</u>
Receipts current year	<u>1,926,903</u>
Receipts to date	<u>\$ 9,086,607</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

From Inception and Year Ended June 30, 2008

Disbursements prior years		\$ <u> -</u>
Disbursements:		
Certificates of Participation series 2008A issuance discount	May 1, 2008	36,997
Certificates of Participation series 2008A underwriter's discount	May 1, 2008	330,833
Waters and Company LLC - Certificates of Participation series 2008B and series 2008C financial advisor fees	May 1, 2008	15,000
Parker Poe Adams & Bernstein LLP - Certificates of Participation series 2008B and series 2008C bond counsel fees	May 7, 2008	27,169
RBC Bank - Certificates of Participation series 2008B and series 2008C legal fees	May 12, 2008	6,666
U.S. Bank - Certificates of Participation series 2008A, series 2008B and series 2008C annual administration fees	June 23, 2008	4,500
U.S. Bank - Certificates of Participation series 2008B and series 2008C legal fees	June 23, 2008	1,250
Title Insurance Co. of NC - Certificates of participation series 2008B and series 2008C title insurance	June 30, 2008	<u>7,551</u>
Disbursements current year		<u>429,966</u>
Disbursements to date		\$ <u>429,966</u>

The information presented is required by Session Law 2006-167 Section 1.(3) 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 occupancy tax proceeds (ROT) 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.	155 - 164
Revenue Capacity These schedules contain information to help the reader assess the city’s most significant local revenue source, the property tax.	165 - 168
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.	169 - 174
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.	175
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.	176 - 180

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

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TABLE 1

CITY OF WILMINGTON, NORTH CAROLINA

Net Assets by Component

Last Six Fiscal Years
(accrual basis of accounting)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Governmental activities:						
Invested in capital assets, net of related debt (1)	\$ 13,209,589	\$ 21,147,929	\$ 25,294,237	\$ 171,115,671	\$ 181,747,430	\$ 181,571,647
Restricted	10,063,585	9,915,472	13,456,749	14,850,785	16,934,004	21,704,213
Unrestricted (2)	<u>48,958,877</u>	<u>52,970,122</u>	<u>60,423,011</u>	<u>57,353,717</u>	<u>53,473,106</u>	<u>57,751,482</u>
Total governmental activities net assets	<u>\$ 72,232,051</u>	<u>\$ 84,033,523</u>	<u>\$ 99,173,997</u>	<u>\$ 243,320,173</u>	<u>\$ 252,154,540</u>	<u>\$ 261,027,342</u>
Business-type activities:						
Invested in capital assets, net of related debt	\$ 99,025,314	\$ 106,189,683	\$ 111,044,036	\$ 111,652,338	\$ 135,128,498	\$ 136,751,706
Restricted	3,720,477	4,417,410	4,677,245	5,741,848	6,240,878	7,760,499
Unrestricted	<u>50,474,211</u>	<u>49,219,967</u>	<u>51,836,295</u>	<u>59,694,303</u>	<u>48,212,615</u>	<u>56,929,680</u>
Total business-type activities net assets	<u>\$ 153,220,002</u>	<u>\$ 159,827,060</u>	<u>\$ 167,557,576</u>	<u>\$ 177,088,489</u>	<u>\$ 189,581,991</u>	<u>\$ 201,441,885</u>
Primary government:						
Invested in capital assets, net of related debt	\$ 112,234,903	\$ 127,337,612	\$ 136,338,273	\$ 282,768,009	\$ 316,875,928	\$ 318,323,353
Restricted	13,784,062	14,332,882	18,133,994	20,592,633	23,174,882	29,464,712
Unrestricted	<u>99,433,088</u>	<u>102,190,089</u>	<u>112,259,306</u>	<u>117,048,020</u>	<u>101,685,721</u>	<u>114,681,162</u>
Total primary government net assets	<u>\$ 225,452,053</u>	<u>\$ 243,860,583</u>	<u>\$ 266,731,573</u>	<u>\$ 420,408,662</u>	<u>\$ 441,736,531</u>	<u>\$ 462,469,227</u>

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

- (1) Invested in capital assets, net of related debt, a component of governmental activities net assets is restated in fiscal year 2006 to reflect the retroactive reporting of all major general infrastructure assets purchased, constructed or donated in fiscal years ending after June 30, 1980 in accordance with GASB Statement No. 34.
- (2) Unrestricted governmental activities net assets is restated in fiscal year 2003 to reflect a change in the availability criteria for recording revenues from 60 to 90 days.

TABLE 2

CITY OF WILMINGTON, NORTH CAROLINA

Changes in Net Assets

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

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Expenses						
Governmental activities:						
General government	\$ 11,535,385	\$ 13,908,704	\$ 13,797,417	\$ 15,587,565	\$ 14,379,647	\$ 16,843,180
Public safety	30,733,825	29,312,990	29,693,336	32,353,256	35,864,890	41,557,316
Transportation	10,077,678	8,755,214	7,173,171	7,353,292	13,754,139	8,479,949
Economic and physical development	5,003,942	4,148,984	4,092,091	3,688,117	4,481,644	4,322,396
Environmental protection	-	-	-	-	-	7,459
Cultural and recreational	4,517,154	5,035,661	5,481,105	5,884,529	5,976,218	4,660,956
Transit system	1,899,511	2,114,212	2,835,153	827,836	1,103,344	1,237,043
Hurricane disaster recovery	77,177	-	899,162	396,542	-	-
Interest and other charges	1,942,334	1,674,471	2,243,752	3,563,334	3,425,526	3,692,957
Total governmental activities expenses	<u>65,787,006</u>	<u>64,950,236</u>	<u>66,215,187</u>	<u>69,654,471</u>	<u>78,985,408</u>	<u>80,801,256</u>
Business-type activities:						
Water and sewer	22,326,700	22,110,902	22,296,851	24,423,115	28,480,953	28,340,892
Ground water utility	3,122,086	3,159,538	3,604,276	4,310,438	4,417,676	4,369,353
Solid waste management	6,402,933	6,536,515	6,761,069	6,818,100	8,129,899	7,386,926
Storm water management	4,979,104	5,042,432	5,292,644	5,523,127	4,570,924	4,924,043
Parking facilities	1,085,561	1,060,952	1,857,034	2,398,299	2,009,319	2,328,314
Golf	895,869	867,190	832,772	908,034	908,037	1,012,558
Total business-type activities expenses	<u>38,812,253</u>	<u>38,777,529</u>	<u>40,644,646</u>	<u>44,381,113</u>	<u>48,516,808</u>	<u>48,362,086</u>
Total primary government expenses	<u>\$ 104,599,259</u>	<u>\$ 103,727,765</u>	<u>\$ 106,859,833</u>	<u>\$ 114,035,584</u>	<u>\$ 127,502,216</u>	<u>\$ 129,163,342</u>
Program Revenues						
Governmental activities:						
Charges for services:						
General government	\$ 3,255,363	\$ 3,470,348	\$ 3,964,652	\$ 4,025,530	\$ 3,937,055	\$ 3,094,822
Public safety	432,996	426,862	430,717	675,317	976,645	1,027,819
Transportation	747,456	1,023,082	1,332,079	1,710,751	1,333,003	969,286

TABLE 2

CITY OF WILMINGTON, NORTH CAROLINA

Changes in Net Assets (Continued)

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

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Program Revenues (continued)						
Governmental activities (continued):						
Economic and physical development	\$ 43,424	\$ 56,377	\$ 124,976	\$ 158,145	\$ 31,831	\$ 36,660
Cultural and recreational	351,593	426,800	426,954	500,873	571,732	536,509
Operating grants and contributions	9,772,894	6,821,511	7,561,229	6,282,373	4,910,085	6,736,997
Capital grants and contributions	4,433,079	5,110,524	2,150,342	1,985,222	2,809,524	5,010,259
Total governmental activities program revenues	<u>19,036,805</u>	<u>17,335,504</u>	<u>15,990,949</u>	<u>15,338,211</u>	<u>14,569,875</u>	<u>17,412,352</u>
Business-type activities:						
Charges for services:						
Water and sewer	20,722,414	22,185,784	24,611,004	27,493,488	29,820,501	30,303,159
Ground water utility	3,584,541	3,994,315	3,956,352	4,393,099	4,824,661	5,005,979
Solid waste management	6,160,974	6,389,017	6,487,649	6,566,883	6,630,716	7,437,015
Storm water management	5,532,704	5,510,872	5,711,657	5,698,434	6,073,766	6,161,452
Parking facilities	1,471,820	1,476,052	1,664,599	1,866,433	1,820,003	2,408,489
Golf	812,842	821,951	772,099	946,886	1,063,172	1,192,758
Operating grants and contributions	3,083	40,000	-	162,349	90,412	-
Capital grants and contributions	2,067,532	3,920,708	3,911,415	2,779,844	5,126,467	3,523,179
Total business-type activities program revenues	<u>40,355,910</u>	<u>44,338,699</u>	<u>47,114,775</u>	<u>49,907,416</u>	<u>55,449,698</u>	<u>56,032,031</u>
Total primary government program revenues	<u>\$ 59,392,715</u>	<u>\$ 61,674,203</u>	<u>\$ 63,105,724</u>	<u>\$ 65,245,627</u>	<u>\$ 70,019,573</u>	<u>\$ 73,444,383</u>
Net (expense)/revenue						
Governmental activities	\$ (46,750,201)	\$ (47,614,732)	\$ (50,224,238)	\$ (54,316,260)	\$ (64,415,533)	\$ (63,388,904)
Business-type activities	<u>1,543,657</u>	<u>5,561,170</u>	<u>6,470,129</u>	<u>5,526,303</u>	<u>6,932,890</u>	<u>7,669,945</u>
Total primary government net expense	<u>\$ (45,206,544)</u>	<u>\$ (42,053,562)</u>	<u>\$ (43,754,109)</u>	<u>\$ (48,789,957)</u>	<u>\$ (57,482,643)</u>	<u>\$ (55,718,959)</u>

TABLE 2

CITY OF WILMINGTON, NORTH CAROLINA

Changes in Net Assets (Continued)

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

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Taxes:						
Ad valorem taxes	\$ 39,268,327	\$ 39,462,243	\$ 39,525,332	\$ 41,072,872	\$ 42,601,818	\$ 41,489,000
Room occupancy tax	151,062	-	3,551,896	1,758,422	1,849,385	1,926,903
Local option sales tax (1)	11,618,601	13,554,544	14,799,445	16,252,524	16,897,125	16,643,044
Franchise tax (1)	5,331,964	4,389,563	4,580,235	4,829,914	5,314,491	6,278,700
Video programming sales tax	-	-	-	-	594,024	1,381,040
Rental vehicle tax	129,349	145,573	161,076	170,860	169,451	158,599
Unrestricted grants and contributions	1,246,184	1,320,882	1,362,214	1,646,134	1,502,289	1,489,503
Investment earnings	814,004	681,664	1,392,501	3,173,990	4,428,359	2,672,323
Miscellaneous	416,590	201,522	308,740	444,088	515,283	704,191
Transfers to other funds	(725,463)	(339,787)	(316,727)	(791,073)	(622,325)	(481,597)
Total governmental activities	<u>58,250,618</u>	<u>59,416,204</u>	<u>65,364,712</u>	<u>68,557,731</u>	<u>73,249,900</u>	<u>72,261,706</u>
Business-type activities:						
Investment earnings	841,930	702,389	943,660	3,138,187	4,934,347	3,708,352
Miscellaneous	-	3,712	-	75,350	3,940	-
Transfers from other funds	<u>725,463</u>	<u>339,787</u>	<u>316,727</u>	<u>791,073</u>	<u>622,325</u>	<u>481,597</u>
Total business-type activities	<u>1,567,393</u>	<u>1,045,888</u>	<u>1,260,387</u>	<u>4,004,610</u>	<u>5,560,612</u>	<u>4,189,949</u>
Total primary government	<u>\$ 59,818,011</u>	<u>\$ 60,462,092</u>	<u>\$ 66,625,099</u>	<u>\$ 72,562,341</u>	<u>\$ 78,810,512</u>	<u>\$ 76,451,655</u>
Change in Net Assets						
Governmental activities	\$ 11,500,417	\$ 11,801,472	\$ 15,140,474	\$ 14,241,471	\$ 8,834,367	\$ 8,872,802
Business-type activities	<u>3,111,050</u>	<u>6,607,058</u>	<u>7,730,516</u>	<u>9,530,913</u>	<u>12,493,502</u>	<u>11,859,894</u>
Total primary government	<u>\$ 14,611,467</u>	<u>\$ 18,408,530</u>	<u>\$ 22,870,990</u>	<u>\$ 23,772,384</u>	<u>\$ 21,327,869</u>	<u>\$ 20,732,696</u>

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

(1) Local option sales tax and franchise tax are restated in fiscal year 2003 to reflect a change in the availability criteria for recording revenues from 60 to 90 days.

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CITY OF WILMINGTON, NORTH CAROLINA

Fund Balances of Governmental Funds

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

	Fiscal Year			
	1999	2000	2001	2002
General fund				
Reserved	\$ 6,554,701	\$ 6,668,009	\$ 7,570,930	\$ 5,299,935
Unreserved	<u>5,274,194</u>	<u>10,391,434</u>	<u>12,336,728</u>	<u>19,918,081</u>
Total general fund	<u>\$ 11,828,895</u>	<u>\$ 17,059,443</u>	<u>\$ 19,907,658</u>	<u>\$ 25,218,016</u>
All other governmental funds				
Reserved	\$ 22,337,936	\$ 20,796,389	\$ 25,206,203	\$ 27,983,750
Unreserved (deficit), reported in				
Capital projects funds	-	-	(2,164,847)	(1,361,361)
Special revenue funds	<u>(788,802)</u>	<u>(464,357)</u>	<u>(35,215)</u>	<u>926,644</u>
Total all other governmental funds	<u>\$ 21,549,134</u>	<u>\$ 20,332,032</u>	<u>\$ 23,006,141</u>	<u>\$ 27,549,033</u>

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

TABLE 3

Fiscal Year					
2003	2004	2005	2006	2007	2008
\$ 5,860,272	\$ 8,934,734	\$ 7,723,813	\$ 8,194,268	\$ 10,155,466	\$ 10,390,938
<u>24,246,657</u>	<u>23,203,322</u>	<u>21,197,032</u>	<u>18,465,163</u>	<u>19,660,893</u>	<u>16,979,687</u>
<u>\$ 30,106,929</u>	<u>\$ 32,138,056</u>	<u>\$ 28,920,845</u>	<u>\$ 26,659,431</u>	<u>\$ 29,816,359</u>	<u>\$ 27,370,625</u>
\$ 31,856,787	\$ 34,484,381	\$ 69,737,297	\$ 52,784,436	\$ 43,508,550	\$ 116,972,354
(629,452)	(6,909,264)	-	-	(2,010,637)	(10,297,903)
<u>(4,354,102)</u>	<u>(587,444)</u>	<u>1,907,435</u>	<u>2,487,853</u>	<u>(1,034,055)</u>	<u>(1,720,616)</u>
<u>\$ 26,873,233</u>	<u>\$ 26,987,673</u>	<u>\$ 71,644,732</u>	<u>\$ 55,272,289</u>	<u>\$ 40,463,858</u>	<u>\$ 104,953,835</u>

CITY OF WILMINGTON, NORTH CAROLINA

Changes in Fund Balances of Governmental Funds

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

	Fiscal Year			
	1999	2000	2001	2002
Revenues				
Taxes:				
Ad valorem taxes (1), (2), (3)	\$ 19,639,928	\$ 33,775,923	\$ 31,066,885	\$ 42,523,366
Room occupancy tax	219,487	204,009	221,047	218,933
Intangibles tax reimbursement	678,827	877,727	-	756,623
Local option sales tax (4)	7,995,638	9,198,584	10,708,827	9,990,162
Franchise tax (4)	2,639,622	3,520,485	3,786,227	2,248,006
Video programming sales tax	-	-	-	-
Rental vehicle tax	-	-	52,137	136,220
Unrestricted intergovernmental	1,797,177	1,899,439	2,030,400	1,716,092
Restricted intergovernmental	6,884,298	7,262,054	7,585,698	6,745,047
Licenses and permits	1,818,506	2,120,152	2,224,174	2,562,725
Sales and services	3,085,745	3,164,229	3,433,034	3,796,988
Fines and forfeits (5)	327,727	338,420	65,679	29,503
Investment earnings	1,595,112	1,513,176	2,116,081	960,061
Miscellaneous	727,479	1,108,918	620,740	2,064,910
Total revenues	<u>47,409,546</u>	<u>64,983,116</u>	<u>63,910,929</u>	<u>73,748,636</u>
Expenditures				
General government	16,435,630	18,075,883	13,710,720	14,438,217
Public safety	21,586,344	23,392,392	26,808,518	28,442,252
Transportation (6)	5,923,330	7,310,938	7,040,480	6,467,935
Economic and physical development	2,300,220	2,584,572	2,920,901	3,184,631
Environmental protection	-	-	-	-
Cultural and recreational	4,266,749	4,302,586	5,883,551	7,547,710
Transit system	1,125,812	1,254,552	1,557,066	1,903,497
Hurricane disaster recovery	648,342	1,961,623	1,000	-
Debt service (7)				
Principal retirement	2,410,637	3,915,101	3,961,215	4,544,691
Interest and other charges	1,988,777	1,936,701	1,861,410	2,054,331
Total expenditures	<u>56,685,841</u>	<u>64,734,348</u>	<u>63,744,861</u>	<u>68,583,264</u>
Excess of revenues over (under) expenditures	<u>(9,276,295)</u>	<u>248,768</u>	<u>166,068</u>	<u>5,165,372</u>

TABLE 4

Fiscal Year					
2003	2004	2005	2006	2007	2008
\$ 39,201,126	\$ 39,462,243	\$ 39,589,130	\$ 41,066,135	\$ 42,276,841	\$ 41,472,281
151,062	-	3,035,500	2,274,818	1,849,385	1,926,903
-	-	-	-	-	-
10,906,730	13,554,544	14,799,445	16,252,524	16,897,125	16,643,044
4,303,926	4,389,563	4,580,235	4,829,914	5,314,491	6,278,700
-	-	-	-	594,024	1,381,040
129,349	145,573	161,076	170,860	169,451	158,599
1,004,394	1,084,242	1,126,013	1,409,726	1,282,168	1,274,592
13,523,730	8,906,642	8,854,406	6,731,853	5,944,434	9,547,884
2,557,466	2,755,356	3,235,686	3,433,560	3,428,378	2,521,011
4,065,419	4,071,509	4,246,620	4,887,896	5,328,383	5,436,909
46,667	42,656	67,768	98,193	102,744	97,851
698,245	571,137	1,166,673	3,003,871	3,847,968	2,399,420
795,772	1,596,286	1,711,837	1,833,369	1,531,606	1,189,903
<u>77,383,886</u>	<u>76,579,751</u>	<u>82,574,389</u>	<u>85,992,719</u>	<u>88,566,998</u>	<u>90,328,137</u>
14,882,693	19,915,584	23,263,162	28,392,473	18,985,985	31,003,496
29,756,843	30,341,682	30,211,315	48,631,834	43,590,416	44,124,315
12,501,063	8,956,586	8,913,756	8,535,654	13,612,030	10,393,830
4,920,265	4,244,397	4,157,456	4,029,778	4,480,888	4,318,811
-	-	-	-	-	14,158
6,343,404	7,404,489	5,954,753	5,351,974	10,212,926	12,123,679
1,899,511	2,114,212	2,835,153	827,836	1,103,344	1,237,043
77,177	-	899,162	396,542	-	-
4,262,148	4,659,942	4,585,416	4,658,821	4,375,252	4,405,767
1,999,041	1,696,258	2,131,877	3,355,149	3,211,459	3,163,108
<u>76,642,145</u>	<u>79,333,150</u>	<u>82,952,050</u>	<u>104,180,061</u>	<u>99,572,300</u>	<u>110,784,207</u>
<u>741,741</u>	<u>(2,753,399)</u>	<u>(377,661)</u>	<u>(18,187,342)</u>	<u>(11,005,302)</u>	<u>(20,456,070)</u>

CITY OF WILMINGTON, NORTH CAROLINA

Changes in Fund Balances of Governmental Funds (Continued)

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

	Fiscal Year			
	1999	2000	2001	2002
Other financing sources (uses)				
Transfers from other funds	\$ 3,991,606	\$ 5,172,182	\$ 4,360,015	\$ 5,720,951
Transfers to other funds	(4,780,606)	(5,832,182)	(5,520,375)	(6,573,381)
Issuance of bonds	-	-	3,400,000	-
Issuance of installment obligations	-	4,425,000	-	-
Issuance of other long-term obligation	1,136,611	-	2,240,860	5,500,000
Premium on installment obligations	-	-	-	-
Discount on installment obligations	-	-	-	-
Payment to redeem outstanding bonds	-	-	-	-
Payment to redeem outstanding installment obligation	-	-	-	-
Payment to redeem outstanding other long-term obligations	-	-	-	-
Total other financing sources (uses)	<u>347,611</u>	<u>3,765,000</u>	<u>4,480,500</u>	<u>4,647,570</u>
Net change in fund balances	<u>\$ (8,928,684)</u>	<u>\$ 4,013,768</u>	<u>\$ 4,646,568</u>	<u>\$ 9,812,942</u>
 Debt service as a percentage of noncapital expenditures	 10.0%	 11.4%	 10.2%	 10.6%

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

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

TABLE 4

Fiscal Year					
2003	2004	2005	2006	2007	2008
\$ 3,068,509	\$ 6,905,283	\$ 18,633,309	\$ 19,534,201	\$ 14,226,412	\$ 17,209,961
(3,806,434)	(7,305,956)	(19,026,558)	(20,324,515)	(14,848,737)	(17,605,890)
-	10,351,989	-	-	-	-
4,237,811	-	47,365,000	-	-	62,495,000
-	-	1,184,184	273,803	1,093,500	20,417,545
-	-	2,258,494	-	-	-
-	-	-	-	-	(36,997)
-	(6,702,956)	-	-	-	-
-	-	(8,535,107)	-	-	-
-	-	-	-	(1,093,500)	-
<u>3,499,886</u>	<u>3,248,360</u>	<u>41,879,322</u>	<u>(516,511)</u>	<u>(622,325)</u>	<u>82,479,619</u>
<u>\$ 4,241,627</u>	<u>\$ 494,961</u>	<u>\$ 41,501,661</u>	<u>\$ (18,703,853)</u>	<u>\$ (11,627,627)</u>	<u>\$ 62,023,549</u>
8.9%	9.1%	9.4%	10.9%	9.6%	9.3%

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>
1999	2,307,941,747	612,527,640	99,801,402	3,020,270,789	0.650	100%
2000	5,200,161,853	1,046,503,494	145,551,520	6,392,216,867 ⁽¹⁾	0.470	100%
2001	5,337,095,765	1,119,464,898	145,371,646	6,601,932,309	0.470	100%
2002	6,682,783,632	1,307,522,169	155,487,381	8,145,793,182	0.470	100%
2003	6,845,437,902	1,316,772,835	151,502,588	8,313,713,325	0.470	100%
2004	6,994,374,825	1,198,554,241	143,646,286	8,336,575,352	0.470	100%
2005	7,159,369,535	1,233,951,171	149,194,323	8,542,515,029	0.460	100%
2006	7,421,238,230	1,333,505,244	150,444,028	8,905,187,502	0.460	100%
2007	7,682,889,110	1,411,828,677	101,833,749	9,196,551,536	0.460	100%
2008	12,002,372,073	1,491,937,992	149,180,498	13,643,490,563 ⁽¹⁾	0.300	100%

Source: New Hanover County Tax Office

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

TABLE 6

CITY OF WILMINGTON, NORTH CAROLINA

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

Last Ten Fiscal Years

<u>Fiscal Year Ended</u>	<u>City of Wilmington Direct Rates</u>	<u>New Hanover County Overlapping Rates</u>	<u>Total Direct & Overlapping Rates</u>
1999	\$ 0.650	\$ 0.665	\$ 1.315
2000	0.470	0.565	1.035
2001	0.470	0.610	1.080
2002	0.470	0.690	1.160
2003	0.470	0.690	1.160
2004	0.470	0.680	1.150
2005	0.460	0.680	1.140
2006	0.460	0.680	1.140
2007	0.460	0.685	1.145
2008	0.300	0.420	0.720

Source: New Hanover County Tax Office

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

TABLE 7

CITY OF WILMINGTON, NORTH CAROLINA

Top Ten Taxpayers

Current Year and Nine Years Ago

Taxpayer	2008			1999		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Corning Inc.	\$ 191,668,404	1	1.40 %	\$ 244,857,385	1	8.11 %
UDRT of North Carolina LLC	69,541,936	2	0.51	46,680,840	4	1.55
Carolina Power & Light Co.	62,380,909	3	0.46	54,824,126	3	1.82
PPD	51,980,897	4	0.38	-		-
Independence Shoppingtown	48,459,567	5	0.36	27,860,332	5	0.92
BellSouth Tel Co.	48,230,910	6	0.35	60,271,344	2	2.00
Mayfaire Retail LLC	34,056,304	7	0.25	-		-
Piedmont Natural Gas Co. Inc.	23,591,601	8	0.17	-		-
AAI	19,167,298	9	0.14	-		-
Verizon	17,577,864	10	0.13	-		-
Developers Diversified Realty	-		-	23,702,669	6	0.78
The American Crane Co.	-		-	17,461,412	7	0.58
North Carolina Natural Gas	-		-	16,595,892	8	0.55
Federal Paper Board	-		-	15,838,703	9	0.52
Net Realty Holding Trust	-		-	12,729,238	10	0.42
	<u>\$ 566,655,690</u>		<u>4.15 %</u>	<u>\$ 520,821,941</u>		<u>17.24 %</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
1999	\$ 19,602,792	\$ 19,121,615	97.55 %	416,190	\$ 19,537,805	99.67 %
2000	34,043,367	33,258,083	97.69	719,393	33,977,476	99.81
2001	31,085,675	30,367,985	97.69	651,367	31,019,352	99.79
2002	42,566,296	41,663,142	97.88	815,235	42,478,377	99.79
2003	39,230,731	38,241,979	97.48	858,511	39,100,490	99.67
2004	39,330,888	38,520,774	97.94	633,182	39,153,956	99.55
2005	39,393,630	38,704,342	98.25	563,277	39,267,619	99.68
2006	41,015,008	40,344,559	98.37	534,151	40,878,710	99.67
2007	42,368,273	41,565,365	98.10	549,003	42,114,368	99.40
2008	41,416,471	40,641,812	98.13	-	40,641,812	98.13

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			
1999	\$ 22,713,049	\$ 9,995,000	\$ 4,859,054	\$ 49,521,951	\$ 7,380,435	\$ -	\$ 6,385,583	\$ 100,855,072	5.01%	\$ 1,334
2000	20,338,584	13,885,000	3,853,417	46,731,416	22,761,794	22,550,000	4,566,900	134,687,111	6.18%	1,765
2001	21,400,297	13,310,000	5,046,349	43,959,703	22,000,714	22,030,000	2,851,149	130,598,212	4.95%	1,435
2002	18,969,229	12,710,000	9,032,849	43,180,771	21,202,561	21,490,000	2,316,319	128,901,729	4.92%	1,410
2003	16,644,492	16,322,811	7,719,888	40,130,508	20,247,335	30,157,190	1,769,997	132,992,221	4.94%	1,435
2004	17,819,954	15,457,810	6,521,800	36,920,046	19,351,017	29,567,190	1,223,367	126,861,184	4.45%	1,356
2005	15,251,701	61,197,259	7,468,017	33,598,299	18,418,416	30,250,758	775,363	166,959,813	5.93%	1,763
2006	12,962,155	52,500,673	12,398,500	30,422,845	70,404,118	29,639,327	1,419,811	209,747,429	6.98%	2,159
2007	10,819,973	50,907,104	12,915,737	27,245,027	69,357,690	28,437,896	1,037,576	200,721,003	N/A	2,037
2008	8,569,853	111,728,535	36,706,193	21,085,147	81,103,686	27,211,465	640,586	287,045,465	N/A	2,849

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

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

TABLE 10**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)
1999	\$ 22,713,049	0.75 %	\$ 300
2000	20,338,584	0.32	267
2001	21,400,297	0.32	235
2002	18,969,229	0.23	207
2003	16,644,492	0.20	180
2004	17,819,954	0.21	191
2005	15,251,701	0.18	161
2006	12,962,155	0.15	133
2007	10,819,973	0.12	110
2008	8,569,853	0.06	85

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

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

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

TABLE 11

CITY OF WILMINGTON, NORTH CAROLINA

Direct and Overlapping Governmental Activities Debt

As of June 30, 2008

<u>Jurisdiction</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with property taxes:			
New Hanover County	\$ 343,081,323	41.69 %	\$ 143,030,604
City of Wilmington direct debt			<u>157,004,581</u>
Total direct and overlapping debt			<u>\$ 300,035,185</u>

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

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

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the City's boundaries and dividing it by the county's total assessed value.

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CITY OF WILMINGTON, NORTH CAROLINA

Legal Debt Margin Information

Last Ten Fiscal Years

	Fiscal Year			
	1999	2000	2001	2002
Debt limit	\$ 241,621,663	\$ 511,377,349	\$ 528,154,585	\$ 651,663,455
Total net debt applicable to debt limit	<u>36,373,325</u>	<u>33,041,899</u>	<u>33,156,421</u>	<u>75,336,640</u>
Legal debt margin	<u>\$ 205,248,338</u>	<u>\$ 478,335,450</u>	<u>\$ 494,998,164</u>	<u>\$ 576,326,815</u>
Total net debt applicable to the debt limit as a percentage of the debt limit	15.05%	6.46%	6.28%	11.56%

Legal Debt Margin Calculation for Fiscal Year 2008

Total assessed valuation at June 30, 2008	<u>\$ 13,643,490,563</u>
Debt limit: 8% of total assessed value	\$ 1,091,479,245
Amount of debt applicable to debt limit:	
General obligation bonds	\$ 29,655,000
Authorized but unissued general obligation bonds	14,000,000
Other debt (excluding revenue bonds)	<u>176,286,779</u>
Gross debt	219,941,779
Less deductions allowed by law:	
Water and sewer general obligation bonds	21,085,147
Authorized but unissued general obligation bonds	<u>14,000,000</u>
Less deductions allowed by law:	<u>35,085,147</u>
Total net debt applicable to debt limit	<u>184,856,632</u>
Legal debt margin	<u>\$ 906,622,613</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.

TABLE 12

Fiscal Year					
<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 665,097,066	\$ 666,926,028	\$ 683,401,202	\$ 712,415,000	\$ 735,724,123	\$1,091,479,245
<u>82,407,456</u>	<u>79,151,927</u>	<u>114,698,689</u>	<u>114,885,464</u>	<u>107,225,070</u>	<u>184,856,632</u>
<u>\$ 582,689,610</u>	<u>\$ 587,774,101</u>	<u>\$ 568,702,513</u>	<u>\$ 597,529,536</u>	<u>\$ 628,499,053</u>	<u>\$ 906,622,613</u>
12.39%	11.87%	16.78%	16.13%	14.57%	16.94%

TABLE 13

CITY OF WILMINGTON, NORTH CAROLINA

Pledged-Revenue Coverage

Last Ten Fiscal Years

Fiscal Year Ended June 30	Gross Revenues ⁽¹⁾	Less Operating Expenses ⁽²⁾	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
<u>Water & Sewer Revenue Bonds</u>						
1999	\$ 22,522,691	\$ 11,136,642	\$ 11,386,049	\$ 119,565	\$ 175,232	38.62
2000	23,959,960	12,048,462	11,911,498	233,641	900,037	10.51
2001	24,463,313	13,233,769	11,229,544	798,153	1,124,392	5.84
2002	24,278,286	14,179,338	10,098,948	835,819	1,087,426	5.25
2003	23,133,639	14,914,206	8,219,433	896,318	968,667	4.41
2004	24,729,940	15,045,413	9,684,527	932,601	930,834	5.20
2005	27,238,656	15,378,908	11,859,748	974,299	890,231	6.36
2006	32,412,202	16,747,410	15,664,792	1,046,428	3,294,869	3.61
2007	36,198,295	20,585,363	15,612,932	2,149,004	3,248,318	2.89
2008	35,864,335	21,124,834	14,739,501	2,232,053	3,165,873	2.73
<u>Storm Water Revenue Bonds ⁽³⁾</u>						
2008	6,734,019	4,372,127	2,361,892	405,000	646,869	2.25

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

⁽¹⁾ Gross revenues include all fees (including impact 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.

TABLE 14

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)
1999	75,629 (6)	\$ 2,013,849	\$ 26,628	36.0	20,936	3.4 %
2000	76,307	2,179,252	28,559	36.3	21,792	3.9
2001	90,981 (7)	2,639,632	29,013	36.5	21,430	4.5
2002	91,441	2,619,785	28,650	36.6	21,854	6.6
2003	92,668	2,691,264	29,042	36.7	21,639	6.0
2004	93,524	2,849,302	30,466	36.9	22,140	3.6
2005	94,718	2,817,103	29,742	37.1	23,208	4.5
2006	97,135	3,003,220	30,918	37.3	24,097	3.5
2007	98,529	N/A	N/A	37.6	24,232	3.9
2008	100,746	N/A	N/A	37.6	24,057	5.5

Sources and notes:

- (1) City of Wilmington Planning Department.
- (2) Department of Revenue, State of North Carolina.
- (3) North Carolina State Demographics, Median age statistics are for New Hanover County as a whole, which includes the City of Wilmington.
- (4) Figures are provided by the New Hanover County Public Schools which includes the City of Wilmington (City's 2008 population estimated at 100,746 out of 194,558 total County population).
- (5) North Carolina Employment Security Commission.
- (6) Includes increase attributable to annexation effective in 1999.
- (7) Includes increase attributable to annexation effective in 2000.

TABLE 15

CITY OF WILMINGTON, NORTH CAROLINA

Principal Employers

Current Year and Nine Years Ago

Employer	2008			1999		
	Employees	Rank	Percentage of Total County Employment (1)	Employees	Rank	Percentage of Total County Employment (1)
New Hanover Health Network*	4,380	1	4.00%	3,425	1	5.00%
University of North Carolina (Wilmington)*	2,250	2	2.05%	1,085	6	1.58%
New Hanover County**	1,865	3	1.70%	1,240	5	1.81%
New Hanover County Schools**	1,840	4	1.68%	2,700	2	3.94%
Pharmaceutical Products Development*	1,420	5	1.30%	-	-	-
General Electric Nuclear Fuel/Aircraft***	1,260	6	1.15%	2,200	3	3.21%
Verizon Wireless*	1,240	7	1.13%	-	-	-
Mundy Maintenance Services and Operations**	1,210	8	1.10%	-	-	-
City of Wilmington*	1,175	9	1.07%	801	8	1.17%
Wal-mart**	1,065	10	0.97%	620	10	0.91%
Corning, Inc.***	-	-	-	1,500	4	2.19%
United States Government*	-	-	-	936	7	1.37%
Applied Analytical Industries, Inc.*	-	-	-	740	9	1.08%
Total	17,705		16.16%	15,247		22.27%

Source: North Carolina Employment Security Commission

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									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government	146	144	156	161	154	158	155	161	168	173
Public Safety										
Police										
Policeman and officers	210	250	249	247	246	251	251	253	254	262
Civilians	25	32	36	38	41	44	43	43	48	58
Fire										
Firemen and officers	177	179	203	209	209	210	210	210	212	216
Civilians	6	6	6	6	6	7	7	7	8	8
Code enforcement	6	7	7	8	8	8	9	11	11	11
Transportation	42	50	57	59	60	61	61	61	62	62
Economic and Physical Development	10	10	11	11	13	13	12	13	13	13
Cultural and Recreational	46	60	66	66	70	73	73	74	79	82
Solid Waste	37	39	54	55	55	55	59	87	91	93
Water and Sewer	135	130	151	156	156	157	157	159	178	183
Groundwater Utility	-	18	18	18	18	18	18	18	7	7
Storm Water Management	44	45	56	57	57	57	58	58	59	59
Parking Facilities	-	-	-	-	-	1	1	1	1	1
Golf Course	10	10	10	10	9	9	9	9	9	9
Total	894	980	1,080	1,101	1,102	1,122	1,123	1,165	1,200	1,237

Source: City Budget Office.

TABLE 17

CITY OF WILMINGTON, NORTH CAROLINA

Operating Indicators by Function

Last Ten Fiscal Years

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Police										
Calls dispatched	N/A	N/A	139,383	144,934	148,547	173,768	154,959	179,088	173,235	179,803
Part I crimes	8,667	8,554	8,243	9,208	8,970	8,361	7,966	8,363	7,410	7,426
Fire										
Actual fires	N/A	610	637	640	556	561	568	583	597	482
Fire department responses	5,294	5,113	5,914	8,138	7,969	8,417	9,567	10,364	9,807	9,536
Fire inspections completed	2,874	5,418	4,731	2,926	3,429	4,957	5,115	4,925	6,791	4,455
Streets Maintenance										
Miles of streets resurfaced	7	4	0	1	10	7	5	3	6	8
Solid Waste										
Tons of residential refuse	26,705	25,082	29,023	31,794	32,156	27,777	29,808	29,986	28,552	27,124
Tons of recyclables	2,496	2,366	2,547	3,200	3,429	4,302	4,831	4,526	4,454	4,818
Water										
Number of consumers	24,100	36,800	37,440	37,440	41,891	43,160	44,715	46,252	47,171	47,776
Average daily consumptions (gallons)	11,180,070	15,400,000	18,220,000	18,220,000	17,978,000	16,752,000	15,050,000	16,140,000	15,386,083	14,680,000
Sewer										
Number of consumers	N/A	N/A	22,640	22,860	22,880	23,580	24,040	24,750	24,890	25,376
Average million gallons treated per day	14	18	14	14	15	15	16	16	17	17
Golf Course										
Total number of regular rounds	44,051	N/A	55,782	54,750	52,550	51,458	N/A	55,460	55,000	54,000

Source: Various City departments.

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		
	1999	2000	2001
Police			
Stations / facilities	3	3	4
Patrol units	N/A	153	175
Fire			
Fire stations	5	9	9
Transportation			
Streets (miles)	295	304	303
Streetlights	6,817	7,421	7,789
Cultural and Recreational			
Parks	N/A	N/A	41
Parks acreage	N/A	N/A	459
Recreation centers	8	9	9
Solid Waste			
Collection trucks	25	30	30
Water			
Water mains (miles)	709	712	716
Maximum daily capacity (million gallons)	25	25	25
Sewer			
Sanitary sewers (miles)	392	393	393
Sewer plants	2	2	2
Maximum daily capacity (million gallons)	20	20	20
Storm Water			
Storm sewers (miles)	400	400	400
Number of customers	N/A	N/A	N/A
ERUs	N/A	N/A	N/A
Parking			
Parking Decks	2	1	1
Fleet			
Vehicles (excluding patrol units)	N/A	330	352

Source: Various City departments.

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

TABLE 18

Fiscal Year						
2002	2003	2004	2005	2006	2007	2008
4	4	3	2	2	2	2
181	186	186	192	239	316	295
9	9	9	9	9	10	10
365	375	381	382	383	383	385
8,290	8,699	8,738	9,252	9,226	9,248	9,353
41	41	42	43	44	45	52
459	459	517	563	602	695	717
9	9	9	9	9	9	9
33	36	37	42	56	65	53
736	745	765	780	785	785	785
25	25	25	27.5	27.5	27.5	27.5
393	393	394	395	395	395	395
2	2	2	2	2	2	2
20	20	20	20	20	20	20
400	400	400	400	400	400	400
N/A	N/A	N/A	N/A	N/A	29,764	32,403
N/A	78,622	76,148	75,926	80,126	80,298	85,019
1	1	1	2	2	2	2
359	357	367	368	387	410	370

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SINGLE AUDIT SECTION TAB (FRONT)

SINGLE AUDIT SECTION TAB (BACK)



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

**Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the City Council
City of Wilmington, North Carolina

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregated remaining fund information of the City of Wilmington, North Carolina as of and for the year ended June 30, 2008, which collectively comprises the City of Wilmington, North Carolina's basic financial statements, and have issued our report thereon dated December 18, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Wilmington, North Carolina's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City of Wilmington, North Carolina, in a separate letter dated December 18, 2008.

This report is intended solely for the information and use of management, others within the organization, members of City Council, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Lanier, Whaley, Craft & Co.

Wilmington, North Carolina
December 18, 2008



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

**Report on Compliance with Requirements Applicable to Each Major
Federal Program and Internal Control Over Compliance in
Accordance with OMB Circular A-133 and the
State Single Audit Implementation Act**

To the City Council
City of Wilmington, North Carolina

Compliance

We have audited the compliance of the City of Wilmington, North Carolina, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to its major federal program for the year ended June 30, 2008. The City of Wilmington, North Carolina's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City of Wilmington, North Carolina's management. Our responsibility is to express an opinion on the City of Wilmington, North Carolina's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Wilmington, North Carolina's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Wilmington, North Carolina's compliance with those requirements.

In our opinion, the City of Wilmington, North Carolina complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2008.

Internal Control Over Compliance

The management of the City of Wilmington, North Carolina is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Wilmington, North Carolina's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the City's internal control.

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

This report is intended solely for the information and use of management, others within the organization, members of City Council, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Lanier, Whaley, Craft & Co.

Wilmington, North Carolina
December 18, 2008



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

**Report on Compliance with Requirements Applicable to Each Major State
Program and Internal Control Over Compliance in Accordance with
Applicable Sections of OMB Circular A-133 and the
State Single Audit Implementation Act**

To the City Council
City of Wilmington, North Carolina

Compliance

We have audited the compliance of the City of Wilmington, North Carolina, with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major State programs for the year ended June 30, 2008. The City of Wilmington, North Carolina's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of the City of Wilmington, North Carolina's management. Our responsibility is to express an opinion on the City of Wilmington, North Carolina's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of OMB Circular A-133, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the City of Wilmington, North Carolina's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Wilmington, North Carolina's compliance with those requirements.

In our opinion, the City of Wilmington, North Carolina complied, in all material respects, with the requirements referred to above that are applicable to each of its major State programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of the City of Wilmington, North Carolina is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered the City of Wilmington, North Carolina's internal control over compliance with requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a State program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to administer a State program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a State program that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a State program will not be prevented or detected by the City's internal control.

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

This report is intended solely for the information and use of management, others within the organization, members of City Council, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Lanier, Whaley, Craft & Co.

Wilmington, North Carolina
December 18, 2008

CITY OF WILMINGTON, NORTH CAROLINA

Schedule of Findings and Questioned Costs

Year Ended June 30, 2008

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified		
Internal control over financial reporting:			
* Material weakness(es) identified?	_____ yes	<u> x </u> no	
* Significant Deficiency(s) identified that are not considered to be material weaknesses?	_____ yes	<u> x </u> none reported	
Noncompliance material to financial statements noted	_____ yes	<u> x </u> no	

Federal Awards

Internal control over major federal programs:			
* Material weakness(es) identified?	_____ yes	<u> x </u> no	
* Significant Deficiency(s) identified that are not considered to be material weaknesses?	_____ yes	<u> x </u> none reported	
Type of auditor's report issued on compliance for major federal programs:	Unqualified		
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133	_____ yes	<u> x </u> no	

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grants

CITY OF WILMINGTON, NORTH CAROLINA

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2008

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

Federal Awards (Continued)

Dollar threshold used to distinguish
between Type A and Type B Programs \$ 300,000

Auditee qualified as low-risk auditee? x yes no

State Awards

Internal control over major State programs:

* Material weakness(es) identified? yes x no

* Significant Deficiency(s) identified that are
not considered to be material weaknesses? yes x none reported

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

Any audit findings disclosed that are required to be
reported in accordance with the State Single
Audit Implementation Act yes x no

Identification of major State programs:

Program Name
Powell Bill
Clean Water Management Trust Fund

CITY OF WILMINGTON, NORTH CAROLINA

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2008

Section II - Financial Statement Findings

None reported

Section III - Federal Award Findings and Questioned Costs

None reported

Section IV - State Award Findings and Questioned Costs

None reported

CITY OF WILMINGTON, NORTH CAROLINA

Corrective Action Plan

Year Ended June 30, 2008

Section II - Financial Statement Findings

None reported

Section III - Federal Award Findings and Questioned Costs

None reported

Section IV - State Award Findings and Questioned Costs

None reported

CITY OF WILMINGTON, NORTH CAROLINA

Summary Schedule of Prior Year Audit Findings

Year Ended June 30, 2008

Section II - Financial Statement Findings

None reported

Section III - Federal Award Findings and Questioned Costs

None reported

Section IV - State Award Findings and Questioned Costs

None reported

CITY OF WILMINGTON, NORTH CAROLINA

Schedule of Expenditures of Federal and State Awards

Year Ended June 30, 2008

Grantor/Passthrough Grantor/Program Title	Federal CFDA or State DOT Number	Grant Award Number	WBS Number	Expenditures		
				Federal	State	Local
Federal Awards:						
<u>U.S. Department of Housing and Urban Development</u>						
Direct Program:						
Community Development Block Grants	14.218	B-00-MC-370010	-	\$ 11,493	\$ -	\$ -
Community Development Block Grants	14.218	B-03-MC-370010	-	13,290	-	-
Community Development Block Grants	14.218	B-05-MC-370010	-	188,312	-	-
Community Development Block Grants	14.218	B-06-MC-370010	-	20,898	-	-
Community Development Block Grants	14.218	B-07-MC-370010	-	655,917	-	2,500
Home Investment Partnerships Program	14.239	M-01-MC-37-0207	-	997	-	-
Home Investment Partnerships Program	14.239	M-03-MC-37-0207	-	60,636	-	-
Home Investment Partnerships Program	14.239	M-04-MC-37-0207	-	210,601	-	-
Home Investment Partnerships Program	14.239	M-05-MC-37-0207	-	182,659	-	-
Home Investment Partnerships Program	14.239	M-06-MC-37-0207	-	463,692	-	-
Total U.S. Department of Housing and Urban Development				<u>1,808,495</u>	<u>-</u>	<u>2,500</u>
<u>U.S. Department of Transportation</u>						
Direct Program:						
Urbanized Area Formula Program	20.507	NC-90-X356	-	73,715	-	18,430

See Notes to Schedule of Expenditures
of Federal and State Awards

CITY OF WILMINGTON, NORTH CAROLINA

Schedule of Expenditures of Federal and State Awards (Continued)

Year Ended June 30, 2008

Grantor/Passthrough Grantor/Program Title	Federal CFDA or State DOT Number	Grant Award Number	WBS Number	Expenditures		
				Federal	State	Local
Federal Awards (continued):						
<u>U.S. Department of Transportation (continued)</u>						
Passthrough N.C. Department of Transportation:						
Transportation Planning	20.205	-	39225.1.16	\$ 357,000	\$ -	\$ 89,250
Transportation Planning	20.505	08-08-116	36230.27.7.6	55,168	6,896	6,896
Governor's Highway Safety Program Enhancement Agreement	20.605	QN-07-17-01-23	41432.3.24	58,083	-	19,361
Enhancement Agreement	20.205	E-4516	34041.2.1	198,267	-	49,567
Enhancement Agreement	20.205	E-4749	36423.1.1	747	-	187
Enhancement Agreement	20.205	E-2973C	30546	38,837	-	1,405
Total U.S. Department of Transportation				<u>781,817</u>	<u>6,896</u>	<u>185,096</u>
<u>U.S. Department of Homeland Security</u>						
Direct Program:						
Operations and Safety	97.044	EMW-2006-FG-07505	-	200,000	-	50,000
Fire Prevention	97.044	EMW-2006-FP-01430	-	54,767	-	13,692
Assistance to Firefighters	97.044	EMW-2004-FG-12146	-	17,511	-	275,467
Passthrough N.C. Department of Crime Control and Public Safety:						
RRT 2 - Wilmington	97.067	2006-GE-T6-0010	-	<u>117,648</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Homeland Security				<u>389,926</u>	<u>-</u>	<u>339,159</u>

See Notes to Schedule of Expenditures
of Federal and State Awards

CITY OF WILMINGTON, NORTH CAROLINA

Schedule of Expenditures of Federal and State Awards (Continued)

Year Ended June 30, 2008

Grantor/Passthrough Grantor/Program Title	Federal CFDA or State DOT Number	Grant Award Number	WBS Number	Expenditures		
				Federal	State	Local
Federal Awards (continued):						
<u>U.S. Department of Justice</u>						
Direct Program:						
Bulletproof Vest Partnership	16.607	2006BUBX06136042	-	\$ 5,600	\$ -	\$ 5,600
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2005-DJ-BX-0535	-	2,059	-	469
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2007-DJ-BX-1216	-	115,502	-	-
Edward Byrne Memorial Justice Assistance Grant Program	16.580	2007-DD-BX-0632	-	22,170	-	5,543
Passthrough N.C. Department of Crime Control and Public Safety:						
Building Futures	16.523	065-1-06-011-AK-713	-	98,269	-	32,756
PSN: Reentry Case Manager	16.609	065-1-07-001-BI-228	-	28,494	-	-
Total U.S. Department of Justice				<u>272,094</u>	<u>-</u>	<u>44,368</u>
Total Federal Awards				<u>3,252,332</u>	<u>6,896</u>	<u>571,123</u>
State Awards:						
<u>N.C. Rural Economic Development Center</u>						
E-NC Authority	-	2008-105-80315-102	-	<u>-</u>	<u>25,000</u>	<u>27,472</u>

See Notes to Schedule of Expenditures
of Federal and State Awards

CITY OF WILMINGTON, NORTH CAROLINA

Schedule of Expenditures of Federal and State Awards (Continued)

Year Ended June 30, 2008

Grantor/Passthrough Grantor/Program Title	Federal CFDA or State DOT Number	Grant Award Number	WBS Number	Expenditures		
				Federal	State	Local
State Awards (continued):						
<u>N.C. Department of Transportation</u>						
Powell Bill Funds	DOT - 4	-	32570	\$ -	\$ 3,165,559	\$ 72,073
Rideshare program	DOT - 11	07-RS-008	36225.7.4.1	-	(52,672)	52,672
Rideshare program	DOT - 11	06-RS-008	36225.7.3.1	-	(24,443)	24,443
Municipal Agreement	-	05-OP-001	41376	-	43,892	-
Municipal Agreement	-	-	37309.1.1	-	11,670	7,780
Total N.C. Department of Transportation				-	3,144,006	156,968
<u>N.C. Department of Environment and Natural Resources</u>						
Division of Pollution Prevention	-	729	-	-	10,618	3,539
Hewlett's Creek Storm Water Agreement	-	2004B-707	-	-	353,683	177,202
Total N.C. Department of Environment and Natural Resources				-	364,301	180,741
<u>N.C. Department of Cultural Resources</u>						
Historic Preservation	-	-	-	-	6,000	-
Total State Awards				-	3,539,307	365,181
Total Federal and State Awards				\$ 3,252,332	\$ 3,546,203	\$ 936,304

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, 2008

NOTE 1 - GENERAL

The accompanying Schedule of Expenditures of Federal and State Awards represents the activity of all federal and State awards to the City of Wilmington, North Carolina. The City's reporting entity is defined in Note 1 to the City's basic financial statements. Expenditures are reported on the schedule only at such time as there is an approved award and as activity occurs that obligates the City to make a payment, not when the award has been received. As a result, certain expenditures incurred in a prior year may be reported for the first time in the current year or as a reimbursement of expenditures reported in a prior year. All federal and state awards, received directly or indirectly (passthrough) from federal and state agencies, are included on the schedule.

NOTE 2 - BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal and state awards has been prepared on the modified accrual basis, which is described in Note 1 of the City's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, amounts presented in this schedule will frequently differ from amounts presented in, or used in the preparation of the financial statements.

NOTE 3 - FEDERAL PROGRAM MONIES USED TO MAKE LOANS

The following schedule reflects the activity in the Federal loan programs.

	CFDA Number	Outstanding June 30, 2007	Loaned or Assigned	Collected or Forgiven	Outstanding June 30, 2008
<u>U.S. Department of Housing and</u>					
<u>Urban Development</u>					
Direct Program:					
Community Development					
Block Grants	14.218	\$ 5,245,906	\$ 436,652	\$ 454,374	\$ 5,228,184
Home Investment Partnership	14.239	3,792,522	979,027	217,705	4,553,844
Rental Rehabilitation	N.A.	94,094	-	9,413	84,681
Urban Development Action Grant	N.A.	36,770	-	9,250	27,520