

Comprehensive Annual  
**FINANCIAL REPORT**  
City of Wilmington North Carolina  
For the Fiscal Year Ended June 30, 2015





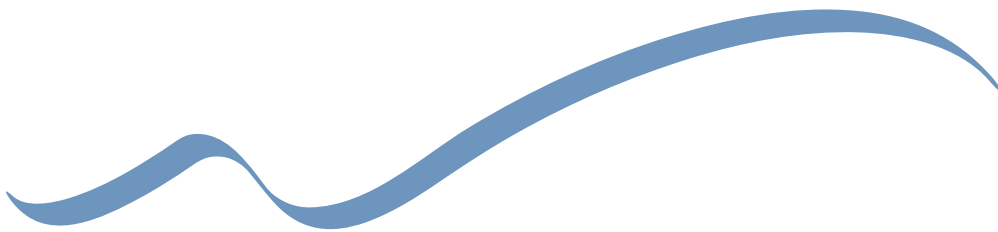
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City of Wilmington North Carolina

# Comprehensive Annual FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2015



Prepared by the Finance Department



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



**INTRODUCTORY SECTION TAB (FRONT)**

**INTRODUCTORY SECTION TAB (BACK)**



# CITY OF WILMINGTON, NORTH CAROLINA

## Comprehensive Annual Financial Report

Year Ended June 30, 2015

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**City Council**

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

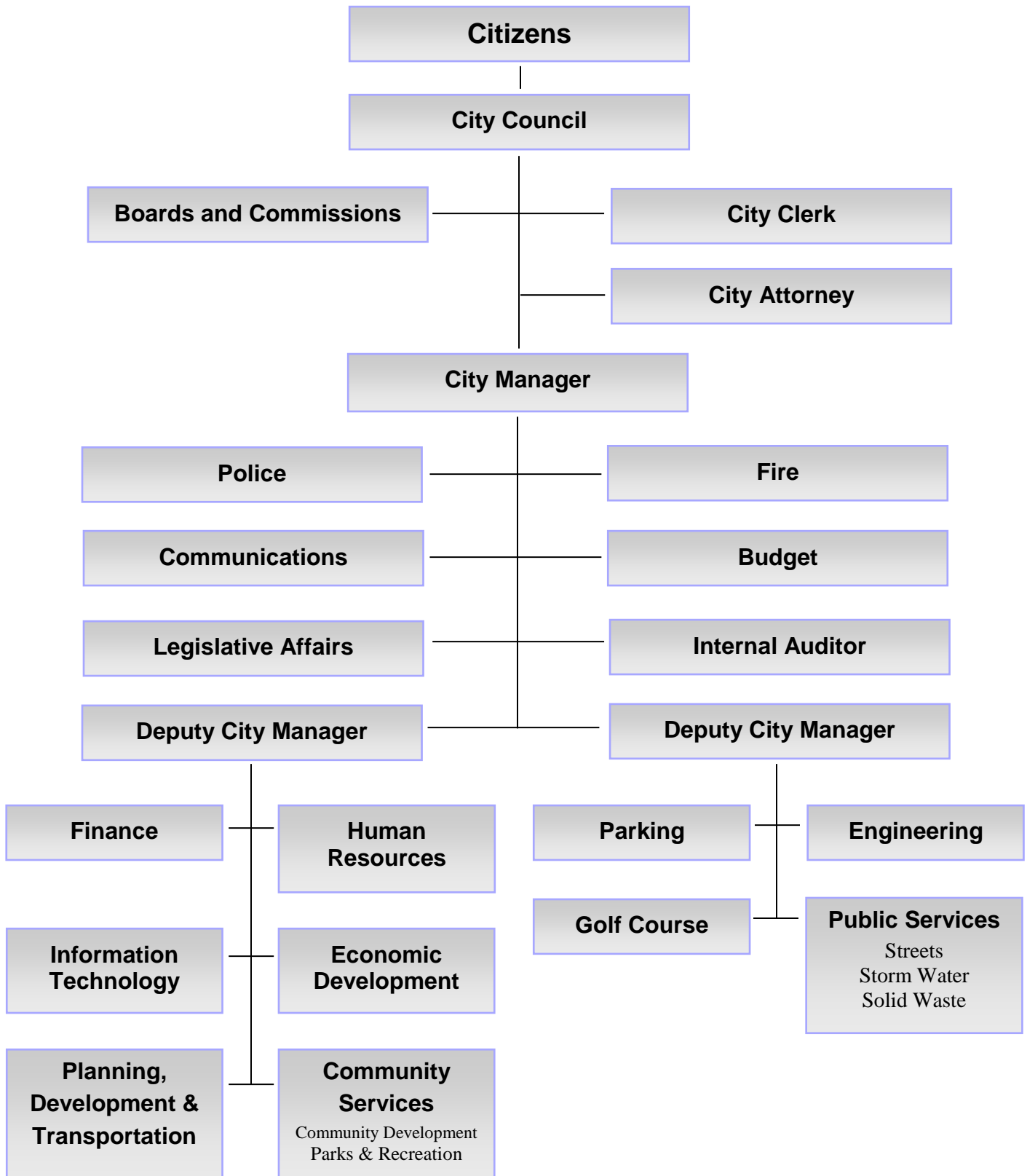
**City Manager**

Sterling B. Cheatham

**Finance Director**

Debra H. Mack





December 23, 2015



## **TO THE HONORABLE MAYOR, MEMBERS OF THE CITY COUNCIL AND CITIZENS OF THE CITY OF WILMINGTON, NORTH CAROLINA**

It is our pleasure to submit the Comprehensive Annual Financial Report of the City of Wilmington, North Carolina for the fiscal year ended June 30, 2015. State law requires that all general-purpose local governments annually publish a complete set of financial statements. The financial statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This report complies with these requirements.

The Comprehensive Annual Financial Report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect City assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of the internal controls should not outweigh their benefits, the City's comprehensive framework on internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by McGladrey LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2015 are free of material misstatement. The independent auditor concluded, based upon the audit that the City's financial statements for the fiscal year ended June 30, 2015 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federal and state mandated "Single Audit" designed to meet the special needs of grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the City's compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal and state programs. These auditor reports are available in the Single Audit section of this report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction. The City's MD&A can be found immediately following the report of the independent auditors.

## PROFILE OF THE CITY OF WILMINGTON



Wilmington, incorporated in 1739, is located approximately at the midpoint of the eastern seaboard of the United States, in the southeastern coastal section of North Carolina. The City is an active business, service and industrial center for the surrounding five-county area with a population of more than 484,000 people area-wide. Numerous State and Federal agencies have regional offices in the area and the City serves as the financial, medical, legal, communications and transportation center for the southeastern part of the State. With a land area of approximately 52.9 square miles, the City is on the Cape Fear River approximately 30 miles from the Atlantic Ocean, the County seat of New Hanover County and home to the State's largest port. The City has a population of 113,910 people, making it the eighth largest city in North Carolina.

The City has a Council-Manager form of government. The Council is comprised of the Mayor and six Council members. The Mayor is elected at large every two years and the Council members are elected at large every four



years with staggered terms. The Council is the legislative body of city government with the Mayor as a voting member and the presiding officer. The city manager is appointed by the Council and administers the daily operations of the City through appointed department heads.

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

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

The Annual Budget serves as the foundation of the City's financial planning and control. The City's strategic plan is revised as needed and priorities for the upcoming budget process are identified. The Council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than June 30, the close of the fiscal year. The annual budget is prepared at a functional level (e.g. public safety) for all annually budgeted funds and certain multi-year funds. Department heads may make transfers of appropriations within a department. Transfers of appropriations between functions (e.g. public safety to transportation), however, require the special approval of the City Council. Budget-to-actual comparisons are provided in this report for each

individual governmental fund and enterprise fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented as part of the basic financial statements for the governmental funds. For enterprise funds with appropriated annual budgets, this comparison is presented in the enterprise funds subsection of this report. Also included are budget-to-actual comparisons for each governmental fund and enterprise fund for which a project-length budget has been adopted (i.e., special revenue funds and capital projects funds).

## ECONOMIC CONDITIONS AND OUTLOOK

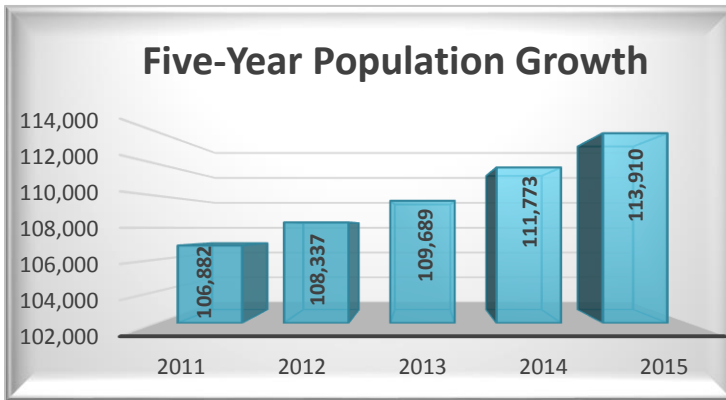
The City serves as the economic, cultural, and services hub for southeastern North Carolina. The historic attractions, mild climate, water related activities, and business opportunities have made the region one of the fastest growing areas of the nation. The Milken Institute/Greenstreet Real Estate Partners Best Performing Cities Index for 2014 ranks the Wilmington MSA 104<sup>th</sup> in the US and 4<sup>th</sup> in North Carolina in the largest metropolitan areas category for its ability to create and sustain jobs. Forbes magazine's 17<sup>th</sup> annual ranking of Best Places for Business and Careers ranked Wilmington 35<sup>th</sup> out of the 200 largest metropolitan areas in the US, and 17<sup>th</sup> for the Cost of Doing Business.

Wilmington earned the title of "Best American Riverfront" in USA TODAY's "10 Best" contest for the Nation's Best Riverwalk in 2014. WalletHub's 2015 Cities with the Fastest Growing Economies ranked Wilmington at 131 out of 515 cities and 67<sup>th</sup> for mid-size cities out of 240. In 2014 Wilmington was voted the best American Riverfront City by USA Today readers. The Riverwalk is lined with more than 200 boutiques, cafes and vibrant nightlife along the Cape Fear River. In August 2015, USA Today's travel website, [www.10Best.com](http://www.10Best.com), announced downtown Wilmington had won its "Best Al Fresco Dining Neighborhood" poll. Readers voted for their favorite US sites for outdoor dining and Wilmington beat out cities such as Naples Florida and Vail Colorado.

In October 2015, Wilmington was the focus of a three-part report by the US Chamber of Commerce as a portion of a yearlong series called Silicon Cities USA. The series, published in [FreeEnterprise.com](http://FreeEnterprise.com) explores how cities and their business communities are adapting to the 21<sup>st</sup> century economy, how new and old businesses are still trying to be relevant and alive, and what factors are combining to create innovation at all levels. According to the editor-in-chief of the chamber's online magazine, Wilmington has done a number of really trendy things and is no longer a sleepy beach town. Prestigious companies, such as PPD, PMG, and AAiPharma are drawn to Wilmington due to its educated workforce and favorable tax and regulatory policies. Businesses benefit from a favorable tax framework and the combined power of the region's private and public sectors, officials from which routinely collaborate to create programs that will help ensure the region's future growth. According to NC Department of Commerce (NCDC), Wilmington is part of North Carolina's Southeast Prosperity Zone, which has a population of roughly one million. Its demographics mirror those of the state as a whole, but the Southeast zone is distinguished by a faster-growing and slightly younger workforce. The third segment of the report relates that Wilmington is in the midst of a kind of economic and cultural transformation. The growing chorus of entrepreneurial activity is beginning to reach a fever pitch, creating the kind of forward momentum that attracts the sort of creative and innovative thinking that defines the business landscape of cities like San Francisco, New York, and Austin.

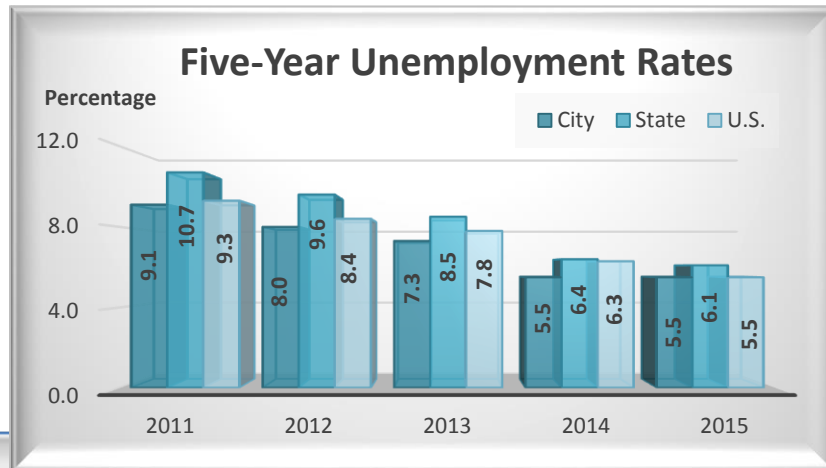


The City's population has increased 49.3% since 2000. The University of North Carolina at Wilmington's Cameron School of Business hosted its annual Outlook Conference. The conference



focused on the economic vitality of the Wilmington MSA. Based on economic forecasts, the Wilmington area should expect economic growth of 3.0 % during 2015 and 2.5% in 2016. This forecast shows in 2015 the Wilmington area will grow at the same rate as the State and a faster rate than the Nation of 2.2%.

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



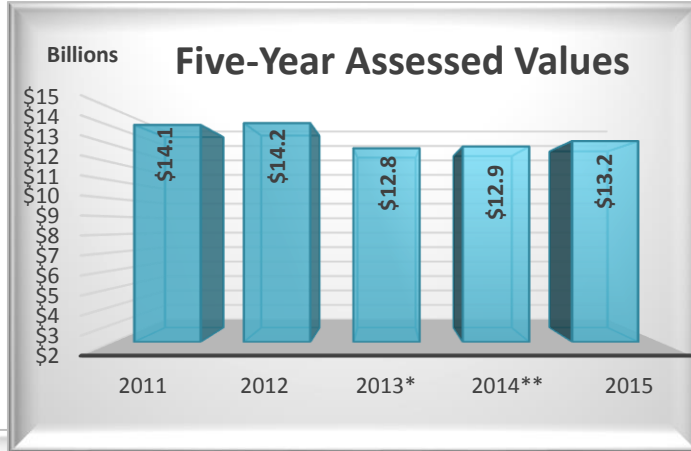
**Top Ten Taxpayers**

Taxpayer	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
Corning Inc.	\$ 236,420,029	1.80 %
River Ventures LLC (PPD)	77,920,600	0.59
Duke Energy Progress Inc (CP&L)	54,827,928	0.42
Centro Independence LLC (mall)	54,078,800	0.41
GS II University Centre LLC	36,458,500	0.28
BellSouth Tel Co.	33,326,060	0.25
Mayfair Retail LLC	32,362,300	0.25
Wal Mart	31,228,325	0.24
Aaipharma Services Corp	29,515,498	0.22
Cameron Properties	27,391,600	0.21
	<u>\$ 613,529,640</u>	<u>4.67 %</u>

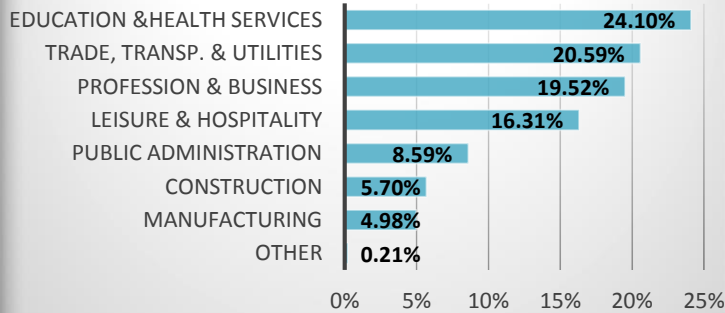
Source: New Hanover County Tax Office

**No single taxpayer comprises more than 1.8% of the total tax base** providing further confirmation of the City's diversity and non-reliance on any one employer or employment sector for economic stability.

The Assessed Value trend shows that since the 2013\* Revaluation the City has seen positive growth in taxable assessed values. The values reflected in 2014\*\* have been adjusted down by \$265 million to account for the one-time increase for the implementation of the State's Tax and Tag Program.



### Components of Employment



\*Taken from the Employment Security Commission of North Carolina  
 \*\*Data is the average for 2014 For WILM MSA & Brunswick Co.

Local industries are involved in a range of operations from simple assembly to manufacturing processes producing synthetic fibers, fiber optics, nuclear fuel and jet engine components.

**Wilmington is home to the Global Headquarters to AAI Pharma, PPD, Live Oak Bank, General Electric Nuclear Fuel, Guilford Mills, Inc. and Castle Branch.**

No single industry or employer dominates the local economy. The ten (10) largest employers continues to show the diversity of the City's economy by representing six (6) different products/services. Education and Government represent the only two (2) products/services provided by more than one employer.

### Top Ten Employers

Employer	Product/Service	Employees	Percentage of Total Employment (1)
New Hanover Health Network*	Health Care	6,123	5.75%
New Hanover County Schools**	Education	3,691	3.46%
General Electric Nuclear Fuel/ Aircraft***	Uranium Enrichment & Nuclear Fuel	2,109	1.98%
University of N. C. (Wilmington)*	Education	1,860	1.75%
New Hanover County**	Government	1,607	1.51%
Pharmaceutical Products Dev.*	Pharmaceuticals	1,462	1.37%
Verizon Wireless*	Telecommunications	1,411	1.32%
Cape Fear Community College*	Education	1,290	1.21%
City of Wilmington *	Government	1,018	0.96%
Corning, Inc*	Optical Fiber	1,000	0.94%
<b>Total</b>		<b>21,571</b>	<b>20.25%</b>

Source: Wilmington Industrial Development

Notes:

- \* Located within the City of Wilmington
- \*\* Located partially in City
- \*\*\* Located within New Hanover County
- (1) Total employment numbers available from North Carolina Employment Security Commission only on a county basis.

## **Manufacturing and Business Services**

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

General Electric's global headquarters for nuclear fuel is located in the County, outside of the City. Based in Wilmington, NC, **GE Hitachi Nuclear Energy (GEH)** is a global nuclear alliance created

by GE and Hitachi to serve the global nuclear industry by offering the highest level of quality services related to nuclear power plant construction and maintenance. GEH specializes in uranium enrichment technology and is a world-leading provider of advanced reactors and nuclear services. In November 2014, GE Hitachi Nuclear Energy entered



into several deals that will allow the company to keep its approximately 2,000 employees working here for years. The approximately \$1 billion in business GE pulled in last year will allow the company to invest in new technology and innovation, which itself will attract more business. A \$300 million deal will have GE provide services and fuel to the major power company Exelon Corp. GE will be providing fuel from the Wilmington facility into 2018. GEH also landed a large order for more than 40 of its Ultra Control Rod Blades. These blades contain neutron-absorbing material and they control the amount of fission and the heat produced by fission that takes place in the reactor. The blades' positioning can be adjusted remotely. On November 2, 2015, GE announced the close of a \$10.6 billion deal to purchase the power and grid businesses of Alston, a French multinational company. It is GE's largest-ever industrial acquisition. As a result of the transaction, **GE Power Services** was created within GE Power.

**Global Nuclear Fuel Americas (GNF)** operates a plant in Wilmington, NC where GNF manufactures light-water nuclear reactor fuel. GNF is powered by three giants; GE Energy, Toshiba and Hitachi. In May 2011, GNF received a \$300 million contract from a Baltimore-based nuclear energy utility company to supply nuclear fuel and licensing services for a nuclear station in central New York. GNF's North Carolina and Japanese facilities coordinated the development of fuel for GEH's ABWR reactor model which is the world's first and only Generation III reactor to enter commercial service. GNF is developing an innovative new fuel design that could easily be one of the most reliable in the world. New in 2014, GE developed the world's safest boiling water reactor (BWR). The Economic Simplified Boiling Water Reactor (ESBWR) is a 1520 MWe Generation III, the world's safest reactor. It can safely cool itself with no AC electrical power or human action for more than seven days. GNF is celebrating its 10<sup>th</sup> anniversary and beginning its second decade as a world-leading supplier of high-quality fabricated nuclear fuel and services.

**GE Aviation** is a global leader in jet engine and aircraft system production including the GENx, LEAP and CFM jet engines which are either manufactured or uses parts made locally. In April 2012, GE Aviation was awarded a \$380 million contract to build GENx engines for nine Boeing 787s being purchased by Kenya Airways. Also in April 2012, GE Aviation received an order from Qantas for over \$2 billion to develop the rotating parts for the engines that will power 78 Airbus aircrafts to be delivered in 2016. In September 2013, Canada's WestJet Airlines ordered 65 next-generation Boeing 737 jets which utilize LEAP engines and is valued at \$1.7 billion. Also, in September 2013, Delta announced it had selected CFM engines to power 30 Airbus 321 jets. In December 2013, Air Canada announced it was buying up to 109 Boeing's next-generation 737 aircraft to be delivered between 2017 and 2021. In September 2014, Ireland's Ryanair signed an agreement with Boeing Co. to buy up to 200 new 737 MAX 200 aircraft with CFM engines. At the Dubai Air Show in November 2013, GE Aviation received \$26 billion in jet engine orders and services agreements for wide-body Boeing aircraft from three leading airlines in the Middle East (Emirates, Qatar Airways and Etihad Airways) which use CFM and LEAP engines. In July 2013, GE Aviation announced that it will invest \$195 million across its North Carolina operations through 2017. This investment across GE's North Carolina sites would create an additional 242 GE jobs by 2017. GE Aviation has more than 1,300 employees in North Carolina at sites in Durham, West Jefferson, Wilmington and Asheville.

In June 2014, **Castle Branch, Inc.**, already a major employer in Wilmington, had its grand opening following a \$12 million expansion of its global corporate headquarters in Wilmington. The new 60,000 square foot facility adds to the existing 36,000 square foot location making Castle Branch one of the largest corporate headquarters in New Hanover County. Castle Branch, founded in 1997 originally based in Chapel Hill, NC, provides background screening, drug testing, employment verification, vendor credentialing and other services to its growing global client base. The company's current expansion aims to create 400 new jobs here by the end of 2017. Brett Martin, CEO and founder of Castle Branch, Inc., said that "support from WBD (Wilmington Business Development), the supportive government officials and the proximity to UNC Wilmington are all central factors in the company's selection of Wilmington over other national locations it had considered.



In November 2014, **Vertex** Railcar Corp. invested \$60 million to refit the former 502,000 square foot Terex Crane facility located at 202 Raleigh Street in Wilmington to manufacture technically advanced railroad tank cars. Currently with 105 employees, two sample railcars are nearly complete. Once the plant is fully certified and operational it will employ 1,300 workers at an average salary of \$40,000 over the next five years. In October 2015, the company received facility certification for hopper cars from the Association of American Railroads, with facility certification for tank cars scheduled to follow in December. Vertex has spent the past few months refitting the building with the goal of making 1,400 cars in the first year of operation and ramping up to 8,000 cars a year. In the coming years, the facility is expected to help replace 70,000 obsolete rail cars as new federal specifications are required. Vertex Phase 1 includes road improvements to Raleigh Road, the extension of a railroad line from the site to an existing rail line located along River Road, and the construction of two transfer tables for rail cars to be transferred from the site to their destination.

**Meals Plus**, a Wilmington-based school cafeteria management software company was recently included in Elite 50 from Help Desk Institute. Help Desk Institute recognizes outstanding technical service and support centers around the world, based on customer satisfaction survey responses



gathered from year to year. Meals Plus, which ranked 23<sup>rd</sup>, is the only K-12 nutrition software company on the list, a list that includes Fortune 500 companies, international corporations and businesses in banking, education, computer/software, health care and other consumer product sectors. Meals Plus currently operates cafeterias in more than 400 school districts in 33 states across the country.

## Research and Development

Wilmington, NC is rapidly growing as a clinical research hub. According to the **N.C. Biotechnology Center**, the Wilmington area is home to a total of 70 companies such as AAIPharma, Modoc Research, Wilmington Pharmaceuticals and of course PPD in the clinical research cluster. Wilmington has more than 2,700 clinical research professionals and more than 20 Contract Research Organizations (CRO's) of which five (5) are headquartered in Wilmington. These businesses employ around 2,500 people. In addition this area has more than 100 active clinical studies and more than 36 supporting companies, including biostatisticians and medical device companies.

The world headquarters of **Pharmaceutical Product Development, Inc. ("PPD")** are located in the City's downtown area. PPD is a leading global CRO providing discovery, development and post-approval services as well as compound partnering programs for pharmaceutical, biotechnology, medical device, academic and government organizations. In August 2013, PPD announced that it had acquired Acurian, a leading full-service provider of clinical trial patient enrollment and retention solutions for the life sciences industry. PPD was named for the third consecutive year in 2013 to the *Information Week 500 List of Top Technology Innovators*. In 2013, PPD was ranked by clinical research sites globally as the number one company for reputation among all CROs in Center Watch's 2013 Global Investigative Site Relationship Survey. In addition, PPD and ePharmaSolutions won the 2015 Microsoft *Life Sciences Innovation Award* for their strategic alliance delivering integrated, portal-based collaboration tools to streamline clinical trial management and study start-up for biopharmaceutical clients. In June 2014, PPD announced that it was selected as one of the most innovative organizations using information technology to create business value by CIO magazine's 27<sup>th</sup> annual CIO 100 Awards.



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

In March 2014, PPD was one of five US companies tapped to design and conduct clinical studies with a goal of protecting the US population against bioterrorism, pandemic influenza and other potential health emergencies by the US Department of Health and Human Services. The contract includes a minimum guarantee of \$400,000 over the initial two years which can be extended for up to a total of five years and a maximum of \$100 million.

**AAIPharma**, headquartered in Wilmington, submitted site plans to the City for a two-story 47,500 square foot expansion that will also create 50 new full-time positions with an average minimum salary of \$77,000. AAIPharma has two facilities in addition to its laboratory in Wilmington, which include the FDA- and EU-approved solid-dose manufacturing plant and a clinical packaging and distribution center.



**Next Glass**, headquartered in Wilmington, was named a top global startup by the Wall Street Journal before an international audience of successful entrepreneurs and venture capitalists in October 2014 at the WSJDLive Conference “where the digital world connects”. Next Glass has an app that allows users to create personalized wine and beer preference profiles. Next Glass has analyzed thousands of wines and beers in lab space at UNCW’s Marine Biotechnology in North Carolina Program (MARBIONC) facility for the basis of the preference profiles.

**University of North Carolina Wilmington (UNCW) Marine Biology Program** is offered by the Center for Marine Science, a program dedicated to providing an environment that fosters a multidisciplinary approach to questions in basic marine research. The center fosters research programs of the highest quality and thereby enhances the educational experience for both undergraduate and graduate students in marine science. The MARBIONC program is a research and development based economic development program based at UNCW that discovers, develops and markets new products and technologies derived from the sea. Their team is at the forefront of marine biotechnology research and development on marine natural products and researchers are uncovering their potential to treat or cure a variety of human diseases. Their mission is to stimulate economic development in North Carolina through the discovery, development and marketing of new products and technologies derived from living organisms found in the sea.

The **MARBIONC Building** is located at the new **UNCW Crest Research Park**. The 69,000 square foot interdisciplinary research facility will assemble North Carolina’s cutting-edge biotechnology under one roof to advance new marine biotechnology discoveries and ensure the timely transfer of technology from the laboratory to the marketplace. The hub tenants will have access to the most advanced biotechnology laboratories and equipment on the east coast with more than 80 established researchers, state-of-the-art instrumentation, biological activity screening, analytical services, synthetic chemists, information



technology staff and marine biotechnology expertise. The facility features LEED Silver certification, 24/7 physical and IT security, full power backup protection, and is designed to withstand Category 3 hurricane force winds. The Crest Research Park is the ideal environment for start-up and established companies involved in all aspects of biotechnological research and development. Located on the picturesque Intracoastal

Waterway of Masonboro Inlet, the Crest Research Park offers the perfect location with access to the waterway and Interstate 40, U.S. Highways 421, 17, and 74-76. The Wilmington International Airport is only minutes away.



Crest is also home to **Marine Bio-Technologies Center of Innovation (MBCOI)**. Its mission is to find commercial applications for an array of marine-based technologies, and then to match researchers and developers with the companies that can bring those products to market. The ultimate goal is to use marine-based technology – an important segment of the life sciences sector – to boost economic development and create jobs in North Carolina.



In October of this year, the BioMarine Business Convention will hold its sixth annual international gathering in Wilmington, the first time ever in the United States. This meeting is a collection of around 300 top executives from research, industry, and governments from 17 countries who are able to make decisions on where they want to take a particular project. Last year when the event was held in Cascais, Portugal, there were almost 55million (Euro) or \$62.3million (US) in deals as a result of that meeting. This year 15 companies will present their pitches, five of them North Carolina companies. One of those, **Ocis Biotechnology**, is based in Wilmington. Ocis uses material derived from biological or synthetic sources to influence biological processes such as wound healing, specifically for military service members who have suffered burns, according to a news release. The focus for this year’s convention is sustainable ocean harvesting and the world’s growing demand for protein, as well as ways in which the biomarine industry is actively developing solutions to address the imminent shortage of protein.

The **UNCW Center for Innovation and Entrepreneurship (CIE)** works to identify and nurture high-growth, high-impact companies and to accelerate the entrepreneurial ecosystem in southeastern North Carolina. This center is a nurturing environment for innovators as well as the entrepreneurs who will start the businesses to bring those innovations to the marketplace. With a combination of event space for training, co-working space for “napkin-stage” startups, low cost office space, experienced mentors and a future venture capital fund, they have created a great environment for startups in a great place – Wilmington, NC. The unique events centered on increasing sales, preparing successful Small Business Innovation Research (SBIR) grant proposals and developing better investor presentations will help entrepreneurs make better fundamental decisions at an early stage, setting them on the path to success within the local economy. The center serves both the students and faculty of UNC Wilmington as well as the startups interested in being a part of our community. The events are currently free and always lead to lively discussions about the new talent discovered in our backyard. Out-of-town professionals from the entrepreneurship and business development worlds are often invited to speak about a variety of topics relevant to today’s economic challenges and opportunities for growing a business. UNCW recently hosted the 2015 Instructional Innovation Incubator (I3@UNC). This pilot workshop worked on developing new online, blended, hybrid, or otherwise technologically-enhanced courses that expand educational opportunities for North Carolinians. The Small Business Administration named CIE as its winner of a national Growth Accelerator Fund competition.

## Commercial and Retail

**Autumn Hall** began construction in 2007 on a mixed use development with an estimated value of \$420 million. The anticipated date of completion for the development is 2018. The original master plan included more than 200 acres and will have a wide range of residential, retail and office development. Residential construction included approximately 274 single family residential lots, 33 town homes, and 110 residential condominiums. Commercial space included 403,000 square feet of retail space, 355,000 square feet of office space, and a 135 room hotel. The development also provided 72 acres of common/open space. Approximately 94 single family home sites and approximately 131,000 square feet of office and commercial use, including Novant, a 40,000 square foot medical office facility have been constructed. In 2011 a multifamily development consisting of a total of 286 residential units, pool, and open space went under construction and was completed in the Spring of 2013. Carolina Bay @ Autumn Hall, which consists of 51 condominium units, was completed in 2013. Phase II of Carolina Bay @ Autumn Hall, a continuing care retirement community with 122 multi-family units and a 100 bed assisted living facility is currently under construction. Dungannon Village @ Autumn Hall, a 24,400 square foot office building is currently under review by the City's Technical Review Committee.



**Live Oak Bank**, with its headquarters in Wilmington, currently occupies a beautiful two-story, 89,000 square foot facility on a 10.66 acre parcel within the Tiburon Office Park development. Live Oak Bank plans to add 120 jobs with an average annual wage of \$80,000 to its workforce within the next five years. Live Oak Bank ranks second in the nation in Small Business Administration 7(a) loans. Additionally, Live Oak Bank was listed number 126 out of the top 200 Healthiest Banks in America by DepositAccounts.com and was one of only three banks from North Carolina that made the 2014 list. For the second straight year American Banker recognized Live Oak Bank as the best bank to work for. They announced in August that it would begin offering SBA-guaranteed loans to independent insurance agents, bringing the number of industries that Live Oak lends to eleven.



Since successfully implementing the Bank Operating System in 2010, Live Oak Bank has grown to become the #1 bank in ROA and ROE in the United States within their asset category. nCino's Bank Operating System tracks a loan through its entire life cycle while ensuring regulatory compliance, reducing risk, increasing transparency and efficiency, and creating new revenue opportunities. nCino's target market are banks with assets above \$400 million and credit unions with a focus on member business lending. nCino has the ability to transform the regulatory process as preformatted reports on all topics can be automatically drawn and sent to bank regulators at predefined intervals. nCino created the cloud-based banking industry and believes the Bank Operating System has the potential to become the de facto standard for how banks are managed and run; and to enable regulators to identify financial problems and address them before they

happen. It began with Neil Underwood, Live Oak Bank's president and chief operating officer, who helped design the Bank Operating System along with James (Chip) Mahan, founder and CEO of Live Oak Bank and one of the 10 Most Influential People in Financial Services as recognized by FutureBanker magazine.

In May of 2013, the City Council rezoned a total of approximately 301.9 acres of property known as **Gallery Park**. The approved master plan is for 1,570,000 square feet of commercial space, 1,500,000 square feet of professional/medical office space and 1,375 dwelling units. In August 2014, the City received plans to develop approximately 27 acres of the site with 402 multi-family units. It is anticipated to take 20 years to construct **Gallery Park**. In June 2015, the City received plans to develop approximately 27 acres with a 54,100 square foot theater with 2,272 seats and 18,600 square feet of restaurant/retail. This project is currently under review by city staff with anticipated approval in December 2015.

On June 30, 2014, a 12.64 acre area known as the **Galleria** was deannexed from the Town of Wrightsville Beach and annexed into the City by the North Carolina General Assembly, through Session Law 2014-45, effective June 30, 2014. It is anticipated that a mixed use development, known as **Galleria**, consisting of residential, commercial, and office uses will be developed on the site.

On February 6, 2014, City staff reviewed a site plan for a 69,908 square foot professional office building for **BB&T** located at 101 North 3<sup>rd</sup> Street, which was occupied by PNC Bank. The building opened in October 2015 and **BB&T** has moved from 115 N Third Street. The second floor will have a secure connection to an existing parking deck. Local demand for class-A office space has remained on the upswing recently. With expansive views of Third Street and other parts of downtown, including the river, the new building includes marble tile and reclaimed pine from the Cape Fear River in the lobby, along with InterActive TouchSource Directory with company and individual listings, property and building amenity information, and Google-powered real-time news, weather and traffic information.



**Springhill Suites**, a 120-room hotel totaling 66,738 square feet on 1.98 acres located at 1011 Military Cutoff Road, is currently under construction.

On November 20, 2013, City staff reviewed a site plan for a 92-room **Holiday Inn Express and Suites** located at 225 Grace Street. The site is approximately 0.41 of an acre and is located in the City's central business district. This hotel was approved by the City in September 2014 and is currently under construction.

**Airlie Offices**, a 20,000 square foot office building located at 1613 Military Cutoff Road is currently under construction.

**Publix at Bragg Drive** has proposed a 46,000 square foot retail grocery store located at the intersection of Bragg Drive and S. College Road. This retail grocery store was approved on August 6<sup>th</sup> and the site has been cleared for construction to commence.

## **Residential**

The majority of the **RiverLights** project, is zoned R-7(CD), Residential (Conditional District), and will contain a blend of single-family and multi-family residential units. The remaining land, which is zoned MX (Mixed Use) and concentrated along the Cape Fear River, will contain office and retail uses, as well as a marina. The project will provide connectivity to adjacent existing neighborhoods and includes a re-alignment of River Road. The developer will provide off-site traffic improvements including upgrades to Independence Boulevard and River Road. The applicant submitted a development agreement in conjunction with the re-zoning request. The agreement limits the development to a maximum of 2,290 residential dwelling units and also allows flexibility for the developer to transfer density within phases up to 25%. The developer will provide funding or property to the City of Wilmington Fire Department to extend fire protection services and also will dedicate land for public parks, funds for the New Hanover County school system and a water tower for enhanced water quality.

On March 5, 2013, the City approved amendments to the development agreement and approved a site plan. The approved modifications will allow the developer to construct a total of 2,790 residential units if the nonresidential portion of the development is reduced by a proportionate amount to mitigate potential traffic generated by the additional 500 residential units. The revised development agreement also clarified the timing of when certain infrastructure improvements would be required and modified when the developer would be required to pay the City, in lieu of transportation improvements, a sum of \$2,750,000 in three equal installments following certain road improvements.

In August 2014, the developer submitted plans to relocate River Road to an approximate three mile long road that will serve the property. Three subdivisions with a total of 350 lots have been approved by the City's Subdivision Review Board. One of these residential subdivisions is a 141 lot developer-identified *age-qualified development* targeting residents 55 years of age and older. Marina Village at River Lights was approved by the City on August 27, 2015. This development is a mixed-use community with 112-boat slips, 10 townhomes, 9800 square feet of restaurant space, approximately 16,000 square feet of office space, 4,000square feet of retail space, and a 7,700 square foot art gallery.

On February 6, 2014, City staff reviewed a site plan for **Sawmill Point**, a 278-unit residential development located at 1015 Nutt Street, adjacent to and south of the Isabel Holmes Bridge. The site is approximately 11.13 acres in size, is currently vacant, and is zoned CBD, Central Business District. The four-story complex, would total approximately 330,000 square feet. The developer also proposes a parking structure with 335 parking spaces that would be hidden by the proposed building on all three sides. Amenities proposed for the development include a swimming pool and access to the existing boat slips constructed by a previous property owner. The developer also plans to provide pedestrian linkage to the Riverwalk and the North Waterfront Park immediately to the south. This project was approved for construction in March 2015 and is currently under construction.

**Forks Subdivision** is a planned residential subdivision approved by City Council on March 5, 2014. Currently under construction, it consists of 133 units with 51 single-family detached lots and 82 attached single-family lots. The subject property is located on the east side of 17<sup>th</sup> Street between Museum Drive and George Anderson Drive. The site is zoned R-15, Residential.

**Fairfield Meridian** is a multifamily development, located off of Carolina Beach Road in the Fairfield Park mixed use development, and is a 240-unit multifamily development comprised of two, three-story buildings and a 4,900 square foot club house, with a swimming pool and other



amenities. A total of 136 one-bedroom units, 97 two-bedroom units, and eight three-bedroom units are proposed. Additional phases of the development would include up to 40,000 square feet of commercial/retail use in neighboring buildings. The project is currently being reviewed by City staff for compliance with development regulations. The project was approved by the City in February 2015 and is currently under construction.

### **Annexation**

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

Since May of 2009, the City Council has adopted four voluntary annexation ordinances: 5000 River Road (1,358.717 acres), 7910 Market Street (26.57 acres), 6469, 6501 and 6505 Gordon Road (9.99 acres), and 4625 Carolina Beach Road (0.23 acres). Effective July 1, 2012, four tracts, totaling approximately 74 acres, were voluntarily annexed into the City by the North Carolina General Assembly, through Session Law 2012-138.

On June 19, 2014, the City and the Town of Wrightsville Beach ("Wrightsville Beach") entered into an inter-local agreement under which an approximately 12 acre tract, the site of the defunct Galleria Shopping Center, previously annexed into Wrightsville Beach was de-annexed and subsequently annexed into the City by the North Carolina General Assembly, through Session Law 2014-15. The City annexation was for the purposes of promoting redevelopment of such tract and included consideration of payment by the City to the Town of Wrightsville Beach of an agreed upon annual amount over 29 years to compensate Wrightsville Beach for the loss in tax base.

### **Tourism**

Tourism is the area's largest economic component in terms of employment and revenues. Nearby beaches, the historic river front area, and the USS North Carolina Battleship Memorial are some of the 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 2014, travel and tourism generated an economic impact of \$507.9 million in the County, an increase of 6.33 percent over 2013. The County is ranked eighth among North Carolina's 100 counties in tourism expenditures. State and local tax revenues from travel to the County amounted to \$43.93 million. Travel generated \$113.27 million in payroll in 2014 and provided 5,460 jobs in the area.



**The Wilmington Railroad Museum** has a great collection of displays and areas for children, which include, Thomas the Tank Train play area, more than 20 operating scale model trains, spectacular model layouts, a real life-size caboose, a boxcar and a 100 year-old steam locomotive. One can even plan their little one's birthday party in the Red Caboose.

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



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

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



**Cape Fear Museum** established in 1898, is the oldest continuously operating museum of history in North Carolina. The skeleton of a 20 foot-tall Giant Ground Sloth greets visitors to the museum. The entire family can enjoy a miniature re-creation of the second battle of Fort Fisher, a scale model of Civil War Wilmington's waterfront and the Michael Jordan Discovery Gallery and an interactive science exhibit for the entire family. Children's activities, concerts, special events and acclaimed touring exhibits help make the Museum one of the primary repositories of local lore with an extensive permanent collection of over 40,000 artifacts. On September 25, 2015, the museum opened a community park to welcome visitors with engaging hands-on exhibits, gardens featuring native and adaptive plants, and educational programs while also serving as a place to enjoy and explore nature in the City.



**The Cape Fear Serpentarium** is a unique facility located in the downtown district of historic Wilmington, NC. Founded in 2001 by expert herpetologist Dean Ripa, the Serpentarium is a 10,000 square foot structure which features 54 displays that house over 40 venomous species of snakes, five (5) large bays featuring giant constrictors, and three full-fledged interior habitats housing three (3) species of crocodile. Other displays are the homes for several large and exotic species of lizards. In all, there up to 150 animals on display at any given time. Using existing and new construction, this indoor zoo was built upon the



enjoy all manner of rarely observed reptile behavior. Mating, combat and live feedings all compliment the inherent beauty of these powerful species. The Cape Fear Serpentarium has been featured on Discovery TV, Animal Planet, Attaché Magazine, Oxford American Magazine, the Wilmington Star News and many others. Scientists and tourists alike visit from all over the world to view animals that can be seen nowhere else. The Cape Fear Serpentarium is recognized as one of the world's foremost reptile collections.

original Wilmington Iron Works. Taking over two years to complete, the indoor displays are some of the largest of their kind in the world, painstakingly constructed to allow the animals to experience almost every freedom they would enjoy in their natural habitat. For patrons, this means the experience of encountering these creatures in as close to a natural setting as possible, while maintaining absolute safety. Thus, spectators may

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



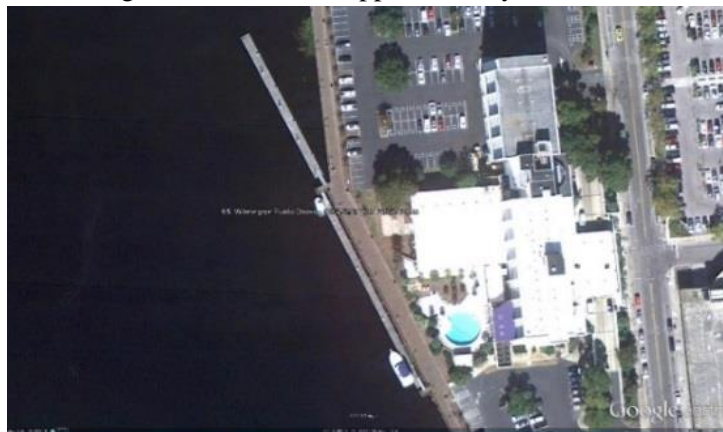
**The Hannah Block Historic USO/Community Art Center** is a City-owned building that features five studios that are available to non-profit organizations for rehearsals of plays, musicals, and recitals. The auditorium seats over 200 and is available for weddings, parties and other programs. The facility includes a kitchen and may be rented for corporate and private functions.

The **Cucalorus Film Festival (Cucalorus)** is a multi-disciplinary arts organization supporting emerging and innovative creative professionals through an annual film festival, a residency program, a summer camp for teen filmmakers, a micro-cinema, and an extensive community outreach program. It is considered one of the region's premier cultural events drawing more than 15,000 visitors and screens over 200 films from around the world. The Brooks Institute named the Cucalorus as one of the "Top 10 Film Festivals in the United States" and Movie Maker Magazine included it in a list of the "Top 25 Coolest Film Festivals." The first ever **CONNECT** will take place November 11-15, 2015. Cucalorus is celebrating tech and entrepreneurship while mixing creativity with business with over 150 events scheduled.

**The Downtown Sundown Concert Series** runs each Friday night from May through the early part of September. The free concerts are from 6-10pm and feature both local performers and touring bands. The Downtown Sundown Concert Series is a free, family friendly event that attracts both local residents and out of town visitors. The concerts are designed to provide interesting and fun entertainment for attendees, spur interest and activity to Downtown during the early evening hours and to raise funds for Wilmington Downtown Inc. (WDI) downtown development programs. Last year, over 26,000 people attended the concerts. Traditionally, the concerts are held at Riverfront Park. The schedule features various musical styles with an emphasis on tribute bands. All headlining acts are touring bands that will visit the region for their performance. WDI schedules local bands to open each show and these acts are announced before the season begins.



**Wilmington City Docks** are transient docking facilities located approximately 15 miles from the Inter Coastal Waterway (ICW) on the scenic Cape Fear River in historic downtown Wilmington. The City offers a total of 1,200 feet of floating dock space with multiple floating face docks and can accommodate vessels up to 100 feet. Power (30 and 50 amp) and water are available. The docks are within walking distance of area attractions, hotels, shopping, dining, theater, nightlife, laundry facilities, post office, banks and supplies. Dockage is available by reservation only. The dock master monitors channel 16 on VHF.





The **Arts Council of Wilmington and New Hanover County (Arts Council)** launched its Arts on Tour mobile app on April 24. The state-of-the-art technology platform provides location-specific audio interpretation of arts venues in New Hanover County, including the sculpture installations. The 2015 Tri-State Sculpture Conference was held in Wilmington, October 1-4. Real Estate Scorecard.com has named Wilmington one of the 100 Best Art Towns in America. Whether art is displayed on exterior building walls or displayed in window storefronts, art is all around you in Wilmington. People seeking rich cultural venues are drawn to the area to enjoy symphony orchestras, theatre performances and festivals which take place year round.



Fourth Friday Gallery Nights are free monthly events where downtown galleries, studios and art spaces open their doors to the public in an after-hours celebration of art and culture. Taking place from 6-9pm on the fourth Friday of each month, the self-guided tours have made downtown Wilmington a popular destination for art lovers. The Arts Council, in collaboration with Tri-State Sculptors, has installed 12 sculptures as part of the popular Pedestrian Art public art program.



Wilmington is **Airlie Gardens**. At the heart of the garden is a 300 year old oak tree with plenty of hanging Spanish moss. Take a leisurely stroll on one of the many paths and visit the butterfly house and bottle sculpture. If you visit in the spring, the flowers will provide a colorful backdrop to any photo album. By the pier, you can see an osprey nesting in a dead tree.

## Film Industry

**EUE/Screen Gems Studios** completed Stage 10 in 2009, one of the largest sound stages in the



world, with a 37,500 square foot movie studio and 3,600 square foot special effects water tank at an estimated value of \$15 million. It is the latest expansion to the largest film and television lot east of California and has resulted in Wilmington being name “Hollywood East”. 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. In FY 2015, the North Carolina General Assembly reduced the film incentive to a maximum grant of \$10 million. The

earlier incentive program paid out \$63.5 million and \$60.5 million in tax credits for FY2013 and FY2014 respectively. With the adoption of the State’s FY 2016 budget a film grant program was approved at \$30 million per year for FY 2016 and FY 2017. Now owned by EUE/Screen Gems Studios, the 50 acre complex has a total of 150,000 square feet of clear-span production space located in ten existing stages ranging in size from 7,200 square feet to 37,500 square feet. The County continues to be one of the most productive and cost effective filmmaking destinations. From 1984 to present, the County has hosted more than 350 feature films, mini-series, “movies of the week,” eight television series along with numerous commercials and music videos. Producers

continue to utilize the available resources for filmmaking and it is expected that the studio will remain a popular facility in the State. As reported by the Star News in August 2013, for the first time in Hollywood East's history, Wilmington has spawned three No. 1 hits at the box office in one year with the release of "The Conjuring", "Iron Man 3" and "Safe Haven".

On October 27, 2011, EUE/Screen Gems Studios in Wilmington was selected as the host for the production of "Iron Man 3". The Motion Picture Association of America's CEO Chris Dodd and Executive Producers Charles Newirth praised the Wilmington-based men and women who had worked on the film. Mr. Newirth added that more than 700 vendors in 84 communities were tapped by the production while filming North Carolina.

The investment in Stage 10 as well as "the large local crew with experience handling five simultaneous productions" was a major factor. In a May 1, 2013 press release, EUE/Screen Gems Studios used all ten stages of the Wilmington, NC film and television complex in filming "Iron Man 3". A new digital infrastructure designed for the complex needs of the production is now one of the best in the world and benefits current clients such as Stephen King and Steven Spielberg's "Under the Dome".



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

## HOSPITAL AND MEDICAL FACILITIES

**New Hanover Regional Medical Center (NHRMC)** is a teaching hospital and regional referral center and the tertiary care center for a seven-county area. NHRMC is one of 10 trauma centers in the state certified at Level II or above and is one of only two cardiac centers of excellence east of Interstate 40. NHRMC is home to the region's first Level III, Neonatal Intensive Care Unit (NICU), and has a *da Vinci*® Surgical System, which is a state-of-the-art robotic platform for surgeons. NHRMC's Zimmer Cancer Center has distinction attained by just 25% of the nation's hospitals: certification as a teaching cancer hospital by the Commission on Cancer of the American College of Surgeons. In September 2015, NHRMC was recognized as one of America's best hospitals for cancer care by the Women's Choice Award. This award signifies NHRMC's commitment and passion toward an extraordinary healthcare experience for women and all patients. The nine floor inpatient tower was completely renovated and converted to almost all private rooms as of December 2010. A new 186,500 square foot surgical pavilion on the main campus began taking patients in June 2008 and features 26



operating rooms and 76 recovery rooms. In May 2013, the Port City Daily news reported that NHRMC has become North Carolina's first hospital to earn all three "gold" awards offered by a group focused on the health of hospital employees. NC Prevention Partners recognized NHRMC as having achieved the "highest standard of excellence for comprehensive wellness programs offered to their employees in the areas of physical activity, nutrition and tobacco-free environments". NHRMC began construction of a new standalone emergency department in northern New Hanover County. According to an NHRMC spokesperson, the plans include construction of a 30,000 square-foot medical facility, which includes 10 treatment rooms and one critical care room, and will be staffed 24/7 by board-certified emergency physicians, nurses, and a support care team. The \$15.1 million building was completed in 2015. NHRMC received two separate awards in the fall of 2014 for quality and safety. NHRMC was awarded an "A" grade in the update to the Hospital Safety Score for how well patients are protected from accidents, errors, injuries, and infections. NHRMC was also recognized as being a Top Performer in the Key Quality Measures Program. In November 2014, NHRMC became the first Pediatric Sleep Disorder Center and Epilepsy Monitoring Unit in the region. This is the only program of its kind in the area for patients from infancy through age 18. NHRMC continues to expand its services and is southeastern North Carolina's leading health-care provider with over 5,200 employees. NHRMC also creates another 6,000 jobs indirectly.

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

BCBSNC is a leader in delivering innovative health care products, services and information to more than 3.9 million members, including approximately one (1) million served on behalf of other Blue Plans. For the fourth year in a row, BCBSNC was recognized as one of the World's Most Ethical Companies by Ethisphere Institute.

**NHRMC Orthopedic Hospital**, formerly Cape Fear Hospital serves as New Hanover Regional Medical Center's home for orthopedic services. The Orthopedic Hospital features designated orthopedic nurses, therapists, technicians and surgeons who are board-certified or eligible in orthopedic surgery. The center includes specialists in hand and shoulder, foot and ankle, and spine as well as arthroscopic surgeries, sports medicine and joint replacement.

**Wilmington Health** is the largest private, fully integrated, multi-specialty medical group practice in the area with over 20 locations (including Convenient Care and Urgent Care). Wilmington Health has provided premier healthcare to the residents of Southeastern North Carolina for over 40 years. In 2013, Wilmington Health was named a 2013 Acclaim Award Honoree by the American Medical Group Organization (AMGA). The prestigious honor is awarded annually to only three national healthcare organizations. Previous esteemed Acclaim Honorees include Mayo Clinic Health System, John Hopkins Medicine, and The Cleveland Clinic.

Partnering with Wilmington Health, **PMG Research of Wilmington** has two offices situated in a one mile radius around a comprehensive network of multi-specialty providers. PMG offers access to experienced investigators with diverse expertise to serve Sponsor and research participant needs. Wilmington Health provides all ancillary services and procedures for PMG studies, creating a streamlined and convenient experience for participants and caregivers. With access to an electronic medical records system, PMG Research of Wilmington is able to utilize a pool of 376,000 potential patient volunteers for clinical research.



## TRANSPORTATION

### The Road System

The City is served by Interstate 40, U.S. highways 17, 117, 74, 76 and 421 and by North Carolina Highways 132 and 133. These highways connect the area to the major cities in North Carolina, South Carolina and Virginia.

### Ground Based Freight and Mass Transit

Other transportation resources in the City include the CSX Rail Transport Group which provides rail freight service in the area with one scheduled train daily. Local bus service is provided by the Cape Fear Public Transportation Authority, which operates as Wave Transit. The Cape Fear Public Transportation Authority is governed by an eleven-member board with five members appointed by the Wilmington City Council, five members appointed by the County and one member jointly appointed by the City and the County. A private management firm operates a system of ten routes, the UNCW Shuttle service and the historic downtown trolley. The City's operating subsidy to the Wave Transit system is \$1,442,822 for fiscal year ending June 30, 2015. There was no capital subsidy for the current fiscal year. The City's operating subsidy for operations is approximately 17% of the current year's transit budget. There are also approximately 55 trucking companies serving the greater Wilmington area.

### The State Port

Since 2012, Logistics Management magazine has named North Carolina's **Port of Wilmington** in the top 20 on its list of U.S. Ports. In an October 2015 issue of Global Trade, the Port of Wilmington was named 19<sup>th</sup> of the top 25 America's Top Container ports. The City's location affords industries equal accessibility to major markets to the north and south. Along with access to three major roadways, the port is located within 700 miles of more than 70 percent of America's industrial base. The Port of Wilmington, located in the City on the east bank of the Cape Fear River, is one of two deep water harbors in the State. The Port handled 4,646,134 tons of cargo for the fiscal year ended June 30, 2015, an increase of 27.9% over 2014. In an April 2015 press release, the NC State Ports Authority posted a 20% container volume increase in the third quarter of the fiscal year over the same period from last year. The Port of Wilmington has ample capacity to support today's cargo volumes and continues to invest in expanding the facility to meet projected growth in international trade, with a major expansion project currently under way. An aggressive capital program has positioned the Port of Wilmington in a new class of service to the maritime transportation industry. With the near completion of the Panama Canal expansion, the Port of Wilmington is focusing on how to handle the newest generation of ships – called post-Panamax. The goal is to enable the port to accommodate multiple post-Panamax container ships to increase the speed and efficiency of loading and unloading the vessels.



A 42-foot navigational channel offers customers additional vessel capacity. Readily available modern transit and warehouse facilities, new state-of-the-art Panamax container cranes and support equipment, and the latest in cargo management technology provide a broad platform for supporting international trade to the fast-growing Southeast U.S. market. Recent and ongoing improvements



to regional and national highway networks make surface transportation supporting the Port of Wilmington superior to neighboring ports. CSX Transportation provides daily service for boxcar, tanker and general cargo services.

In June 2013, the NC Council of State approved a proposed 21-year lease with Enviva Holdings for the construction of a \$35 million **Wood-Pellet Storage** and shipping facility at the Port. Enviva inflated two storage domes, and are in the process of building a rail car unloading station, a ship loader and conveyor system at the Port. The biomass fuel export facility (wood-pellet) would ship as much as one million metric tons of pellets a year from forests in southeastern North Carolina starting in January 2015.



The North Carolina State Ports Authority, along with USA InvestCo, broke ground on a new 101,000 square foot **Cold Storage Facility** on June 2, 2015. The warehouse facility is located directly on the terminal at the Port of Wilmington and is expected to create more than 100 new jobs. North Carolina's agriculture business has always relied heavily on the Port of Wilmington and this specific construction, offering over 11,000 pallet positions, represents further development in that market. "North Carolina is a major hub for global exportation of refrigerated pork and poultry products and a major player in the protein production export business," Chief Executive Officer Paul J. Cozza said. "By utilizing this newly created cold storage facility, protein producers will be able to save a substantial amount on transportation costs to ship to their existing markets abroad. Having access to this facility will reduce spoilage, and increase delivery/export times for our customers and businesses in North Carolina." Potential import commodities such as fruits, vegetables and seafood present vast opportunities for the North Carolina State Ports Authority and the Port of Wilmington Cold Storage Facility. The facility,



which is scheduled to finish in February of 2016, will provide a seamless logistical advantage for international shippers. "The Port of Wilmington Cold Storage facility will add the missing link in the global cold storage chain for Port of Wilmington by providing a facility which will offer services of cold and frozen storage, blast freezing, and the loading and unloading of export and import products from North Carolina and around the world," Chuck McCarthy, President & CEO Port of Wilmington Cold Storage. North Carolina's ports are a few of the most market accessible ports on the U.S. East Coast. Within 1,000 miles of North Carolina's borders are more than 170 million U.S. and Canadian consumers, more than 65 of the country's top 100 metropolitan areas and nearly 60 percent of total U.S. retail sales. Exporters and importers continue to recognize the inland logistics advantage of North Carolina's ports and its operational efficiencies. A lack of congestion, faster gate turn times and increased crane moves per hour have led to a 20 percent container volume increase year-over-year, making the Port of Wilmington one of the fastest growing ports on the U.S. East Coast. North Carolina's Ports in Wilmington and Morehead City, plus inland terminals in Charlotte and in Greensboro, link the state's consumers, businesses and industry to world markets, and serve as magnets to attract new business and industry while receiving no direct taxpayer subsidy. Port activities contribute statewide to 76,700 jobs and \$707 million each year in state and local tax revenues.

**Carolina Marine Terminal** loads and unloads ships that cost the owner of the cargo between \$10,000 and \$50,000 per day, so they have to do it fast and they have to do it right the first time. They have an ingenious conveyor design that takes product from the ship and moves it rapidly. This system works alongside a crane that can move 1,000 tons of bulk in an hour. They can get a truck in and out in 15 minutes from the time it hits the scales. They are constructing three (3) storage domes to be constructed on industrially-zoned property located just south of the NC State Ports property. The domes are 80-100 feet in height and range from 125-142 feet in diameter and are currently under construction.



### **Wilmington International Airport**

The **Wilmington International Airport**, a component unit of New Hanover County (the “Airport”) is operated by the New Hanover County Airport Authority. The Airport is the 4<sup>th</sup> largest in the State. In calendar year 2014, the Airport served 751,584 passengers, a decrease of 23,023 or 3% below 2013. In calendar year 2015 through August the Airport saw another decrease of 3,376 passengers or 0.66%. Two commercial airlines; American Airlines/US Airways and Delta provide regular jet and commuter service, offering direct (non-stop) service to four major cities: Atlanta, Charlotte, New York and Philadelphia and one-stop connections to hundreds of destinations both domestic and international. The Airport is a U.S. Customs and Border Protection General Aviation International Clearance Facility. This 13,500 square foot facility processes commercial and general aviation public passengers entering and exiting the United States.

## **EDUCATION**

**The University of North Carolina at Wilmington (UNCW)**, also located within the City, was founded as Wilmington College in 1947 and designated as the 6<sup>th</sup> university in the University of North Carolina System (UNC) in 1969. UNCW is the only public university in southeastern North Carolina. Expanding from three buildings in 1961 to more than 90 today, the campus still reflects the Georgian style of architecture that has made the institution one of the most attractive in the State of North Carolina. UNCW manages the nation’s only underwater ocean laboratory, Aquarius, owned by NOAA and located in the Florida Keys National Marine Sanctuary.



UNCW is a comprehensive level I university in the 16-campus University of North Carolina System. It is accredited by the Southern Association of Colleges and Schools and offers 55 bachelor’s degrees in 49 majors, 42 master’s degrees, and two (2) Doctoral programs. New in 2016, UNCW will begin offering two (2) new doctoral programs, Doctor of Philosophy and Doctor of Nursing Practices. UNCW is funded with State appropriations and receives federal funds for research and financial aid programs. UNCW had a fall 2015 enrollment of 14,969 full-time-equivalent undergraduate and graduate students.

UNCW has maintained its top 15 ranking as one of the best overall universities in the South, as well as its top 10 ranking as one of the best “public” institutions in the South according to *U.S. News and World Report*. For the first time, UNCW received recognition from the U.S. News & World Report’s “2016 Best Colleges for Veterans” list, ranking 14<sup>th</sup> among Southern universities and placing fourth among public universities on that list. In August, the university celebrated the opening of its new Military Resource Lounge, which offers coffee and study space for military-affiliated students. UNCW has been named one of the “Best in the Southeast” on Princeton Review’s “2014 Best Colleges Region by Region” list and also made the list for “Best 297 Business Schools”.

**Cape Fear Community College (CFCC)** was founded in 1958 and is accredited by the Commission of Colleges of the Southern Association of Colleges and Schools. CFCC’s main campus is located in historic downtown Wilmington on the banks of the Cape Fear River. There is also a north campus in north New Hanover County. CFCC is the 6<sup>th</sup> largest school of the 58 colleges within the North Carolina Department of Community Colleges System. CFCC offers 132 academic programs that lead to a two-year degree, one year diploma or certificate. These programs include college transfer, technical and vocational programs that serves over 28,000 students every year. CFCC’s enrollment in credit programs is 9,300 part-time and full-time equivalent students. Registration for fall 2015 classes was 8,851 students. CFCC has 587 full-time employees and employs 600-800 part-time employees at various times throughout the year. CFCC offers hundreds of continuing education courses as well. Free programs include basic skills, adult literacy, GED preparation and job skills to name a few. CFCC’s Small Business Center offers free seminars for entrepreneurs and small business as well as free business counseling services. CFCC purchased a research vessel in the CFCC’s Marine Technology Program in the fall of 2013 and set off on its inaugural training cruise on September 9, 2013. The research vessel was acquired utilizing state equipment funds, institutional funds and private donations from the CFCC Foundation. Funding for CFCC is provided through the County, State and Federal governments.

CFCC recently opened its **Humanities and Fine Arts Center**. The opening night Gala was held on October 3, 2015 and featured performances by Liza Minnelli and the North Carolina Symphony.

Other events scheduled include Jackson Browne, Gaspard & Dancers, Joseph and the Amazing Technicolor Dreamcoat, and Disney’s Beauty and the Beast. Located on Third Street, the fine arts center houses 1,500-1,600 seat venue that hosts Broadway touring productions, concert, symphonic performances, recitals, symposiums, and other events. While the center is the largest performance space in southeastern region of North Carolina, the primary focus of the facility is on student learning and academic growth. The students have opportunities to work behind the scenes with the major performances brought to the venue.





CFCC's new **Union Station** opened August 16, 2013. The Union Station project was the first building funded by the \$164 million bond referendum passed by New Hanover County voters in November 2008. The bond funds are being spent locally to provide more job training opportunities for the community. Union Station is located at the corner of Front and Red Cross Street. The 250,000 square foot building features more classrooms for general college classes, expanded health care training labs, a simulated operating room and hospital setting to train future health care workers, student services center and a new parking deck.



## RECREATION AND LEISURE

The City operates 39 parks throughout the City consisting of 418 acres, 16 athletic and event facilities with 326 acres, and 89.11 acres of landscaped greenspace in 18 locations. Facilities throughout the city provide opportunities for physical activities, social interactions and increased sense of community through individual and team activities that improve quality of life. In all, there are seven trails with 25.50 miles winding throughout the City. The **Gary Shell Cross City Trail** runs 14 miles through the City and provides a safe pathway for walking, jogging, and biking. **Halyburton Park** is 60.49 acres of long leaf pines with a paved 1.3 mile path around the park. The facility sponsors educational programs featuring local wildlife. **Piney Ridge Nature Preserve** is a



3.12 acre tract of land that the City has leased long term with the North Carolina Coastal Land Trust. Phase I of the park development includes an ADA accessible passive park with a pervious .25 mile concrete walking trail, wooden overlook, interpretive signage and the **Stanley Rehder Carnivorous Plant Garden**. The path winds through a manmade carnivorous plant preserve featuring pitcher plants, venus fly traps, sundews, and sphagnum moss. The **Althea Gibson Tennis Complex** at Empie Park has 19 lighted courts and a 1,500 square foot

clubhouse with a lounge, meeting room, and snack counter. The recreation department operates three pools and the **Northside Splash Pad** during the summer months for all to enjoy. The Splash Pad is free of charge, is fully automated with zero depth and includes geysers, water cannons, dumping buckets, and much more.

The **Wilmington Municipal Golf Course (Muni)**, was designed by Donald Ross in 1926 to provide the public with a quality championship 18 hole golf course. In April 2014, Architect John Fought worked to restore Muni to the original Donald Ross design. The \$1.5 million renovation was the first total restoration since 1929. The most significant work was the improvement to the greens complexes. Before the renovation the greens averaged a little over 2,500 square feet and now are more like 4,500 square feet. Some trees were removed to improve airflow and sunlight. People can now enjoy an authentic Ross course in Wilmington for under \$40.





The **Miracle Field** is located at **Olsen Park**, consisting of 88.87 acres, is a joint City/New Hanover County park. The field has a special rubberized turf playing surface that enables individuals with mobility impairments to participate in a variety of different sports. Unlike miracle fields in other parts of the country, the Wilmington field was built to accommodate adults as well as children. Users of the field include children from special education classes, nursing home residents, and veterans' programs participants including Wounded Warriors and Special Olympics athletes.



Next to the Miracle Field is the **Kiwanis Miracle Playground**, which is the largest accessible playground in the southeast. The playground was funded with a combination of Wilmington and New Hanover county Bond funds, donations from the Kiwanis Club and Wilmington Believes in Miracles campaign. This facility includes a family restroom building, a fully accessible viewing stand, five softball fields, an outdoor volleyball court, and concessions.

**Greenfield Lake Park** is 190.99 acres and has many activities to keep the family busy. The Trail around the lake is 4.5 miles and can be rented out for events. Paddleboats can be rented out to view the lake and bird watch. You may even spot an alligator. There is a 9,000 square foot concrete skate park consisting of multi-bowls with a banked street course. The park features a variety of hips, rails, and ledges. The park is open six days a week offering both day and night skating, as well as BMX biking on Sundays. The **Fragrance Garden** at Greenfield Park is a beautiful location for a wedding or special event.



Adjacent to the Fragrance garden is the **Hugh Morton Amphitheater**. In 2008, this facility underwent a \$1.2 million renovation that included a cover for the stage, an adjoining stage house with shower and dressing facilities, new concession and restroom buildings and new landscaping. The venue seats 900, with a maximum capacity of 1,200, and is handicapped accessible. On the schedule this year is Greensky Bluegrass, Warren Haynes, ALO, and Ben Folds.

**Dram Tree Park** was developed to celebrate the Dram Tree (a bent cypress tree covered in Spanish moss) that stood several yards out in the Cape Fear River. The Dram Tree was a landmark to mariners from the colonial times meaning that an incoming vessel had successfully passed the dangerous Frying Pan Shoals at the mouth of the Cape Fear River. According to tradition, ships paused near the Dram Tree, and sailors were allowed to have a dram of rum or grog, to either celebrate a safe passage or to toast to a safe return while sailing out. The Dram Tree was destroyed in the 1940s by dredging of the river. In 1988 the City opened Dram Tree Park in its memory and a young cypress was planted in its memory. The park and newly improved boat launch offer parking spaces for cars and trailers. There is open space to watch the bridge go up and big ships coming and leaving the Port City.



Each year for the past 17 years, on the second Sunday in November, Wilmington plays host to the **Battleship Half Marathon and Battleship 5K races**. Both races start and finish at the Battleship North Carolina, right across the Cape Fear River from downtown Wilmington and is a benefit for American troops. The Half Marathon leads a picturesque path that crosses 2 bridges, goes through historic downtown Wilmington and around Greenfield Lake with the 12-mile mark at the top of the Cape Fear Memorial Bridge which is the highest point on the course. River Taxis and Trolley buses shuttle runners from downtown to the Battleship and back. Custom-designed Battleship Half Marathon Finisher Medals are presented to runners by US Marines in their dress blues! This race is USATF-certified and brings around 2,400 runners and the streets are lined with many more spectators and support teams.

And for the more hardcore athlete, the City is home of the **PPD Beach 2 Battleship Triathlon**. This race has been named one of the top five (5) iron distance triathlons in the world by Triathlete magazine and one of the top 20 triathlons by Men's Health magazine. The race finishes downtown each year in October and draws approximately 2,300 racers and thousands of visitors from around the world.

**Wilmington Hammerheads** is a professional soccer team based in Wilmington. Founded in 1996, the team competes in the Eastern Conference of the United Soccer League. **Legion Stadium**, a multi-purpose sports complex, has been home to the Hammerheads since 1999. The primary support group for the Hammerheads is the Port City Firm and they are known as one of the most dedicated and loyal fan groups in the USL Pro League. Fans of all ages can count on having loads of contagious fun at a reasonable cost.



Legion Stadium is also home to the **Wilmington Sharks**, one of nine teams in the Coastal Plain League. Set in the picturesque Cape Fear region, the Sharks provide affordable family entertainment in a minor league atmosphere. **Buck Hardee Field** at Legion Stadium is an elite baseball venue in Legion Stadium. The baseball field's dimensions are 336 feet down the left field line, 366 feet to dead center field, and 339 feet down the right field line.



On September 22, 1981, the baseball field at Legion Stadium was renamed in honor of Buck Hardee, an area American Legion baseball coach. Hardee won five American Legion state championships in his time as coach of Post 10 Legion baseball. Because it is home to the Sharks, the park is more commonly referred to as "The Shark Tank."

## PUBLIC SAFETY

The public safety services for the City are provided by an accredited police and fire department. Both agencies have the primary responsibility for providing a safe and secure environment that allows its citizens to live, work and play. While each department provides unique services to our City such as fire and police support, they also work in concert during critical incidents and serve as first-responders.

The **Wilmington Police Department** is headed by veteran Police Chief Ralph M. Evangelous. The 321 member agency is managed through three major sections; Office of the Chief, Patrol Services Bureau and Investigative Services Bureau. Each section works collaboratively to provide the best policing service to more than 114,000 residents and the thousands of motorists who visit the Port City daily.

In calendar year 2014, our officers responded to more than 174,000 calls for service, Part 1 Crime fell by 6% and juvenile crime by 26.5%. Our officers investigated more than 4,382 traffic crashes and detectives recovered more than \$600,000 in stolen property. This would not have been possible without the strong support and partnerships we share with residents, businesses, community organizations, and partnering law enforcement agencies.



The department continues to seek opportunities to enhance community policing partnerships and explore new innovative ideas for positive citizen engagement through neighborhood watch groups, citizen-police dialogue circles and minority recruitment efforts. A full-time Police Activities League (PAL) officer has been assigned to coordinate athletic programs that impact more than 500 local youth each year.



The **Wilmington Fire Department** is led by Fire Chief Buddy Martinette. The 220 personnel are managed in three divisions; Operations, Support Services and Administration. The Operations Division consists of fire suppression personnel and the Safety Section. Support Services oversees the Training Division, Fire and Life Safety, Community Risk Reduction, and the Maintenance Facility. Administrative Division includes the Office of the Chief, Accreditation, Public Information and Information Technology.

In calendar year 2014, the fire department responded to 12,792 calls for service. These responses included 6,956 Emergency Medical incidents and 490 fire related responses. Total losses due to fires was \$5.69 million, but the amount saved exceeded \$300 million. The department had more than 67,500 hours of training and conducted one recruit class of new firefighters.





In late 2014, construction began on a new fire station located on Cinema Dr. to replace two aging stations recommended for replacement in a 2008 facility study. This station is expected to open in November 2015. WFD conducts two Citizen Fire Academy's each year to allow residents to gain knowledge on how the fire department operates. The academy includes hands-on training to provide them a better understanding of what the fire department does on a daily basis.



The Fire and Life Safety Section provides fire safety inspections of businesses, plan reviews of new and existing buildings, and conducts fire investigations. The Community Risk Reduction section plays an integral part in the department efforts to reduce fire and unintentional injuries. This section also provides assistance to the Operations Division by involving fire personnel to reduce risks in their first-in response area. The fire companies evaluate hazards in their areas and develop plans to address those risks. Community Risk Reduction also coordinates all public education for our citizens to include fire extinguisher training, smoke alarms installations, fire drills, school visits, and station tours.



## LONG-TERM FINANCIAL PLANNING

The City seeks to consistently maintain a strong financial position as evidenced by its AA+/AAA/Aa1 by Fitch, Standard and Poor's and Moody's respectively. This objective requires regular long-term planning of operating and capital requirements for its major general government and enterprise programs. In doing so, the City relies on key financial policies and procedures for dealing with future events in financially responsible ways.

Annually the City adopts a 5-year Capital Improvement Program (CIP) that looks ahead to project and plan for capital needs addressing both project needs and financial strategy. Major areas covered by the CIP are transportation, parks, storm water utility, downtown infrastructure improvements and general public improvements. In Fiscal Year 2013, a five year budget plan was adopted that established a five (5) cents property tax set aside which funds 80% debt service and 20% pay-go for the \$41.1 million of new tax-supported projects in the CIP. In FY 2015, the voters approved a \$44 million Streets and Sidewalks Bond Referendum with a two (2) cents property tax set aside.

A key financial goal of the City for many years has been the maintenance of an unassigned General Fund balance of at least equal to or greater than 15% to 20% of the total annual operating budget of the General Fund. In addition, the City has desired to appropriate a consistent level of fund balance each year resulting from positive budget variances. These goals are met in the fiscal year 2014 results that are built into the 2014-2015 operating budgets. A number of financial models are also used in the budget process and provide a means of projecting long-term resource requirements. These include a debt model, a parking fund model, a cash flow model, rate sensitivity analyses and financing pro formas. Other practices followed are designed to avoid the meeting of recurring expense needs with one-time revenue resources and to ensure an ongoing mix of pay-as-you-go funding of capital needs with long-term debt.



## MAJOR INITIATIVES

### Public Facilities

The Wilmington Convention Center (Center) Complex offers a prime new coastal choice to conventions in North Carolina with a view of the Cape Fear River and the north end of Wilmington's historic downtown district.



The Center's operation includes over 107,000 square feet of function space, an adjacent Event Lawn and an attached 578 space Parking Deck. The Center's main service feature is the food & beverage operation; SAVOR...Catering by SMG, which has set the new standard for quality in catering and service in this region.

So far through September 2015, the Center has more than 130 events tentatively or definitely booked, including 10 conventions. The annual number of attendees is projected to be 59,500 for 2016.

<b>Convention Center</b>						<b>2015 vs. 2014</b>
<b>Event Types</b>	<b>FYE 2011 (a)</b>	<b>FYE 2012</b>	<b>FYE 2013</b>	<b>FYE 2014</b>	<b>FYE 2015</b>	<b>% Growth</b>
Convention/TS/Conference	7	9	8	14	9	-35.7%
Public Shows	11	12	14	16	14	-12.5%
Meetings/Other	19	32	37	25	39	56.0%
Banquets	36	60	83	64	93	45.3%
<b>TOTALS</b>	<b>73</b>	<b>113</b>	<b>142</b>	<b>119</b>	<b>155</b>	<b>30.3%</b>
Attendance	45,616	66,400	80,104	73,423	85,246	16.1%
Total Room Nights	3,068	3,774	5,731	9,128	13,324	46.0%
Repeat Users	0	17	77	46	69	50.0%

(a) 1st Year of Operation November 2010 - June 30, 2011  
**Source: Wilmington Convention Center**

A variety of change in event numbers was experienced in fiscal year 2015, which lead to overall greater revenue. Some of the highlights include:

- Although the number of conventions were down in 2015, the number of attendees was similar to 2014 and the room nights were up.
- The downturn in the number of conventions of 9 in 2015, reverts back to the average number of conventions we have seen in years prior to 2014. With the anticipation of the new adjacent hotel to be completed in April 2017, the convention numbers are expected to steadily climb up again.
- There was a growth in banquets with 93 standalone food & beverage functions this year and room nights was 3.5 times higher than in 2014. This was based on popularity of the Center and pure number of banquet functions.

- Military Balls throughout the year were up slightly with 25 events generating approximately 17,000 in attendance and a major source food & beverage revenue. This is attributable to all-inclusive price packaging offered, popularity, and the consistency of product.
- The Center hosted 22 wedding events this year which is the greatest number to date. Weddings were up due to site popularity, special packages offered, larger space offered, and customer service.
- Public shows also reverted back to the FYE 2013 number which may be attributable to date availability.

Significant features are the Center's dramatic interior design with red cedar walls and ceilings, reminiscent of its historic regional use in boat building. The Center also features enhanced specialty lighting as well as a maritime themed photo and art display which reflects the historical local imagery and industry from our past that shaped Wilmington's future. The Center's fine business reputation is on the rise in the association industry as a premium choice for conventions and meetings. The Center has earned a number of awards since opening, including the Convention South 2011 New & Renovated Meeting Site Readers' Choice Award. The Center is also LEED certified, meaning it is a "green" or environmentally-friendly building.

### **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 Wilmington City Council and the New Hanover County Commissioners each adopted resolutions creating a water and sewer authority to consolidate the water and sewer systems of the City, the County and the New Hanover Water and Sewer District (the "District"). The articles of incorporation for the Cape Fear Public Utility Authority (the "Authority") were approved by the State of North Carolina on July 2, 2007. An Interlocal transition and operating agreement was approved by the City, the County and the Authority in January, 2008. This agreement provided for the transfer of the water and sewer assets and liabilities of the City, the County and the District to the Authority. This transfer took place on July 1, 2008.

### **Private Development**

**South Front II** is an adaptive reuse/conversion of existing industrial buildings totaling 58,000 square feet to 53 residential units located at 1510 S. 3rd Street. The property was recently rezoned to UMX, Urban Mixed Use to allow for the development. The development is currently under review by the City.

**Echo Farms Apartments** is a 184 residential units located at 4010 Carolina Beach Road. The Subdivision Review Board will review this development at its November 18, 2015 meeting. The development is currently under review by the City.

**Fortune Place Subdivision** is a 94 lot single family residential subdivision located in the southern part of the City at 4900 Gatepost Lane. The City's Subdivision Review Board approved the preliminary plan for this development at its August 19, 2015 meeting. The engineering plans are currently under review by the City.

**Echo West Subdivision** is a 93-lot single family residential subdivision located in the southeastern portion of the City at 4060 Independence Boulevard. The City's Subdivision Review Board approved the preliminary plan for this development at its May 20, 2015 meeting. The engineering plans are currently under review by the City.

**Summerwalk** is a 26.25 acre residential and commercial development located at the intersection of Greenville Loop Road and Oleander Drive. Approximately 20.46 acres of the property is zoned to allow 123 dwelling units (19 single family detached housing units and 104 townhome units). The remaining 5.79 acres is zoned to allow for 62,400 square feet of retail and office space. The City's Subdivision Review Board approved the preliminary plan for Phase 1 of the project, consisting of the 123 residential units at its July 15, 2015 meeting. The engineering plans are currently under review by the City.

**Westfall Apartments** is a proposed commercial district mixed use development with 121 multifamily residential units and an approximate 1,400 square foot commercial use. The property is located at 1817 Sir Tyler Drive, and the project is currently under review by the City.

**Aspen Heights** is an 82 unit multifamily development proposed for property located at the intersection of Randall Parkway and S. Kerr Avenue. The plans are currently under review by the City.

**Embassy Suites** is a 186 room full service hotel, adjacent to the Wilmington Convention Center, located at 9 Estell Lee Place and is currently being reviewed by the City. The hotel will feature meeting spaces as well as a full service restaurant and a roof-top bar /outdoor space.

## AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Wilmington for its comprehensive annual financial report for the fiscal year ended June 30, 2014. The Certificate of Achievement is a prestigious national award recognizing achievement with the highest standards in government accounting and financial reporting.

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

A Certificate of Achievement is valid for a period of one year only. The City of Wilmington has received a Certificate of Achievement for thirty-two consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to the GFOA.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We especially express our appreciation to Cristal Jenkins, Alice Johnson, Chiemi Glazener, Denise Chambless, Katherine Dimopoulos and Theresa Lashley for their efforts and contributions to the preparation of this report and to Jennifer Isbell for the cover design.

Respectfully submitted,



Debra H. Mack  
Finance Director

Bryon Dorey  
Asst. Finance Director-Treasurer



Stephanie Jacobs  
Asst. Finance Director - Controller



Government Finance Officers Association

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for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO



**FINANCIAL SECTION TAB (FRONT)**

**FINANCIAL SECTION TAB (BACK)**



## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Wilmington, North Carolina, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Wilmington's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Wilmington, North Carolina, as of June 30, 2015, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 8 to the financial statements, in the year ending June 30, 2015, the City adopted new accounting guidance Governmental Accounting Standards Board Statement Number 68, *Accounting and Financial Reporting for Pensions – An amendment of GASB Statement No. 27*, and Governmental Accounting Standards Board Statement Number 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB No. 68*. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 5 through 14, the Law Enforcement Officers' Special Separation Allowance Schedules of Funding Progress and Employer Contributions, the Other Postemployment Benefits' Schedules of Funding Progress and Employer Contributions, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, on pages 113 through 118, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Wilmington's basic financial statements. The combining and individual fund statements, budgetary schedules, other schedules listed in the table of contents, the Schedule of Expenditures of Federal and State Awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act, and the introductory section and statistical tables of the Comprehensive Annual Financial Report (CAFR) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements, budgetary schedules, other schedules listed in the table of contents, and the Schedule of Expenditures of Federal and State Awards



information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical tables of the CAFR have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2015, on our consideration of the City of Wilmington's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Wilmington's internal control over financial reporting and compliance.



Wilmington, North Carolina  
December 23, 2015

**RSM US LLP, an Iowa limited liability partnership, is doing business as McGladrey LLP in the state of North Carolina and is a CPA firm registered with the North Carolina State Board of Certified Public Accountants under the name McGladrey LLP. Rules permitting the use of RSM US LLP have been published in the North Carolina Register and are pending final approval.**



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

## Management's Discussion and Analysis

As management of the City of Wilmington, we offer readers of the City of Wilmington's financial statements this narrative overview and analysis of the financial activities of the City of Wilmington for the fiscal year ended June 30, 2015. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

### Financial Highlights

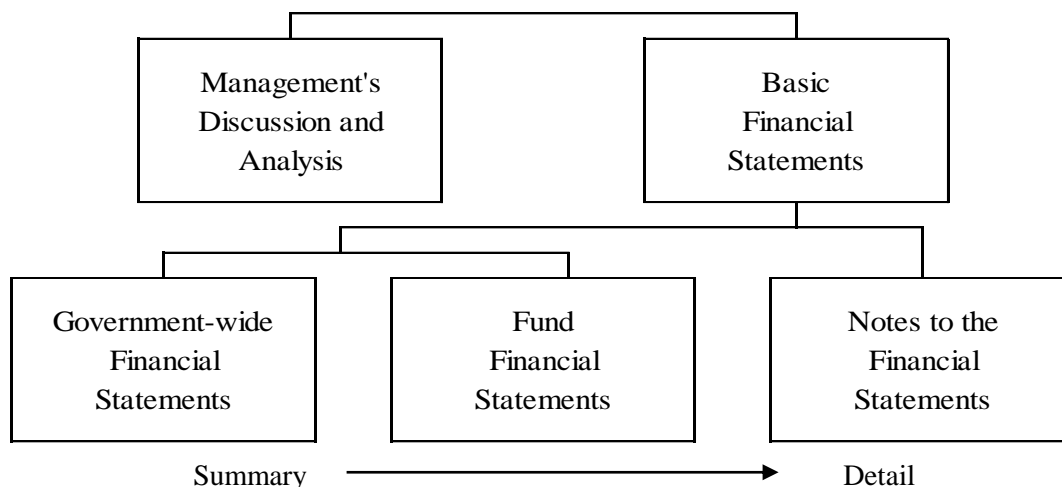
- The assets and deferred outflows of resources of the City of Wilmington exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$342,018,200 (*net position*).
- The government's total net position increased by \$7,829,070 (after the restatement of last year's net position amount for an accounting change). Included in this amount are increases in the net position of governmental activities and business-type activities due to normal operations of \$11,339,986 and \$3,609,133, respectively, and the restatement (reduction) of beginning net position in the amounts of \$6,323,714 and \$796,335, respectively, pursuant to the implementation of GASB Statement Nos. 68 and 71.
- As of the close of the current fiscal year, the City of Wilmington's governmental funds combined ending fund balances increased \$20,298,442 from the prior year to a total of \$113,628,694. Approximately 33.8% of this amount, or \$38,429,034, is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$39,880,339 or 51.7% of total general fund expenditures and 44.9% of total general fund expenditures including transfers for the fiscal year. This is in compliance with the City's Policy of maintaining an unassigned fund balance of 15-20% of the operating budget.
- The City of Wilmington's total long-term liabilities increased by \$28,013,203 or 12.1% during the current fiscal year. Total long-term liabilities increased for governmental activities by \$14,098,547 and \$13,914,656 for the business-type activities.

### Overview of the Financial Statements

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

#### Required Components of Annual Financial Report

Figure 1



## Basic Financial Statements

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

The next statements are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

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

## Government-wide Financial Statements

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

The two government-wide statements report the City's net position and how it has changed. Net position is the difference between the total of the City's assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Measuring net position is one way to evaluate the City's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the City's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the City charges customers to provide. These include solid waste services, parking facilities, storm water management, and a golf course operated by the City. The final category is the component unit. Although legally separate from the City, the Cape Fear Public Transportation Authority is important to the City because the Authority is primarily fiscally dependent upon the City.

The government-wide financial statements are on pages 17 - 19 of this report.

## Fund Financial Statements

The fund financial statements (see figure 1) provide a more detailed look at the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Wilmington, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All of the funds of the City of Wilmington can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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



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

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

**Fiduciary Funds** – Fiduciary funds are used to account for reserves held by the government in a trustee capacity for others. Because the resources of fiduciary funds cannot be used to support the government’s own programs, such funds are specifically excluded from the government-wide statements. The City uses fiduciary funds to account for the assets of the Community Housing Development Organization’s net proceeds from the sale of housing, law enforcement seizures and pension and postemployment trust funds, which include the City’s Law Enforcement Officers’ Special Separation Allowance plan and retiree healthcare program.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 43 - 110 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Wilmington’s progress in funding its obligation to provide pension benefits and other postemployment benefits to its employees. Required supplementary information can be found beginning on page 113 of this report.

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

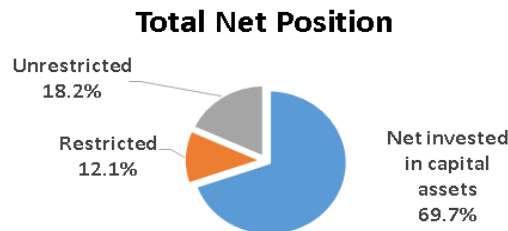
### **Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as one useful indicator of a government’s financial condition. The assets and deferred outflows of resources of the City of Wilmington exceeded its liabilities and deferred inflows of resources by \$342,018,200 as of June 30, 2015. The City’s net position increased by \$7,829,070 (after the restatement of last year’s net position amount for an accounting change) for the fiscal year ended June 30, 2015. A significant portion of the City’s net position \$238,268,560 (69.7%) reflects the City’s net investment in capital assets (e.g. land, buildings, machinery, and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the City’s net position, \$41,443,589 (12.1%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$62,306,051 (18.2%) is unrestricted.

Also, the City implemented GASB Statement Nos. 68 and 71 this year. With the new reporting change, the City is allocated its proportionate share of the Local Governmental Employees' Retirement System's net pension asset, deferred outflows of resources, deferred inflows of resources and pension expense. A restatement to record the effects of the new reporting guidance decreased beginning government-wide net position by \$7,120,049. Decisions regarding the allocations are made by the administrators of the pension plan, not by the City's management.

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

- **Governmental Activities:** Sales Tax, Franchise Tax and a grant reimbursement from the prior year's ice storm accounted for \$1,841,853, \$1,709,362 and \$1,504,615 respectively of revenues that exceeded the current year budget. Additionally, resources accumulated to pay future debt service increased \$1,821,354.
- **Business-type Activities:** \$1,119,977 increase over the prior year in charges for services coupled with a decrease of \$85,175 in expenses from the prior year had a positive effect on unrestricted net position.



**Net Position  
Figure 2**

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>ASSETS:</b>						
Current and other assets	\$ 153,641,674	\$ 130,562,351	\$ 36,744,329	\$ 23,154,173	\$ 190,386,003	\$ 153,716,524
Capital assets	<u>379,676,481</u>	<u>373,951,082</u>	<u>56,046,824</u>	<u>51,738,426</u>	<u>435,723,305</u>	<u>425,689,508</u>
Total assets	<u>533,318,155</u>	<u>504,513,433</u>	<u>92,791,153</u>	<u>74,892,599</u>	<u>626,109,308</u>	<u>579,406,032</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
	<u>3,725,753</u>	<u>916,270</u>	<u>1,061,111</u>	<u>303,923</u>	<u>4,786,864</u>	<u>1,220,193</u>
<b>LIABILITIES:</b>						
Long-term liabilities	221,665,286	207,566,739	38,385,751	24,471,095	260,051,037	232,037,834
Current and other liabilities	<u>13,280,793</u>	<u>11,997,196</u>	<u>2,918,624</u>	<u>2,398,663</u>	<u>16,199,417</u>	<u>14,395,859</u>
Total liabilities	<u>234,946,079</u>	<u>219,563,935</u>	<u>41,304,375</u>	<u>26,869,758</u>	<u>276,250,454</u>	<u>246,433,693</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
	<u>11,219,191</u>	<u>3,402</u>	<u>1,408,327</u>	<u>-</u>	<u>12,627,518</u>	<u>3,402</u>
<b>NET POSITION:</b>						
Net investment in capital assets	208,606,209	212,542,837	29,662,351	31,426,724	238,268,560	243,969,561
Restricted	39,505,449	40,472,965	1,938,140	2,005,412	41,443,589	42,478,377
Unrestricted	<u>42,766,980</u>	<u>32,846,564</u>	<u>19,539,071</u>	<u>14,894,628</u>	<u>62,306,051</u>	<u>47,741,192</u>
Total net position	<u>\$ 290,878,638</u>	<u>\$ 285,862,366</u>	<u>\$ 51,139,562</u>	<u>\$ 48,326,764</u>	<u>\$ 342,018,200</u>	<u>\$ 334,189,130</u>

**Changes in Net Position**  
**Figure 3**

	Governmental		Business-type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 10,448,053	\$ 10,551,139	\$ 22,373,741	\$ 21,253,764	\$ 32,821,794	\$ 31,804,903
Operating grants and contributions	8,368,567	7,113,819	106,836	97,018	8,475,403	7,210,837
Capital grants and contributions	2,260,265	5,128,944	774,874	49,500	3,035,139	5,178,444
General revenues:						
Property taxes	60,524,844	58,981,967	-	-	60,524,844	58,981,967
Other taxes	34,181,142	29,682,207	-	-	34,181,142	29,682,207
Investment earnings	263,771	346,850	69,492	90,641	333,263	437,491
Other	3,744,489	2,533,721	1,364,753	224,488	5,109,242	2,758,209
Total revenues	<u>119,791,131</u>	<u>114,338,647</u>	<u>24,689,696</u>	<u>21,715,411</u>	<u>144,480,827</u>	<u>136,054,058</u>
<b>Expenses:</b>						
General government	20,942,970	19,631,088	-	-	20,942,970	19,631,088
Public safety	45,301,661	46,131,851	-	-	45,301,661	46,131,851
Transportation	14,623,301	13,850,270	-	-	14,623,301	13,850,270
Economic and physical development	7,758,498	6,196,637	-	-	7,758,498	6,196,637
Environmental Protection	6,229	-	-	-	6,229	-
Culture and recreation	9,992,088	9,465,475	-	-	9,992,088	9,465,475
Transit system	1,678,074	1,285,000	-	-	1,678,074	1,285,000
Interest and other charges	7,868,677	8,399,202	-	-	7,868,677	8,399,202
Solid waste management	-	-	9,689,997	10,433,131	9,689,997	10,433,131
Storm water management	-	-	7,195,516	6,788,592	7,195,516	6,788,592
Parking facilities	-	-	3,143,322	2,802,364	3,143,322	2,802,364
Golf	-	-	1,331,375	1,293,363	1,331,375	1,293,363
Total expenses	<u>108,171,498</u>	<u>104,959,523</u>	<u>21,360,210</u>	<u>21,317,450</u>	<u>129,531,708</u>	<u>126,276,973</u>
Increase in net position before transfers	11,619,633	9,379,124	3,329,486	397,961	14,949,119	9,777,085
Transfers from (to) other funds	<u>(279,647)</u>	<u>(2,846,136)</u>	<u>279,647</u>	<u>2,846,136</u>	<u>-</u>	<u>-</u>
Increase in net position	<u>11,339,986</u>	<u>6,532,988</u>	<u>3,609,133</u>	<u>3,244,097</u>	<u>14,949,119</u>	<u>9,777,085</u>
Net position at beginning of year as previously stated	285,862,366	279,329,378	48,326,764	45,082,667	334,189,130	324,412,045
Restatement for accounting change (Note 8)	<u>(6,323,714)</u>	<u>-</u>	<u>(796,335)</u>	<u>-</u>	<u>(7,120,049)</u>	<u>-</u>
Net position at beginning of year as restated	<u>279,538,652</u>	<u>279,329,378</u>	<u>47,530,429</u>	<u>45,082,667</u>	<u>327,069,081</u>	<u>324,412,045</u>
Net position at end of year	<u>\$ 290,878,638</u>	<u>\$ 285,862,366</u>	<u>\$ 51,139,562</u>	<u>\$ 48,326,764</u>	<u>\$ 342,018,200</u>	<u>\$ 334,189,130</u>

**Governmental activities.** Governmental activities increased the City's net position by \$5,016,272 (after the restatement of last year's net position amount for an accounting change), accounting for 64.1% of the total growth in the net position of the City. Of this amount, \$11,339,986 was an increase in net position due to normal operations offset by the restatement (reduction) of beginning net position in the amount of \$6,323,714 pursuant to the implementation of GASB Statement No. 68. Key elements of this increase are as follows:

- The increase in net position before transfers in the prior year was \$9,379,124 compared to this year of \$11,619,633, an increase of \$2,240,509.
  - Revenues increased by \$5,452,484 or 4.8% from the prior year. The largest increases were \$2,047,925 in sales tax, \$2,053,219 in franchise tax, \$1,542,877 in property tax, \$1,107,026 in gains on disposal of equipment and a grant reimbursement for the prior year ice storm of \$1,504,615 which were offset by a reduction of \$2,868,679 in capital grants and contributions.
  - Expenses increased by \$3,211,975 or 3.1% over the prior year. The largest increases were \$1,561,861 in Economic and Physical Development of which the majority was related to the \$933,540 allowance for doubtful accounts for the City's loan program and the operations of the Convention Center; and \$1,311,882 in General Government mainly due to step two in our long term plan to improve employee pay overall and make our pay ranges competitive with the market, outside agency funding and economic incentives.
- Transfers from (to) the Business-type Activities in the prior year were \$2,846,136 compared to this year of \$279,647 a decrease of \$2,566,489.
  - This decrease is the result of one-time transfers in the prior year of \$1,775,000 for the expenses related to the Ice Storms in February and March 2014; and \$810,182 for the expenses related to the Municipal Golf Course greens restoration.

**Business-type activities.** Business-type activities increased the City of Wilmington's net position by \$2,812,798 (after the restatement of last year's net position amount for an accounting change), accounting for 35.9% of the total growth in the City's net position. Of this amount, \$3,609,133 was an increase in net position due to normal operations offset by the restatement (reduction) of beginning net position in the amount of \$796,335 pursuant to the implementation of GASB Statement No. 68. Key elements of the increase are as follows:

- The increase in net position before transfers in the prior year were \$397,961 compared to this year of \$3,329,486, an increase of \$2,931,525.
  - Revenues increased by \$2,974,285 or 13.7% from the prior year. The largest increases were \$1,119,977 in charges for services, of which \$631,539 was mainly due to a 5.9% storm water rate increase over the prior year, and \$1,140,265 in other revenues mostly due to insurance reimbursements.
  - Expenses increased by \$42,760 or .2% over the prior year. Increases in Storm Water and Parking were offset by a \$743,134 decrease in Solid Waste mostly attributable to ice storms in the prior year.
- Transfers from (to) the Governmental Activities in the prior year were \$2,846,136 compared to this year of \$279,647, a decrease of \$2,566,489.
  - This decrease is the result of one-time transfers in the prior year of \$1,775,000 for the expenses related to the ice storms in February and March 2014; and \$810,182 for the expenses related to the Municipal Golf Course greens restoration.

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

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

**Governmental Funds.** The focus of City of Wilmington’s governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City of Wilmington’s financing requirements. The General Fund is the chief operating fund of the City of Wilmington. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$39,880,339, a 27.1% increase over the prior year; while total fund balance was \$55,607,154, a 20.8% increase over the prior year. The City Council has determined that the City should maintain an unassigned fund balance of 15-20% of the operating budget in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the City. The City currently has an unassigned fund balance of 42.6% of the operating budget, while total fund balance represents 59.4% of the same amount. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures (not including transfers). Unassigned fund balance represents 51.7% of total General Fund expenditures, while total fund balance represents 72.1% of that same amount.

At June 30, 2015, the governmental funds of the City of Wilmington reported a combined fund balance of \$113,628,694, a 21.8% increase (\$20,298,442) from the prior year. The General Fund, Special Purpose Fund, Streets and Sidewalks Fund, Building Improvements Fund, Debt Service Fund, and nonmajor special revenue and capital project funds are included in this combined amount.

The General Fund realized a \$9.6 million increase mainly due to expenditure reductions and revenues over budget estimates discussed in the General Fund Budgetary Highlights section. The Streets and Sidewalks and Building Improvements Funds saw increases of \$7.8 and \$4.5 million respectively due to proceeds from the issuance of \$16,130,000 of tax-exempt and \$4,610,000 of taxable Limited Obligation Bonds to fund capital improvements. The increase in total fund balance in the governmental funds was offset by the decreases in the Special Purpose Fund of \$1.7 million, mainly due Convention Center operations, and non-major funds of \$1.7 million, largely due to construction of the Gary Shell Cross City Trail and Inland Greens. Additionally, the Debt Service Fund had an increase of \$1.8 million.

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

Revenues (excluding transfers) were above budget estimates by \$7,092,604 for the fiscal year. This increase was mainly due to an increase in sales tax receipts of \$1,841,853, franchise tax of \$1,709,362, grant reimbursement in restricted intergovernmental of \$1,504,615 and licenses and permits of \$630,010.

Expenditures (excluding transfers) in the General Fund were \$4,607,634 less than the \$81,534,013 budget. The City experienced prolonged vacancies during the year which resulted in expenditure levels below the authorized budget in salary and wages, medical insurance, supplies, repairs, and workers compensation.

**Proprietary Funds.** The City of Wilmington’s proprietary funds provide the same type of information found in the business-type activities of the government-wide statements but in more detail. The major enterprise funds are the Solid Waste Management Fund, Storm Water Management Fund and Parking Facilities Fund. Unrestricted net position of the Solid Waste Management Fund, Storm Water Management Fund and the Parking Facilities Fund at the end of the fiscal year amounted to \$2,588,061, \$13,445,749, and 3,483,818, respectively. The unrestricted net position of the nonmajor Golf enterprise fund totaled \$21,443.

### **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, 2015 was \$435,723,305 (net of accumulated depreciation). These assets include buildings, roads and bridges, drainage improvements, land, right-of-ways and easements, park facilities, machinery and equipment, vehicles and software.

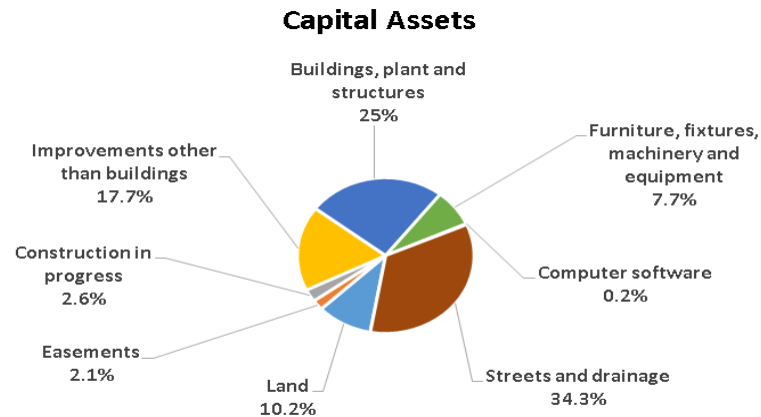
Major capital asset transactions during the year include the following:

- An increase of \$7,751,523 in construction in progress for governmental activity capital assets (see Figure 4) represented the largest increase and was primarily comprised of the Cinema Drive Fire Station



and various park improvements. Various street rehabilitation improvements accounted for \$2,733,527 of the increase in Streets and Drainage. Additionally, the purchase of vehicles for fire, police, solid waste and other operations was responsible for a net \$1,251,563 of the increase in furniture, fixtures, machinery and equipment after related disposals of \$4,946,322.

- An increase of \$1,923,717 in construction in progress for business-type activities represented the largest increase and was primarily comprised of Storm Water drainage improvements. Additionally, the Golf Course Renovation and Storm Water drainage improvements accounted for \$1,467,651 and \$1,909,531 respectively of the increase in improvements other than buildings.



**Capital Assets  
Figure 4**

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 55,825,022	\$ 56,270,424	\$ 7,656,179	\$ 7,656,179	\$ 63,481,201	\$ 63,926,603
Easements	11,749,815	11,561,815	1,060,575	898,659	12,810,390	12,460,474
Construction in progress	11,335,134	3,883,611	4,956,533	3,032,816	16,291,667	6,916,427
Total non-depreciable assets	<u>78,909,971</u>	<u>71,715,850</u>	<u>13,673,287</u>	<u>11,587,654</u>	<u>92,583,258</u>	<u>83,303,504</u>
Improvements other than buildings	56,073,609	55,567,095	53,439,200	49,832,638	109,512,809	105,399,733
Buildings, plant and structures	140,917,335	140,630,145	15,518,808	15,462,421	156,436,143	156,092,566
Furniture, fixtures, machinery and equipment	46,477,052	44,447,100	1,270,969	1,264,475	47,748,021	45,711,575
Computer software	1,423,071	1,385,714	26,196	-	1,449,267	1,385,714
Streets and drainage	<u>213,035,107</u>	<u>209,541,631</u>	<u>-</u>	<u>-</u>	<u>213,035,107</u>	<u>209,541,631</u>
Total assets being depreciated	457,926,174	451,571,685	70,255,173	66,559,534	528,181,347	518,131,219
Accumulated depreciation	<u>(157,159,664)</u>	<u>(149,336,453)</u>	<u>(27,881,636)</u>	<u>(26,408,762)</u>	<u>(185,041,300)</u>	<u>(175,745,215)</u>
Total capital assets being depreciated, net	<u>300,766,510</u>	<u>302,235,232</u>	<u>42,373,537</u>	<u>40,150,772</u>	<u>343,140,047</u>	<u>342,386,004</u>
Total capital assets, net	<u>\$ 379,676,481</u>	<u>\$ 373,951,082</u>	<u>\$ 56,046,824</u>	<u>\$ 51,738,426</u>	<u>\$ 435,723,305</u>	<u>\$ 425,689,508</u>

Additional information on the City's capital assets can be found in note 3 on pages 65 - 67 of this report.

**Long-term Debt.** As of June 30, 2015, the City of Wilmington had \$44,000,000 in bonds authorized but unissued and total bonded debt outstanding of \$47,215,000. Of the amount outstanding, \$22,850,000 is general obligation debt backed by the full faith and credit of the City. The remainder of the City's bonded debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds) of the storm water system.

In prior years, general obligation bonds that were issued for water and sewer system improvements were repaid from revenues of the water and sewer fund. In connection with the creation of the CFPUA, the general obligation bond annual debt service requirements of the former water and sewer fund continued to be obligations of the City and were reimbursed to the City by the CFPUA. The general obligation bonds of the former water and sewer fund matured on June 1, 2015.

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$ 22,850,000	\$ 27,240,000	\$ -	\$ -	\$ 22,850,000	\$ 27,240,000
Revenue bonds	-	-	24,365,000	11,180,000	24,365,000	11,180,000
<b>Total</b>	<b>\$ 22,850,000</b>	<b>\$ 27,240,000</b>	<b>\$ 24,365,000</b>	<b>\$ 11,180,000</b>	<b>\$ 47,215,000</b>	<b>\$ 38,420,000</b>

The City of Wilmington's total bonded debt increased by \$8,795,000 during the past fiscal year. At June 30, 2015, the general obligation debt was rated AA+/AAA/Aa1 by Fitch, Standard and Poor's, and Moody's respectively. The revenue bonds of the Storm Water Fund have been rated AA+/Aa2 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 \$856,016,726.

The City's total debt increased by \$20,810,007 (10.4%) during the past fiscal year by the issuance of \$19,425,000 of tax-exempt and \$1,240,000 of taxable Storm Water Fee Revenue Bonds for storm water system improvements and to refund \$6,960,000 of outstanding storm water fee revenue bonds; \$16,130,000 of tax-exempt and \$4,610,000 of taxable Limited Obligation Bonds for the construction of the Cinema Drive and Shipyard Fire Stations, various street, sidewalk and Riverwalk improvements and to refund a \$2,083,333 installment purchase agreement; \$21,565,000 of tax-exempt and \$2,310,000 of taxable Limited Obligation Bonds to refund \$24,810,000 of outstanding Certificates of Participation; and a \$2,863,064 installment agreement for the acquisition of 17 refuse packers for Solid Waste. These issuances were offset by \$13,479,724 of principal retirements in general obligation, revenue bonds, installment obligations and other long-term obligations.

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$ 22,850,000	\$ 27,240,000	\$ -	\$ -	\$ 22,850,000	\$ 27,240,000
Revenue bonds	-	-	24,365,000	11,180,000	24,365,000	11,180,000
Installment Obligations	148,985,157	138,353,000	7,789,843	6,077,000	156,775,000	144,430,000
Other Long term obligations	15,916,641	13,806,634	570,000	3,010,000	16,486,641	16,816,634
<b>Total</b>	<b>\$ 187,751,798</b>	<b>\$ 179,399,634</b>	<b>\$ 32,724,843</b>	<b>\$ 20,267,000</b>	<b>\$ 220,476,641</b>	<b>\$ 199,666,634</b>

Additional information on the City of Wilmington's long-term debt can be found in note 3 on pages 85 - 98 of this report.

In prior years, Certificates of Participation were issued to purchase two private water systems and were repaid from revenues of the ground water fund. In connection with the transfer of assets and liabilities of the City to the Cape Fear Public Utility Authority (CFPUA) on July 1, 2008, installment obligation annual debt service requirements of the former ground water fund continue to be obligations of the City and are reimbursed to the City by the CFPUA. Installment obligations outstanding at June 30, 2015 of the former groundwater fund are \$11,630,000.

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

The following key economic indicators reflect the conservative growth projections:

- The City of Wilmington's unemployment rate of 5.5% at June 30, 2015 was same as the State average and below the national average of 6.1%.
- Sales tax receipts (county-wide) ended the year up by 9.8% over the prior fiscal year and the City of Wilmington's distribution saw a 10.7% increase which was affected by changes in projected property levies that affect the distribution method selected by New Hanover County. Due to the strengthening economy the projected sales tax is 12.7% over prior year's projections but still is tempered by the uncertainty of the redistribution of sales tax revenue by proposed legislation.

All of these factors were included in preparing the City of Wilmington's budget for the 2016 fiscal year.

### **Budget Highlights for the Fiscal Year Ending June 30, 2016**

**Governmental Activities.** The budget includes a tax rate of 48.5 cents per \$100 of assessed valuation. Of this rate, 41.5 cents was adopted for the General Fund operations, 5 cents was earmarked for an 80/20 Debt/Pay-Go Capital Debt Plan and is restricted in the Debt Service Fund and 2 cents for the debt service and pay-go related to the recently approved Street and Sidewalks bond. Sales tax revenue was budgeted 12.7% higher or approximately \$2.5 million over the previous year's budget. The FY 2016 budget appropriates \$1,090,966 of fund balance for capital purchases of equipment, furniture, the leasehold improvements of office space related to the staffing support of the projects approved in the Streets and Sidewalks bond, police and fire vehicles and consulting services for the new Land Development Code. The budgeted expenditures, excluding transfers, in the General Fund are expected to increase by \$3.7 million from the adopted 2014-15 General Fund budget or 4.6% to \$83,969,559. This increase includes full year funding for the Wilmington Police Department's eight detective positions and associated operating, third-year funding of the multi-year employee compensation plan, staffing to support the Transportation bond projects, Community Service program initiatives for reducing teen violence, funding for the elimination of the tree pruning and removal backlog, economic incentive agreements and one new position in the Information Technology Department in response to technology challenges facing the City.

**Business-type Activities.** Stormwater rates increased by 5.9% to \$7.23 per month per residence and Solid Waste instituted an activation fee of \$25 for all new accounts. Parking fees at the Convention Center were increased from \$1 to \$2 per hour for the second and third hour to offset the cost to support its unique operations.

### **Requests for Information**

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

## **BASIC FINANCIAL STATEMENTS**



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



**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Net Position**

**June 30, 2015**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents/investments	\$ 82,502,961	\$ 24,586,777	\$ 107,089,738	\$ 357,349
Taxes receivable, net	934,295	-	934,295	-
Accounts receivable, net	1,114,697	2,788,456	3,903,153	11,504
Other receivables	633,106	347,562	980,668	-
Internal balances	213,359	(213,359)	-	-
Due from fiduciary funds	1,746	-	1,746	-
Due from component unit	552,054	-	552,054	-
Due from other governments	11,030,175	170,240	11,200,415	1,677,502
Inventories	786,583	97,197	883,780	194,087
Assets held for resale	69,944	-	69,944	-
Notes receivable	17,099,857	-	17,099,857	-
Prepays	1,516,740	128,626	1,645,366	24,465
Restricted assets:				
Cash and cash equivalents/investments	19,203,483	8,267,198	27,470,681	-
Other receivables	1,995	-	1,995	-
Due from other governments	1,472,894	-	1,472,894	-
Due from management company	338,439	-	338,439	-
Long-term receivables:				
Due within one year	1,055,000	-	1,055,000	-
Due in more than one year	10,575,000	-	10,575,000	-
Capital assets:				
Land, easements and construction in progress	78,909,971	13,673,287	92,583,258	2,718,279
Other capital assets, net of accumulated depreciation	300,766,510	42,373,537	343,140,047	18,566,622
Restricted net pension asset	4,539,346	571,632	5,110,978	86,102
<b>Total assets</b>	<b>533,318,155</b>	<b>92,791,153</b>	<b>626,109,308</b>	<b>23,635,910</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>3,725,753</b>	<b>1,061,111</b>	<b>4,786,864</b>	<b>63,435</b>
<b>LIABILITIES</b>				
Accounts payable	1,899,765	1,173,475	3,073,240	1,436,743
Due to other governments	1,683,206	-	1,683,206	58,070
Due to primary government	-	-	-	552,021
Accrued liabilities	6,784,283	645,525	7,429,808	36,539
Customer and escrow deposits	638,493	119,105	757,598	-
Unearned revenues	-	52,144	52,144	-
Restricted liabilities:				
Accounts payable	2,261,938	928,375	3,190,313	-
Accrued liabilities	8,108	-	8,108	-
Unearned revenues	5,000	-	5,000	-
Long-term liabilities:				
Due within one year	14,829,906	2,092,802	16,922,708	177,623
Due in more than one year	206,835,380	36,292,949	243,128,329	-
<b>Total liabilities</b>	<b>234,946,079</b>	<b>41,304,375</b>	<b>276,250,454</b>	<b>2,260,996</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>11,219,191</b>	<b>1,408,327</b>	<b>12,627,518</b>	<b>209,157</b>
<b>NET POSITION</b>				
Net investment in capital assets	208,606,209	29,662,351	238,268,560	21,058,289
Restricted for:				
Stabilization by State statute	12,008,976	-	12,008,976	-
Community development housing loans	17,633,262	-	17,633,262	-
Convention center facility	7,700,704	-	7,700,704	-
Capital projects	-	1,938,140	1,938,140	-
Public safety	1,625,076	-	1,625,076	-
Transportation	227,853	-	227,853	-
Economic and physical development	237,271	-	237,271	-
Cultural and recreational	72,307	-	72,307	-
Transit	-	-	-	55,642
Unrestricted	42,766,980	19,539,071	62,306,051	115,261
<b>Net position</b>	<b>\$ 290,878,638</b>	<b>\$ 51,139,562</b>	<b>\$ 342,018,200</b>	<b>\$21,229,192</b>

See notes to financial statements.

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Activities**

**Year Ended June 30, 2015**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 20,942,970	\$ 3,757,329	\$ 28,419	\$ -
Public safety	45,301,661	991,754	514,438	746,443
Transportation	14,623,301	1,522,176	5,225,656	960,219
Economic and physical development	7,758,498	3,307,837	1,511,977	-
Environmental protection	6,229	10,497	-	-
Cultural and recreational	9,992,088	858,460	19,935	553,603
Transit system	1,678,074	-	-	-
Interest and other charges	7,868,677	-	1,068,142	-
Total governmental activities	<u>108,171,498</u>	<u>10,448,053</u>	<u>8,368,567</u>	<u>2,260,265</u>
Business-type activities:				
Solid waste management	9,689,997	8,803,224	72,127	-
Storm water management	7,195,516	9,441,985	34,709	774,874
Parking facilities	3,143,322	3,253,754	-	-
Golf	1,331,375	874,778	-	-
Total business-type activities	<u>21,360,210</u>	<u>22,373,741</u>	<u>106,836</u>	<u>774,874</u>
Total primary government	<u>\$ 129,531,708</u>	<u>\$ 32,821,794</u>	<u>\$ 8,475,403</u>	<u>\$ 3,035,139</u>
Component unit	<u>\$ 9,173,599</u>	<u>\$ 2,563,080</u>	<u>\$ 4,119,161</u>	<u>\$ 7,319,867</u>

Functions/Programs	Net (Expenses) Revenues and Changes in Net Position			
	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Primary government:				
Governmental activities:				
General government	\$ (17,157,222)	\$ -	\$ (17,157,222)	\$ -
Public safety	(43,049,026)	-	(43,049,026)	-
Transportation	(6,915,250)	-	(6,915,250)	-
Economic and physical development	(2,938,684)	-	(2,938,684)	-
Environmental protection	4,268	-	4,268	-
Cultural and recreational	(8,560,090)	-	(8,560,090)	-
Transit system	(1,678,074)	-	(1,678,074)	-
Interest and other charges	(6,800,535)	-	(6,800,535)	-
Total governmental activities	<u>(87,094,613)</u>	<u>-</u>	<u>(87,094,613)</u>	<u>-</u>
Business-type activities:				
Solid waste management	-	(814,646)	(814,646)	-
Storm water management	-	3,056,052	3,056,052	-
Parking facilities	-	110,432	110,432	-
Golf	-	(456,597)	(456,597)	-
Total business-type activities	<u>-</u>	<u>1,895,241</u>	<u>1,895,241</u>	<u>-</u>
Total primary government	<u>(87,094,613)</u>	<u>1,895,241</u>	<u>(85,199,372)</u>	<u>-</u>
Component unit	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,828,509</u>
General revenues:				
Ad valorem taxes	60,524,844	-	60,524,844	-
Room occupancy tax	3,080,208	-	3,080,208	-
Grants and contributions not restricted to specific programs	1,949,695	-	1,949,695	-
Operating subsidy from primary government	-	-	-	1,443,470
Operating subsidy from other governments	-	-	-	432,822
Local option sales tax	21,216,765	-	21,216,765	-
Franchise tax	8,174,142	-	8,174,142	-
Video programming sales tax	1,442,808	-	1,442,808	-
Rental vehicle tax	267,219	-	267,219	-
Investment earnings	263,771	69,492	333,263	-
Miscellaneous	1,794,794	1,364,753	3,159,547	158,856
Total general revenues not including transfers	<u>98,714,246</u>	<u>1,434,245</u>	<u>100,148,491</u>	<u>2,035,148</u>
Transfers from (to) other funds	<u>(279,647)</u>	<u>279,647</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers	<u>98,434,599</u>	<u>1,713,892</u>	<u>100,148,491</u>	<u>2,035,148</u>
Change in net position	<u>11,339,986</u>	<u>3,609,133</u>	<u>14,949,119</u>	<u>6,863,657</u>
Net position at beginning of year as previously stated	285,862,366	48,326,764	334,189,130	14,483,016
Restatement for accounting change (Note 8)	<u>(6,323,714)</u>	<u>(796,335)</u>	<u>(7,120,049)</u>	<u>(117,481)</u>
Net position at beginning of year as restated	<u>279,538,652</u>	<u>47,530,429</u>	<u>327,069,081</u>	<u>14,365,535</u>
Net position at end of year	<u>\$ 290,878,638</u>	<u>\$ 51,139,562</u>	<u>\$ 342,018,200</u>	<u>\$ 21,229,192</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Balance Sheet -  
Governmental Funds**

**June 30, 2015**

	General Fund	Special Purpose Fund	Streets and Sidewalks Fund
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents/investments	\$ 51,366,678	\$ 157,747	\$ 7,781,509
Taxes receivable, net	820,410	-	-
Accounts receivable, net	1,113,847	-	-
Other receivables	623,399	31	2,445
Due from other funds	865,294	-	-
Advances to other funds	78,000	-	-
Due from component unit	400,000	-	-
Due from other governments	9,564,749	407,579	113,133
Assets held for resale	-	-	-
Notes receivable, net	232,620	77,827	-
Inventories	609,450	-	-
Prepays	929,350	6,704	-
Restricted assets:			
Cash and cash equivalents/investments	-	8,486,878	5,108,611
Other receivables	-	1,964	-
Due from management company	-	338,439	-
Due from other governments	-	694,524	-
Total assets	<u>\$ 66,603,797</u>	<u>\$ 10,171,693</u>	<u>\$ 13,005,698</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 1,077,314	\$ 172,905	\$ 257,179
Due to other funds	6,600	-	-
Due to other governments	1,683,206	-	-
Accrued liabilities	5,690,971	58,722	-
Customer and escrow deposits	372,844	-	-
Restricted liabilities:			
Accounts payable	-	241,255	1,290,326
Accrued liabilities	-	8,108	-
Unearned revenue	-	5,000	-
Total liabilities	<u>8,830,935</u>	<u>485,990</u>	<u>1,547,505</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Taxes receivable, net	820,410	-	-
Accounts receivable	1,109,964	-	-
Notes receivable	232,620	-	-
Prepaid property taxes	2,714	-	-
Total deferred inflows of resources	<u>2,165,708</u>	<u>-</u>	<u>-</u>

	Building Improvements Fund	Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents/investments	\$ 2,552,775	\$ 9,735,162	\$ 2,386,802	\$ 73,980,673
Taxes receivable, net	-	113,885	-	934,295
Accounts receivable, net	850	-	-	1,114,697
Other receivables	794	3,002	807	630,478
Due from other funds	-	-	-	865,294
Advances to other funds	-	-	-	78,000
Due from component unit	-	-	-	400,000
Due from other governments	45,906	59,786	816,679	11,007,832
Assets held for resale	-	-	69,944	69,944
Notes receivable, net	-	-	16,789,410	17,099,857
Inventories	-	-	-	609,450
Prepays	-	-	6,829	942,883
Restricted assets:				
Cash and cash equivalents/investments	5,308,801	69	299,124	19,203,483
Other receivables	-	-	31	1,995
Due from management company	-	-	-	338,439
Due from other governments	-	-	778,370	1,472,894
Total assets	<u>\$ 7,909,126</u>	<u>\$ 9,911,904</u>	<u>\$ 21,147,996</u>	<u>\$ 128,750,214</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 92,637	\$ 9,135	\$ 124,512	\$ 1,733,682
Due to other funds	-	-	693,763	700,363
Due to other governments	-	-	-	1,683,206
Accrued liabilities	-	-	27,339	5,777,032
Customer and escrow deposits	-	-	265,649	638,493
Restricted liabilities:				
Accounts payable	360,351	-	370,006	2,261,938
Accrued liabilities	-	-	-	8,108
Unearned revenue	-	-	-	5,000
Total liabilities	<u>452,988</u>	<u>9,135</u>	<u>1,481,269</u>	<u>12,807,822</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Taxes receivable, net	-	113,885	-	934,295
Accounts receivable	850	-	-	1,110,814
Notes receivable	-	-	32,924	265,544
Prepaid property taxes	-	331	-	3,045
Total deferred inflows of resources	<u>850</u>	<u>114,216</u>	<u>32,924</u>	<u>2,313,698</u>



**CITY OF WILMINGTON, NORTH CAROLINA**

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

**June 30, 2015**

	<u>General Fund</u>	<u>Special Purpose Fund</u>	<u>Streets and Sidewalks Fund</u>
<b>FUND BALANCES</b>			
Non Spendable:			
Inventories	\$ 609,450	\$ -	\$ -
Prepays	929,350	6,704	-
Restricted:			
Stabilization by State statute	12,008,976	-	1,245,713
Community development loans	-	77,827	-
Convention center	-	7,700,704	-
Capital projects	-	-	3,818,285
Debt service	-	-	-
Public safety	-	1,436,917	-
Transportation	-	227,853	-
Economic and physical development	-	237,271	-
Cultural and recreational	-	72,307	-
Committed:			
Capital projects	-	-	6,394,195
Debt service	-	-	-
Cultural and recreational	88,073	6,306	-
Assigned:			
Self-insurance	1,000,000	-	-
Subsequent year's expenditures	1,090,966	-	-
Unassigned (deficit)	39,880,339	(80,186)	-
Unassigned (deficit), reported in:			
Nonmajor special revenue funds	-	-	-
Nonmajor capital projects funds	-	-	-
Total fund balances	<u>55,607,154</u>	<u>9,685,703</u>	<u>11,458,193</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 66,603,797</u>	<u>\$ 10,171,693</u>	<u>\$ 13,005,698</u>

	Building Improvements Fund	Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
<b>FUND BALANCES</b>				
Non Spendable:				
Inventories	\$ -	\$ -	\$ -	\$ 609,450
Prepays	-	-	6,829	942,883
Restricted:				
Stabilization by State statute	303,369	70,398	2,433,805	16,062,261
Community development loans	-	-	17,555,435	17,633,262
Convention center	-	-	-	7,700,704
Capital projects	4,948,450	-	-	8,766,735
Debt service	-	69	-	69
Public safety	-	-	188,159	1,625,076
Transportation	-	-	-	227,853
Economic and physical development	-	-	-	237,271
Cultural and recreational	-	-	-	72,307
Committed:				
Capital projects	2,203,469	-	820,694	9,418,358
Debt service	-	9,718,086	-	9,718,086
Cultural and recreational	-	-	-	94,379
Assigned:				
Self-insurance	-	-	-	1,000,000
Subsequent year's expenditures	-	-	-	1,090,966
Unassigned (deficit)	-	-	-	39,800,153
Unassigned (deficit), reported in:				
Nonmajor special revenue funds	-	-	(1,224,734)	(1,224,734)
Nonmajor capital projects funds	-	-	(146,385)	(146,385)
Total fund balances	<u>7,455,288</u>	<u>9,788,553</u>	<u>19,633,803</u>	<u>113,628,694</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,909,126</u>	<u>\$ 9,911,904</u>	<u>\$ 21,147,996</u>	<u>\$ 128,750,214</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**June 30, 2015**

Total fund balances - governmental funds	\$ 113,628,694
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	372,623,418
Long-term receivables are not available to pay for current expenditures and, therefore, are not reported in the governmental funds.	11,630,000
This amount represents the City's proportionate share of the net pension asset of the Local Governmental Employees' Retirement System (LGERS) relevant to governmental activities.	4,477,034
Contributions to the LGERS pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Postion.	3,009,279
Internal services funds are used by management to charge the costs of equipment and personal computer replacement to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	12,970,107
Liabilities for unavailable revenues considered deferred inflows of resources in fund statements.	2,310,653
This amount represents pension related deferrals from the City's participation in the LGERS pension plan.	(10,977,993)
Long-term liabilities including bonds payable and accrued interest thereon, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(218,792,554)</u>
Net position - governmental activities	<u>\$ 290,878,638</u>

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**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2015**

	General Fund	Special Purpose Fund	Streets and Sidewalks Fund
	<u>          </u>	<u>          </u>	<u>          </u>
Revenues:			
Ad valorem taxes	\$ 53,992,024	\$ -	\$ -
Room occupancy tax	-	3,080,208	-
Other taxes	31,100,934	-	-
Unrestricted intergovernmental	1,782,895	-	-
Restricted intergovernmental	4,659,768	1,543,820	223,788
Licenses and permits	2,962,469	-	-
Sales and services	2,450,718	3,668,968	-
Fines and forfeits	206,164	-	-
Investment earnings	160,461	24,747	8,919
Donations	-	17,520	341,191
Miscellaneous	529,388	986,187	-
	<u>97,844,821</u>	<u>9,321,450</u>	<u>573,898</u>
Total revenues			
Expenditures:			
Current:			
General government	18,029,970	-	-
Public safety	42,910,393	498,698	-
Transportation	7,385,865	2,150,828	5,946,694
Economic and physical development	124,672	4,691,467	-
Environmental protection	-	30,000	-
Cultural and recreational	7,214,205	9,664	860,070
Transit system	1,442,822	77,314	157,938
Debt service:			
Principal retirement	-	1,535,000	-
Interest and other charges	-	2,695,883	-
	<u>77,107,927</u>	<u>11,688,854</u>	<u>6,964,702</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	<u>20,736,894</u>	<u>(2,367,404)</u>	<u>(6,390,804)</u>
Other financing sources (uses):			
Transfers from other funds	496,423	708,038	2,521,383
Transfers to other funds	(11,726,956)	(21,700)	-
Issuance of installment obligations	-	-	10,448,717
Issuance of refunding installment obligations	-	-	-
Premium on installment obligations	-	-	1,230,241
Premium on refunding installment obligations	-	-	-
Payment to refund outstanding installment financings	-	-	-
	<u>(11,230,533)</u>	<u>686,338</u>	<u>14,200,341</u>
Total other financing sources (uses)			
Net change in fund balances	9,506,361	(1,681,066)	7,809,537
Fund balances at beginning of year	46,034,737	11,366,769	3,648,656
Change in reserve for inventories	66,056	-	-
Fund balances at end of year	<u>\$ 55,607,154</u>	<u>\$ 9,685,703</u>	<u>\$ 11,458,193</u>



	Building Improvements Fund	Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
Revenues:				
Ad valorem taxes	\$ -	\$ 6,538,591	\$ -	\$ 60,530,615
Room occupancy tax	-	-	-	3,080,208
Other taxes	-	-	-	31,100,934
Unrestricted intergovernmental	-	-	-	1,782,895
Restricted intergovernmental	-	4,433,142	1,991,806	12,852,324
Licenses and permits	-	-	-	2,962,469
Sales and services	-	-	-	6,119,686
Fines and forfeits	-	-	-	206,164
Investment earnings	7,861	29,351	6,617	237,956
Donations	-	-	16,200	374,911
Miscellaneous	597,436	-	119,878	2,232,889
Total revenues	<u>605,297</u>	<u>11,001,084</u>	<u>2,134,501</u>	<u>121,481,051</u>
Expenditures:				
Current:				
General government	1,089,067	-	112,823	19,231,860
Public safety	2,931,430	-	521,188	46,861,709
Transportation	2,831	-	-	15,486,218
Economic and physical development	-	-	1,585,491	6,401,630
Environmental protection	-	-	-	30,000
Cultural and recreational	-	-	2,306,286	10,390,225
Transit system	-	-	-	1,678,074
Debt service:				
Principal retirement	-	10,648,558	-	12,183,558
Interest and other charges	-	5,652,438	-	8,348,321
Total expenditures	<u>4,023,328</u>	<u>16,300,996</u>	<u>4,525,788</u>	<u>120,611,595</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,418,031)</u>	<u>(5,299,912)</u>	<u>(2,391,287)</u>	<u>869,456</u>
Other financing sources (uses):				
Transfers from other funds	479,000	9,334,832	1,226,659	14,766,335
Transfers to other funds	(511,900)	(2,541,512)	(722,181)	(15,524,249)
Issuance of installment obligations	7,913,940	-	200,000	18,562,657
Issuance of refunding installment obligations	-	23,195,000	-	23,195,000
Premium on installment obligations	-	-	-	1,230,241
Premium on refunding installment obligations	-	2,400,578	-	2,400,578
Payment to refund outstanding installment financings	-	(25,267,632)	-	(25,267,632)
Total other financing sources (uses)	<u>7,881,040</u>	<u>7,121,266</u>	<u>704,478</u>	<u>19,362,930</u>
Net change in fund balances	4,463,009	1,821,354	(1,686,809)	20,232,386
Fund balances at beginning of year	2,992,279	7,967,199	21,320,612	93,330,252
Change in reserve for inventories	-	-	-	66,056
Fund balances at end of year	<u>\$ 7,455,288</u>	<u>\$ 9,788,553</u>	<u>\$ 19,633,803</u>	<u>\$ 113,628,694</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2015**

Net change in fund balances - total governmental funds	\$ 20,232,386
Amounts reported for governmental activities in the statement of activities are different because:	
Change in fund balance due to change in reserve for inventory	66,056
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.	2,249,517
Some revenues in the statement of activities, including tax and other receipts do not provide current financial resources and are therefore not reported as revenues in the funds.	(353,454)
Contributions to the Local Governmental Retirement System (LGRS) pension plan in the current fiscal year are not included on the Statement of Activities.	3,009,279
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of prepaid bond insurance, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(10,854,122)
Some expenses reported in the statement of activities, including pension and other expenses do not include the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(3,820,131)
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.	1,252,852
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>(442,397)</u>
Change in net position - governmental activities	<u>\$ 11,339,986</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, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Ad valorem tax	\$ 53,546,882	\$ 53,546,882	\$ 53,992,024	\$ 445,142
Local option sales tax	19,374,912	19,374,912	21,216,765	1,841,853
Franchise tax	6,464,780	6,464,780	8,174,142	1,709,362
Video programming tax	1,511,855	1,511,855	1,442,808	(69,047)
Rental vehicle tax	173,400	173,400	267,219	93,819
Unrestricted intergovernmental	1,430,090	1,430,090	1,782,895	352,805
Restricted intergovernmental	3,087,598	3,141,802	4,659,768	1,517,966
Licenses and permits	2,307,459	2,332,459	2,962,469	630,010
Sales and services	2,321,801	2,382,844	2,450,718	67,874
Fines and forfeits	133,700	133,700	206,164	72,464
Interest earnings	100,143	100,143	160,461	60,318
Miscellaneous	70,600	159,350	529,388	370,038
Total revenues	<u>90,523,220</u>	<u>90,752,217</u>	<u>97,844,821</u>	<u>7,092,604</u>
Expenditures:				
General Government	13,775,005	14,265,674	11,900,989	2,364,685
Public Safety	43,597,063	43,761,371	42,910,393	850,978
Transportation	14,402,133	14,402,423	13,457,970	944,453
Cultural and Recreational	7,443,339	7,661,723	7,214,205	447,518
Transit System	1,442,822	1,442,822	1,442,822	-
Total expenditures	<u>80,660,362</u>	<u>81,534,013</u>	<u>76,926,379</u>	<u>4,607,634</u>
Excess of revenues over expenditures	<u>9,862,858</u>	<u>9,218,204</u>	<u>20,918,442</u>	<u>11,700,238</u>
Other financing sources (uses):				
Transfers from other funds	-	496,423	496,423	-
Transfers to other funds	(10,863,163)	(12,032,470)	(11,908,504)	123,966
Appropriated fund balance	1,000,305	2,317,843	-	(2,317,843)
Total other financing uses	<u>(9,862,858)</u>	<u>(9,218,204)</u>	<u>(11,412,081)</u>	<u>(2,193,877)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	9,506,361	<u>\$ 9,506,361</u>
Fund balance at beginning of year			46,034,737	
Change in reserve for inventories			<u>66,056</u>	
Fund balance at end of year			<u>\$ 55,607,154</u>	
A portion of a legally budgeted CDBG/HOME Grant and Administration Fund is consolidated into the General Fund for reporting purposes:				
Transfer from General Fund			181,548	
General government expenditures			(56,876)	
Economic and physical development expenditures			(124,672)	
Fund balance at beginning of year			<u>-</u>	
Fund balance at end of year			<u>\$ 55,607,154</u>	

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Net Position -  
Proprietary Funds**

**June 30, 2015**

	<b>Enterprise Funds</b>		
	Solid Waste Management Fund	Storm Water Management Fund	Parking Facilities Fund
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 3,940,914	\$ 16,261,837	\$ 3,780,061
Accounts receivable:			
Customers, net	1,543,376	1,240,722	4,358
Other receivables	340,776	5,038	1,167
Due from other funds	-	-	6,600
Due from component unit	-	-	-
Due from other governments	80,058	86,381	3,313
Inventory of materials and supplies	-	65,639	-
Prepays	46,794	55,111	11,747
Restricted assets:			
Cash and cash equivalents	-	8,248,546	18,652
Total current assets	5,951,918	25,963,274	3,825,898
Noncurrent assets:			
Capital assets:			
Land	-	1,023,671	6,523,115
Easements	-	1,060,575	-
Improvements other than buildings	-	50,950,394	229,380
Buildings, plant and structures	-	1,202,630	13,830,830
Intangible software	-	-	26,196
Furniture, fixtures, machinery and equipment	37,628	398,548	457,993
Construction in progress	-	4,841,516	115,017
Less accumulated depreciation	(24,806)	(18,519,294)	(8,022,739)
Total capital assets, net of accumulated depreciation	12,822	40,958,040	13,159,792
Restricted net pension asset	274,394	239,358	9,996
Total assets	6,239,134	67,160,672	16,995,686
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Contributions to pension plan in current fiscal year	176,245	160,092	5,791
Charge on refunding	-	358,083	329,229
Total deferred outflows of resources	176,245	518,175	335,020

	Nonmajor Golf Fund	Total	Internal Service Funds
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 603,965	\$ 24,586,777	\$ 8,522,288
Accounts receivable:			
Customers, net	-	2,788,456	-
Other receivables	581	347,562	2,628
Due from other funds	-	6,600	-
Due from component unit	-	-	152,054
Due from other governments	488	170,240	22,343
Inventory of materials and supplies	31,558	97,197	177,133
Prepays	14,974	128,626	573,857
Restricted assets:			
Cash and cash equivalents	-	8,267,198	-
Total current assets	<u>651,566</u>	<u>36,392,656</u>	<u>9,450,303</u>
Noncurrent assets:			
Capital assets:			
Land	109,393	7,656,179	-
Easements	-	1,060,575	-
Improvements other than buildings	2,259,426	53,439,200	-
Buildings, plant and structures	485,348	15,518,808	-
Intangible software	-	26,196	-
Furniture, fixtures, machinery and equipment	376,800	1,270,969	22,337,294
Construction in progress	-	4,956,533	-
Less accumulated depreciation	<u>(1,314,797)</u>	<u>(27,881,636)</u>	<u>(15,284,231)</u>
Total capital assets, net of accumulated depreciation	<u>1,916,170</u>	<u>56,046,824</u>	<u>7,053,063</u>
Restricted net pension asset	<u>47,884</u>	<u>571,632</u>	<u>62,312</u>
Total assets	<u>2,615,620</u>	<u>93,011,112</u>	<u>16,565,678</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Contributions to pension plan in current fiscal year	31,671	373,799	39,179
Charge on refunding	<u>-</u>	<u>687,312</u>	<u>-</u>
Total deferred outflows of resources	<u>31,671</u>	<u>1,061,111</u>	<u>39,179</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**June 30, 2015**

	<b>Enterprise Funds</b>		
	<u>Solid Waste Management Fund</u>	<u>Storm Water Management Fund</u>	<u>Parking Facilities Fund</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable:			
Trade	\$ 559,427	\$ 200,389	\$ 186,198
Contracts and retainage	-	165,119	2,082
Accrued liabilities:			
Personnel costs	317,563	218,743	10,658
Interest	608	27,883	19,604
Current portion of long-term liabilities:			
Due to other funds	59,018	50,835	-
Bonds payable	-	705,000	-
Installment obligations	-	-	857,437
Other long-term obligations	190,000	-	-
Accrued vacation and sick leave	148,922	143,490	7,652
Customer and escrow deposits	-	119,105	-
Unearned revenues	-	-	-
Restricted liabilities:			
Trade payable	-	28,737	-
Contracts and retainage payable	-	899,638	-
Total current liabilities	<u>1,275,538</u>	<u>2,558,939</u>	<u>1,083,631</u>
Noncurrent liabilities:			
Noncurrent portion of long-term liabilities:			
Advances from other funds	-	-	-
Bonds payable	-	25,259,781	-
Installment obligations	-	772,641	6,820,173
Other long-term obligations	380,000	-	-
Accrued vacation and sick leave	75,521	72,766	3,948
Accrued other postemployment benefits	<u>1,410,601</u>	<u>1,133,969</u>	<u>84,562</u>
Total noncurrent liabilities	<u>1,866,122</u>	<u>27,239,157</u>	<u>6,908,683</u>
Total liabilities	<u>3,141,660</u>	<u>29,798,096</u>	<u>7,992,314</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension deferrals	672,836	586,920	24,511
Charge on refunding	<u>-</u>	<u>6,646</u>	<u>-</u>
Total deferred inflows of resources	<u>672,836</u>	<u>593,566</u>	<u>24,511</u>
<b>NET POSITION</b>			
Net investment in capital assets	12,822	21,903,296	5,830,063
Restricted for:			
Capital projects	-	1,938,140	-
Unrestricted	<u>2,588,061</u>	<u>13,445,749</u>	<u>3,483,818</u>
Net Position	<u>\$ 2,600,883</u>	<u>\$ 37,287,185</u>	<u>\$ 9,313,881</u>



	Nonmajor Golf Fund	Total	Internal Service Funds
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable:			
Trade	\$ 57,637	\$ 1,003,651	\$ 166,083
Contracts and retainage	2,623	169,824	-
Accrued liabilities:			
Personnel costs	50,466	597,430	64,458
Interest	-	48,095	11,855
Current portion of long-term liabilities:			
Due to other funds	32,106	141,959	27,826
Bonds payable	-	705,000	-
Installment obligations	-	857,437	-
Other long-term obligations	-	190,000	403,064
Accrued vacation and sick leave	40,301	340,365	48,924
Customer and escrow deposits	-	119,105	-
Unearned revenues	52,144	52,144	-
Restricted liabilities:			
Trade payable	-	28,737	-
Contracts and retainage payable	-	899,638	-
Total current liabilities	<u>235,277</u>	<u>5,153,385</u>	<u>722,210</u>
Noncurrent liabilities:			
Noncurrent portion of long-term liabilities:			
Advances from other funds	78,000	78,000	-
Bonds payable	-	25,259,781	-
Installment obligations	-	7,592,814	-
Other long-term obligations	-	380,000	2,460,000
Accrued vacation and sick leave	58,501	210,736	29,460
Accrued other postemployment benefits	<u>220,486</u>	<u>2,849,618</u>	<u>270,286</u>
Total noncurrent liabilities	<u>356,987</u>	<u>36,370,949</u>	<u>2,759,746</u>
Total liabilities	<u>592,264</u>	<u>41,524,334</u>	<u>3,481,956</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension deferrals	117,414	1,401,681	152,794
Charge on refunding	-	6,646	-
Total deferred inflows of resources	<u>117,414</u>	<u>1,408,327</u>	<u>152,794</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,916,170	29,662,351	4,189,999
Restricted for:			
Capital projects	-	1,938,140	-
Unrestricted	<u>21,443</u>	<u>19,539,071</u>	<u>8,780,108</u>
Net Position	<u>\$ 1,937,613</u>	<u>\$ 51,139,562</u>	<u>\$ 12,970,107</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2015**

	<b>Enterprise Funds</b>		
	Solid Waste Management Fund	Storm Water Management Fund	Parking Facilities Fund
Operating revenues:			
Charges for services	\$ 8,803,224	\$ 9,441,985	\$ 3,253,754
Other operating revenues	<u>1,275,648</u>	<u>67,871</u>	<u>4,200</u>
Total operating revenues	<u>10,078,872</u>	<u>9,509,856</u>	<u>3,257,954</u>
Operating expenses:			
Salaries, employee benefits and other personnel costs	4,997,635	3,007,412	158,265
Materials and fuels consumed	564,828	446,954	3,912
Landfill disposal fees	1,532,640	-	-
Services	1,189,103	766,602	1,388,745
Utilities	16,952	41,432	67,567
Depreciation	5,086	849,098	629,721
Amortization	-	2,294	-
Other operating expenses	<u>1,374,836</u>	<u>1,461,910</u>	<u>608,357</u>
Total operating expenses	<u>9,681,080</u>	<u>6,575,702</u>	<u>2,856,567</u>
Operating income (loss)	<u>397,792</u>	<u>2,934,154</u>	<u>401,387</u>
Nonoperating revenues (expenses):			
Investment earnings	13,456	38,143	14,481
Restricted intergovernmental	72,127	34,709	-
Interest and other charges	(8,917)	(523,126)	(286,755)
Gain (loss) on disposal of capital assets, net	<u>-</u>	<u>(96,688)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>76,666</u>	<u>(546,962)</u>	<u>(272,274)</u>
Income (loss) before capital contributions and transfers	474,458	2,387,192	129,113
Capital contributions	-	774,874	1,733
Transfers from other funds	-	-	254,337
Transfers to other funds	<u>(5,000)</u>	<u>(133,523)</u>	<u>-</u>
Change in net position	<u>469,458</u>	<u>3,028,543</u>	<u>385,183</u>
Net position at beginning of year	<u>2,513,683</u>	<u>34,592,088</u>	<u>8,942,623</u>
Restatement for accounting change (Note 8)	<u>(382,258)</u>	<u>(333,446)</u>	<u>(13,925)</u>
Net position at beginning of year as restated	<u>2,131,425</u>	<u>34,258,642</u>	<u>8,928,698</u>
Net position at end of year	<u>\$ 2,600,883</u>	<u>\$ 37,287,185</u>	<u>\$ 9,313,881</u>

	Nonmajor Golf Fund	Total	Internal Service Funds
Operating revenues:			
Charges for services	\$ 874,778	\$ 22,373,741	\$ 5,879,843
Other operating revenues	17,034	1,364,753	165,896
Total operating revenues	<u>891,812</u>	<u>23,738,494</u>	<u>6,045,739</u>
Operating expenses:			
Salaries, employee benefits and other personnel costs	641,776	8,805,088	776,087
Materials and fuels consumed	253,320	1,269,014	16,006
Landfill disposal fees	60,176	1,592,816	-
Services	-	3,344,450	914,647
Utilities	40,895	166,846	5,231
Depreciation	76,067	1,559,972	1,639,776
Amortization	-	2,294	-
Other operating expenses	259,141	3,704,244	1,914,279
Total operating expenses	<u>1,331,375</u>	<u>20,444,724</u>	<u>5,266,026</u>
Operating income (loss)	<u>(439,563)</u>	<u>3,293,770</u>	<u>779,713</u>
Nonoperating revenues (expenses):			
Investment earnings	3,412	69,492	25,815
Restricted intergovernmental	-	106,836	-
Interest and other charges	-	(818,798)	(30,429)
Gain (loss) on disposal of capital assets, net	-	(96,688)	1,058,083
Total nonoperating revenues (expenses)	<u>3,412</u>	<u>(739,158)</u>	<u>1,053,469</u>
Income (loss) before capital contributions and transfers	(436,151)	2,554,612	1,833,182
Capital contributions	-	776,607	127,047
Transfers from other funds	162,100	416,437	480,000
Transfers to other funds	-	(138,523)	(1,187,377)
Change in net position	<u>(274,051)</u>	<u>3,609,133</u>	<u>1,252,852</u>
Net position at beginning of year	<u>2,278,370</u>	<u>48,326,764</u>	<u>11,804,062</u>
Restatement for accounting change (Note 8)	<u>(66,706)</u>	<u>(796,335)</u>	<u>(86,807)</u>
Net position at beginning of year as restated	<u>2,211,664</u>	<u>47,530,429</u>	<u>11,717,255</u>
Net position at end of year	<u>\$ 1,937,613</u>	<u>\$ 51,139,562</u>	<u>\$ 12,970,107</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Cash Flows -  
Proprietary Funds**

**Year Ended June 30, 2015**

	<b>Enterprise Funds</b>		
	Solid Waste Management Fund	Storm Water Management Fund	Parking Facilities Fund
Cash flows from operating activities:			
Receipts from customers and users	\$ 9,778,028	\$ 7,330,485	\$ 3,256,324
Receipts from interfund services provided	35,849	2,196,411	-
Payments to suppliers	(3,236,334)	(1,836,460)	(2,033,801)
Payments to or on behalf of employees	(5,001,945)	(3,024,164)	(105,212)
Payments for interfund services used	(1,141,206)	(686,703)	(8,224)
Net cash provided by operating activities	<u>434,392</u>	<u>3,979,569</u>	<u>1,109,087</u>
Cash flows from noncapital and related financing activities:			
Advances from other funds	-	-	-
Due from other funds	-	-	-
Dues to other funds	59,018	-	(6,600)
Transfers from other funds	-	-	254,337
Transfers to other funds	(5,000)	(133,523)	-
Restricted intergovernmental	72,127	34,709	-
Net cash provided by (used in) noncapital and related financing activities	<u>126,145</u>	<u>(98,814)</u>	<u>247,737</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	-	(3,149,409)	(721,348)
Proceeds from other long-term obligations	-	-	-
Proceeds from refunding installment obligations	-	772,641	2,177,343
Proceeds from refunding bonds	-	7,667,660	-
Proceeds from bonds	-	14,466,075	-
Payment to refund outstanding installment obligations	-	(760,413)	-
Payment to refund outstanding other long-term obligations	-	-	(2,145,521)
Payment to refund outstanding bonds	-	(7,558,260)	-
Principal payments on bonds	-	(520,000)	-
Principal payments on installment obligations	-	(75,000)	(344,500)
Principal payments on other long-term obligations	(190,000)	-	(166,667)
Interest and other charges	(9,120)	(560,845)	(327,736)
Issuance costs on refunding installment obligations	-	(7,729)	(30,500)
Issuance costs on bonds	-	(109,045)	-
Proceeds from sale of capital assets	-	5,005	-
Capital contributions	-	18,501	-
Net cash provided by (used in) capital and related financing activities	<u>(199,120)</u>	<u>10,189,181</u>	<u>(1,558,929)</u>
Cash flows from investing activities:			
Investment earnings	<u>13,536</u>	<u>36,867</u>	<u>14,754</u>
Net increase (decrease) in cash and cash equivalents	374,953	14,106,803	(187,351)
Cash and cash equivalents at beginning of year	<u>3,565,961</u>	<u>10,403,580</u>	<u>3,986,064</u>
Cash and cash equivalents at end of year	<u>\$ 3,940,914</u>	<u>\$ 24,510,383</u>	<u>\$ 3,798,713</u>

	Nonmajor Golf Fund	Total	Internal Service Funds
Cash flows from operating activities:			
Receipts from customers and users	\$ 1,412,950	\$ 21,777,787	\$ 391,947
Receipts from interfund services provided	-	2,232,260	5,712,045
Payments to suppliers	(564,870)	(7,671,465)	(3,245,994)
Payments to or on behalf of employees	(629,848)	(8,761,169)	(748,788)
Payments for interfund services used	(25,109)	(1,861,242)	(9,995)
Net cash provided by operating activities	<u>193,123</u>	<u>5,716,171</u>	<u>2,099,215</u>
Cash flows from noncapital and related financing activities:			
Advances from other funds	(26,000)	(26,000)	-
Due from other funds	-	-	27,826
Dues to other funds	6,106	58,524	-
Transfers from other funds	162,100	416,437	480,000
Transfers to other funds	-	(138,523)	-
Restricted intergovernmental	-	106,836	-
Net cash provided by (used in) noncapital and related financing activities	<u>142,206</u>	<u>417,274</u>	<u>507,826</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(1,186,715)	(5,057,472)	(6,246,121)
Proceeds from other long-term obligations	-	-	2,863,064
Proceeds from refunding installment obligations	-	2,949,984	-
Proceeds from refunding bonds	-	7,667,660	-
Proceeds from bonds	-	14,466,075	-
Payment to refund outstanding installment obligations	-	(760,413)	-
Payment to refund outstanding other long-term obligations	-	(2,145,521)	-
Payment to refund outstanding bonds	-	(7,558,260)	-
Principal payments on bonds	-	(520,000)	-
Principal payments on installment obligations	-	(419,500)	-
Principal payments on other long-term obligations	-	(356,667)	-
Interest and other charges	-	(897,701)	(18,574)
Issuance costs on refunding installment obligations	-	(38,229)	-
Issuance costs on bonds	-	(109,045)	-
Proceeds from sale of capital assets	-	5,005	1,067,043
Capital contributions	-	18,501	-
Net cash provided by (used in) capital and related financing activities	<u>(1,186,715)</u>	<u>7,244,417</u>	<u>(2,334,588)</u>
Cash flows from investing activities:			
Investment earnings	<u>3,751</u>	<u>68,908</u>	<u>26,167</u>
Net increase (decrease) in cash and cash equivalents	(847,635)	13,446,770	298,620
Cash and cash equivalents at beginning of year	<u>1,451,600</u>	<u>19,407,205</u>	<u>8,223,668</u>
Cash and cash equivalents at end of year	<u>\$ 603,965</u>	<u>\$ 32,853,975</u>	<u>\$ 8,522,288</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2015**

	<b>Enterprise Funds</b>		
	Solid Waste Management Fund	Storm Water Management Fund	Parking Facilities Fund
<b>Reconciliation to Statement of Net Position:</b>			
Cash and cash equivalents	\$ 3,940,914	\$ 16,261,837	\$ 3,780,061
Restricted cash and cash equivalents	<u>-</u>	<u>8,248,546</u>	<u>18,652</u>
Total cash and cash equivalents	<u>\$ 3,940,914</u>	<u>\$ 24,510,383</u>	<u>\$ 3,798,713</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>			
Operating income (loss)	\$ 397,792	\$ 2,934,154	\$ 401,387
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	5,086	851,392	629,721
Pension expense	16,184	14,116	590
Changes in assets and liabilities:			
Accounts receivable	(58,970)	(66,062)	-
Other receivables	(339,559)	-	-
Due from component unit	-	-	-
Due from other governments	133,534	83,102	(1,630)
Inventory of materials and supplies	-	15,089	-
Prepays	9,991	12,817	(11,747)
Accounts payable and accrued liabilities	303,671	224,768	42,720
Deferred outflows of resources for pensions	(176,245)	(160,092)	(5,791)
Accrued vacation and sick leave	5,641	(17,460)	3,050
Accrued other postemployment benefits	137,267	87,745	50,787
Unearned revenues	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by operating activities	<u>\$ 434,392</u>	<u>\$ 3,979,569</u>	<u>\$ 1,109,087</u>
<b>Noncash investing, capital and financing activities:</b>			
Capital assets acquired on account	\$ -	\$ 639,182	\$ (121,271)
Disposal of capital assets	-	(110,296)	-
Capital contributions from other governments	-	756,373	-
Capital contributions from governmental funds	-	-	1,733
Donation of capital assets to governmental funds	<u>-</u>	<u>-</u>	<u>-</u>
Net effect of noncash activities	<u>\$ -</u>	<u>\$ 1,285,259</u>	<u>\$ (119,538)</u>



	Nonmajor Golf Fund	Total	Internal Service Funds
<b>Reconciliation to Statement of Net Position:</b>			
Cash and cash equivalents	\$ 603,965	\$ 24,586,777	\$ 8,522,288
Restricted cash and cash equivalents	-	8,267,198	-
Total cash and cash equivalents	<u>\$ 603,965</u>	<u>\$ 32,853,975</u>	<u>\$ 8,522,288</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>			
Operating income (loss)	\$ (439,563)	\$ 3,293,770	\$ 779,713
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	76,067	1,562,266	1,639,776
Pension expense	2,824	33,714	3,675
Changes in assets and liabilities:			
Accounts receivable	-	(125,032)	-
Other receivables	(393)	(339,952)	-
Due from component unit	-	-	60,246
Due from other governments	528,758	743,764	(1,993)
Inventory of materials and supplies	13,775	28,864	(23,190)
Prepays	(1,565)	9,496	(223,230)
Accounts payable and accrued liabilities	13,899	585,058	(156,765)
Deferred outflows of resources for pensions	(31,671)	(373,799)	(39,179)
Accrued vacation and sick leave	11,858	3,089	8,148
Accrued other postemployment benefits	26,361	302,160	52,014
Unearned revenues	(7,227)	(7,227)	-
Net cash provided by operating activities	<u>\$ 193,123</u>	<u>\$ 5,716,171</u>	<u>\$ 2,099,215</u>
<b>Noncash investing, capital and financing activities:</b>			
Capital assets acquired on account	\$ (484,093)	\$ 33,818	\$ (61,173)
Disposal of capital assets	-	(110,296)	-
Capital contributions from other governments	-	756,373	-
Capital contributions from governmental funds	-	1,733	127,047
Donation of capital assets to governmental funds	-	-	(1,187,377)
Net effect of noncash activities	<u>\$ (484,093)</u>	<u>\$ 681,628</u>	<u>\$ (1,121,503)</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**June 30, 2015**

	Pension Trust Funds	Agency Funds
	<u>          </u>	<u>          </u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 897,956	\$ 482,323
Investments:		
North Carolina Capital Management Trust, Cash Portfolio	775,280	-
North Carolina Capital Management Trust, Term Portfolio	50,822	13,818
U.S. Government Agencies	151,489	41,189
Other receivables	<u>339</u>	<u>92</u>
Total assets	<u>1,875,886</u>	<u>537,422</u>
 <b>LIABILITIES</b>		
Accounts payable	675	-
Due to General Fund	1,746	-
Escrow funds and deposits	<u>-</u>	<u>537,422</u>
Total liabilities	<u>2,421</u>	<u>537,422</u>
 <b>NET POSITION</b>		
Restricted for pension and other postemployment benefits	<u>\$ 1,873,465</u>	<u>\$ -</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2015**

	<u>Pension Trust Funds</u>
Additions:	
Contributions:	
Employer	\$ 2,065,490
Plan members	<u>353,148</u>
Total contributions	2,418,638
Investment earnings	<u>3,867</u>
Total additions	<u>2,422,505</u>
Deductions:	
Benefit payments	1,833,344
Administrative expense	<u>191,063</u>
Total deductions	<u>2,024,407</u>
Change in net position	398,098
Net position at beginning of year	<u>1,475,367</u>
Net position at end of year	<u>\$ 1,873,465</u>

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# **CITY OF WILMINGTON, NORTH CAROLINA**

## **Notes to Financial Statements June 30, 2015**

### **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 113,910. The City has a Council-Manager form of government with a seven-member council, which includes an elected mayor. As required by generally accepted accounting principles, these financial statements present the City and its component units, legally separate entities for which the City is financially accountable.

Blended component units, although legally separate entities, are in substance part of the government's operations and so data from these units is combined with data of the primary government. The discretely presented component unit, on the other hand, is reported in a separate column in the financial statements to emphasize that it is legally separate from the primary government. One component unit has no financial transactions or account balances and, therefore, does not appear in the financial statements. Each blended and discretely presented component unit has a June 30 year-end.

#### **BLENDED COMPONENT UNIT**

##### **Wilmington Future, Inc.**

Wilmington Future, Inc. (the Corporation), a North Carolina nonprofit corporation, exists to issue tax-exempt obligations pursuant to the Internal Revenue Code of 1986, as amended. The Corporation is governed by a three-member Board of Directors and may, by Board action, dismiss members and appoint up to four additional members. The Corporation has no financial transactions or account balances; therefore, it is not presented in the combined financial statements. The Corporation does not issue separate financial statements.

#### **DISCRETELY PRESENTED COMPONENT UNIT**

##### **Cape Fear Public Transportation Authority**

The Cape Fear Public Transportation Authority (Authority), operating as Wave Transit, is a public authority created in 2004 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 the County and the City. The interlocal agreement was amended on March 2, 2015 at which time the term of the agreement was changed to be effective for 20 years, with one 10 year renewal term after the initial term upon approval of the County and the City. Additionally, the agreement requires the Authority to maintain a minimal fund balance of eight percent of the operating budget by the fiscal year ending June 30, 2016. If the Authority uses money from the fund balance such that the fund balance falls below eight percent, the Authority is to submit a plan to the City and County to replenish the fund balance within 24 months.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2015

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

#### A. REPORTING ENTITY (continued)

##### DISCRETELY PRESENTED COMPONENT UNIT (continued)

##### Cape Fear Public Transportation Authority (continued)

The Authority is governed by an eleven member board. The Authority board consists of five members appointed by the County, five members appointed by the City and one member appointed jointly by the County and City from a human service agency served by public transportation services.

Each proposed annual budget shall be submitted to the County and City for approval by the County Commissioners and City Council. The County and City provide annual funding to the Authority as their budgets permit. Any debt necessary for the maintenance, improvement or expansion of the Authority will be incurred by the County or City for the benefit of the Authority. The Authority establishes and revises, from time-to-time, schedules of rates, fees and charges for the use of the services of the Authority. An interlocal agreement between the City and the Authority, effective July 1, 2005 and as amended May 15, 2013, provides that the City will (a) make available to the Authority on July 1 of each fiscal year the annual appropriation approved in the adopted City budget, and (b) allow the Authority access to additional necessary operating funds in an amount not to exceed \$400,000, less any additional operating funds provided by the County in excess of the County's annual appropriation for public transportation, as an advance on awarded federal and/or State operating funds that the Authority has not received. Advances shall be repaid the earlier of June 30 of each year or 120 days following the advance. In the event the Authority does not repay the advance, the City will withhold the outstanding balance from its annual appropriation. The agreement may be terminated by the mutual written consent of the parties or upon the lack of an award or termination of federal and/or State funding to the Authority. For financial reporting purposes, in conformity with GASB Codification Section 2100, the Authority is a component unit of the City and is included as such in the City's comprehensive annual financial report, as the Authority is fiscally dependent on the City.

A blended component unit is a separate legal entity whose operations are so intertwined with the Authority that it is, in substance, the same as the Authority. Making Waves Foundation (the Foundation), a North Carolina nonprofit corporation, is a blended component unit of the Authority as the Authority elects all of the board members of the Foundation's board of directors. The Foundation provides transportation fare subsidies to nonprofit agencies who provide assistance to members of the community in need and individuals who otherwise would not have access to transportation. The balances and transactions of the Foundation are blended with those of the Authority in the accompanying financial statements. The activity of the blended component unit is not considered to be materially significant as compared to the activity of the Authority. The Foundation does not issue separate financial statements.

The Authority's complete financial statements for the year ended June 30, 2015 may be obtained at their administrative offices:

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



# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued)

June 30, 2015

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

#### B. BASIS OF PRESENTATION

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

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**Fund Financial Statements.** The fund financial statements provide information about the City's funds. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies, tax distributions, and investment earnings, result from non-exchange transactions or ancillary activities.

The City reports the following major governmental funds:

**General Fund.** The General Fund is the general operating fund of the City. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety, street maintenance and construction and parks and recreation. Additionally, the City has legally adopted a CDBG/Home Grant and Loan Administration Fund. Under GASB 54 guidance, the CDBG/Home Grant and Loan Administration Fund is consolidated in the General Fund. The budgetary comparison for the CDBG/Home Grant and Loan Administration Fund has been included in the supplemental information.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2015

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

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

**Special Purpose Fund.** Although the Special Purpose Fund does not meet criteria to be a major fund, the City has determined that the fund is qualitatively material to the users of the financial statements. This fund accounts for and reports the proceeds of a local room occupancy tax that is restricted by State statute for the operation of the convention center; proceeds of the red-light camera program; federal forfeiture funds; North Carolina drug tax funds; and grants received from federal, state and local governments including the Department of Justice, Department of Homeland Security, Department of Transportation, Environmental Protection Agency, and the Department of Environment and Natural Resources. Additionally, the City has legally adopted a Convention Center Fund. Under GASB 54 guidance, the Convention Center Fund is consolidated in the Special Purpose Fund. The budgetary comparison for the Convention Center Fund has been included in the supplemental information. The City also maintains a UDAG Loan Fund for which a budget is not adopted in accordance with State law [G.S. 159-13(a)(3)] as this fund is established to account for monies held by the City as a common law trustee. Under GASB 54 guidance, the UDAG Loan Fund is consolidated in the Special Purpose Fund.

**Streets and Sidewalks Fund.** This fund accounts for resources used for the acquisition, construction, repair and maintenance of streets and sidewalks within the City of Wilmington.

**Building Improvements Fund.** Although the Building Improvements Fund does not meet criteria to be a major fund, the City has determined that the fund is qualitatively material to the users of the financial statements. This fund accounts for resources used for the acquisition, renovation and construction of major capital improvements, other than those financed by proprietary funds.

**Debt Service Fund.** The Debt Service Fund accumulates resources to pay maturing principal and interest on general obligation bonds, certain installment obligations and other long-term obligations issued for governmental capital projects and equipment purchases as well as certain installment obligations issued to refund other long-term obligations issued for the acquisition the Water Street parking deck and accounted for in the Parking Facilities Fund, a business-type activity. Additionally, this fund passes through and accumulates resources pursuant to the Council adopted Five Year Capital Improvement Plan and the Streets and Sidewalks Bond Referendum. In accordance with these plans, resources earmarked for the pay-as-you-go portion, or 20%, of the projected costs of certain capital projects are passed through to the related capital project funds while resources are accumulated to pay related debt service on the remaining 80% of the projected costs.

Maturing principal and interest on obligations issued to fund the construction of the Wilmington Convention Center are serviced by the Convention Center Fund. Obligations issued for equipment replacement, solid waste disposal, storm water management and parking facilities, plus related debt service, are recorded in the respective internal service and enterprise funds. On July 1, 2008, the assets and liabilities of the City's water, ground water and sewer operations were transferred to the Cape Fear Public Utility Authority (CFPUA). Certain general obligation bonds and installment obligations previously issued for the benefit of these enterprise operations were not assigned to the CFPUA and remained obligations of the City serviced by the debt service fund utilizing payments received from the CFPUA for this purpose. Debt service payments are reimbursed to the Debt Service Fund by the CFPUA. The general obligation bonds matured on June 1, 2015.

The City reports the following major enterprise funds:

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

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2015

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

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

**Storm Water Management Fund.** The Storm Water Management Fund accounts for storm water drainage services.

**Parking Facilities Fund.** The Parking Facilities Fund accounts for the operation of the City's parking facilities and the on-street parking program.

Additionally, the City reports the following fund types:

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

**Pension Trust Funds.** The City maintains two Pension Trust Funds- the Law Enforcement Officers' Pension Trust Fund and the Other Postemployment Benefits Trust Fund. Pension trust funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans or other postemployment benefit plans. The City's Law Enforcement Officers' Pension Trust Fund accounts for the Law Enforcement Officers' Special Separation Allowance, a single-employer, defined benefit, public safety employee retirement system. The City has evaluated this arrangement and determined that the requirements of GASB Statement No. 67, "Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25" and GASB Statement No. 68, "Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27" are not applicable. The Other Postemployment Benefits Trust Fund accounts for the City's contributions for healthcare coverage provided to qualified retirees.

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

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

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

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

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2015

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

#### C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (continued)

**Government-wide, Proprietary and Fiduciary Fund Financial Statements. (continued)** Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

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

The City considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, 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, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2015

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

#### D. BUDGETARY DATA

Budgets for the City and the Authority are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, Debt Service Fund, CDBG/Home Administration Fund, enterprise funds and the Authority. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for capital projects funds, including the enterprise capital projects funds which are consolidated with the enterprise operating funds for reporting purposes. Additionally, project ordinances are adopted for special revenue funds, excluding the CDBG/Home Administration Fund as noted previously. Budgets are not adopted for special revenue loan funds and the Firemen's Relief Fund in accordance with State law [G.S. 159-13(a)(3)] as these funds are established to account for monies held by the City as a common law trustee. The City's internal service funds operate under financial plans that were adopted by the City Council at the time the City's budget ordinance was approved, as is required by North Carolina General Statutes. All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and the Community Development, the Home Investment Partnership and the Convention Center multi-year funds; at the fund level for all capital projects multi-year funds and the Authority; and at the grant level for the Special Purpose multi-year fund. Amendments are required for any revisions that alter total expenditures of any fund.

All amendments must be approved by City Council. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

#### E. ASSETS, LIABILITIES, DEFERRED INFLOWS AND OUTFLOWS, AND FUND EQUITY

##### DEPOSITS AND INVESTMENTS

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

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

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

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2015

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

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

##### CASH AND CASH EQUIVALENTS

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

##### RESTRICTED ASSETS

Unspent donations are classified as restricted assets because they are restricted to the capital projects for which the funds were collected. Unexpended proceeds of the City's general obligation bonds, certificates of participation, limited obligation bonds and other long-term obligations are classified as restricted assets because their use is limited by bond covenants, bond indentures and other financing agreements to the purpose for which the debt was originally issued. Certain receivables from New Hanover County for unexpended proceeds of park development bonds issued by the County on behalf of the City are classified as restricted assets. The unexpended portion of occupancy tax collected is classified as restricted as these funds are restricted by State statute. Interest earnings on occupancy tax collected is considered restricted by the City as well as related accrued interest. Certain receivables from New Hanover County for occupancy tax collected by the County on behalf of the City but not remitted are classified as restricted assets. A portion of the occupancy tax collected has been advanced to the management company of the Wilmington Convention Center and is classified as restricted assets.

Cash and cash equivalents/investments are restricted in the accompanying governmental statements as follows:

	Special Purpose Fund	Streets and Sidewalks Fund	Building Improvements Fund	Debt Service Fund	Nonmajor Governmental Funds	Governmental Activities
Room occupancy tax proceeds						
and related interest earnings	\$4,911,002	\$ -	\$ -	\$ -	\$ -	\$ 4,911,002
Red light camera fines	89,340	-	-	-	-	89,340
Debt proceeds and related						
interest earnings	1,897,101	5,048,126	5,308,801	69	200,000	12,454,097
Federal forfeiture funds	1,127,498	-	-	-	-	1,127,498
Unauthorized substance tax	36,149	-	-	-	-	36,149
Firemen's relief funds	-	-	-	-	99,124	99,124
Donations and contributions	220,739	60,485	-	-	-	281,224
Grant matches restricted						
by related grant award	205,049	-	-	-	-	205,049
	<u>\$8,486,878</u>	<u>\$ 5,108,611</u>	<u>\$5,308,801</u>	<u>\$ 69</u>	<u>\$ 299,124</u>	<u>\$ 19,203,483</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2015

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

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

##### RESTRICTED ASSETS (continued)

Cash and cash equivalents are restricted in the accompanying proprietary statements as follows:

	Storm Water Management Fund	Parking Facilities Fund	Business-Type Activities
Debt proceeds and related interest earnings	<u>\$ 8,248,546</u>	<u>\$ 18,652</u>	<u>\$ 8,267,198</u>

##### 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, 2014. For collection purposes, taxes receivable are written off at the end of ten years in accordance with North Carolina General Statutes.

##### ALLOWANCES FOR DOUBTFUL ACCOUNTS

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

##### INVENTORIES AND PREPAID ITEMS

Inventories are maintained for major items used by the governmental funds, proprietary funds and the Authority in their operations. They are valued at cost (first-in, first-out) in the governmental funds and at the lower of cost (first-in, first-out) or market in the proprietary funds. Disbursements for inventory-type items in the General Fund are considered to be expenditures at the time of purchase. For the General Fund, inventory is offset by nonspendable fund balance.

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



# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2015

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

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

##### CAPITAL ASSETS

Capital assets are reported in the government-wide financial statements and proprietary fund financial statements in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Capital assets are defined by the City as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, right-of-ways and easements \$10,000; furniture, equipment and computer software \$5,000; buildings and improvements, plant structures \$25,000; infrastructure and certain improvements other than buildings \$100,000. Infrastructure includes streets and drainage systems. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets and those acquired by annexation are recorded at their estimated fair value at the date of donation or effective date of annexation. General infrastructure assets acquired prior to July 1, 2002 consist of streets and related right of way that were acquired or received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

The City follows the policy of capitalizing interest as a component of the cost of proprietary fund type capital assets constructed for its own use in accordance with the guidelines of GASB Statement No. 62, and other related pronouncements. During the year ended June 30, 2015, a total of \$111,688 was capitalized in the Storm Water Management Fund and \$8,979 was capitalized in the Parking Facilities Fund.

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

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

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2015

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

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

##### CAPITAL ASSETS (continued)

The Authority's capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. All purchased capital assets are valued at original cost at the time of acquisition, with cost including any net construction period interest. Donated capital assets are valued at their estimated or appraised fair market value on the date received. The cost of normal maintenance and repairs which do not add to the value of the asset or materially extend assets' lives are not capitalized. The Authority's capital assets include a transfer facility, garage and maintenance facilities, buses, other vehicles, certain equipment, land and construction in progress.

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

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

<u>Asset class</u>	<u>Estimated useful lives</u>
Buildings and improvements	40 years
Buses	10 - 12 years
Other vehicles	5 - 7 years
Furniture, fixtures, machinery and equipment	5 - 10 years

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

##### DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has two items that meet this criterion in the statement of net position – a loss on refunding and contributions made to the pension plan in the 2015 fiscal year. The Authority has one item that meets this criterion in the statement of net position – contributions made to the pension plan in the 2015 fiscal year. In addition to liabilities, the statement of net position and/or balance sheet can also report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has four items that meet the criterion for this category – prepaid taxes, receivables that do not meet the availability criterion, a gain on refunding and deferrals of pension expense that result from the implementation of GASB Statement No. 68, “Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27”. The Authority has one item that meets the criterion for this category – deferrals of pension expense that result from the implementation of GASB 68.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2015

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

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

##### LONG-TERM OBLIGATIONS

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable unamortized bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid bond insurance costs are reported as prepaid items and amortized over the term of the related debt using the straight-line method.

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

The City entered into an interest rate swap agreement to modify interest rates on outstanding debt. The net interest expense resulting from the agreement is recorded in the financial statements. All amounts expended by the City under the agreement were reimbursed by the Cape Fear Public Utility Authority. The bonds and related swap agreement matured on June 1, 2015.

##### COMPENSATED ABSENCES

Under the City's current personnel ordinance, full-time employees accrue vacation days based on years of service and may accumulate up to twice their annual accrual level on December 31<sup>st</sup> of each year. Any unused days not exceeding twice the annual accrual level will be paid upon termination of employment. Full time employees receive up to twelve paid holidays per year. If scheduled holidays cannot be taken, nonexempt employees who are in classifications approved for banking accrued holidays may accumulate all approved holidays and be paid for any unused days upon request. However, all accumulated holiday balances are liquidated prior to fiscal year end. Sick leave credits can be accumulated indefinitely and employees in good standing with a hire date before July 1, 2009 and with at least five years of continuous service may, upon the authorization of the city manager, be paid for 25% of their unused sick leave upon termination of employment. Employees hired on or after July 1, 2009 are not eligible to be paid for unused sick leave upon termination.

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

As more fully described in Note 3, the Authority contracts with a management company to provide management services, including the furnishing of certain employees to operate and maintain the equipment. As of June 30, 2015 the Authority recorded a liability of \$177,623 for unused vacation benefits for employees of the management company and the Authority. The Authority's vacation policy provides for the accumulation of up to thirty days earned vacation leave for all employees. Such leave is fully vested when earned.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2015

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

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

##### COMPENSATED ABSENCES (continued)

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

The Authority's sick leave policy allows for an accumulation of up to a maximum of 120 days for employees of the management company and indefinitely for Authority employees; however, it does not vest. The Authority has no obligation for accumulated sick leave until it is actually taken; therefore, no accrual for sick leave has been made. The management company provides other benefits to its employees that are reimbursed by agreement.

##### NET POSITION

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

##### FUND BALANCES

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

The governmental fund types classify fund balances as follows:

Nonspendable fund balance - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The following are the City's nonexpendable fund balances as of June 30, 2015:

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

Restricted fund balance - This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law. The following are the City's restricted fund balances as of June 30, 2015:

Restricted for Stabilization by State statute - portion of fund balance that is not available for appropriation under State law [G.S. 159-8(a)]. This amount is usually comprised of accounts receivable and interfund receivables, which have not been offset by deferred inflows of resources.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued)

June 30, 2015

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

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

##### FUND BALANCES (continued)

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

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

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

Restricted for debt service - portion of fund balance that is restricted by loan documents for issuance costs and debt service payments. This amount represents the balance of interest earnings in certain escrow accounts related to debt obligations.

Restricted for public safety – portion of fund balance that is restricted by revenue source for public safety expenditures such as firemen’s relief benefits and certain law enforcement activities including operation of the Southeastern North Carolina Airborne Law Enforcement program.

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

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

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

Committed fund balance - This classification includes amounts that can only be used for specific purposes imposed by majority vote by quorum of the City Council (highest level of decision-making authority). The City Council can, by adoption of a budget ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, any modification or rescission of the specific purpose imposed by the ordinance or transfer of these funds out of their respective funds requires a similar majority action by the City Council to amend the budget ordinance. The following are the City’s committed fund balances as of June 30, 2015:

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

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2015

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

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

##### FUND BALANCES (continued)

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

Committed for cultural and recreational - portion of fund balance committed by City Council to support projects that provide cultural and recreational enhancement opportunities.

Assigned fund balance - This classification includes amounts that the City intends to use for specific purposes. Assignments of fund balance are authorized by City Council. The following are the City's assigned fund balances as of June 30, 2015:

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

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

Unassigned fund balance - This classification is the portion of fund balance that has not been restricted, committed or assigned to specific purposes or other funds as of June 30, 2015. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount; however, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

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

The City has also adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the City in such a manner that unassigned fund balance is at least equal to or greater than 15 to 20% of the total annual operating budget. Any portion of the general fund balance in excess of 20% of the total annual operating budget may be used for non-recurring expenditures and pay-as-you-go capital expenditures. For the General Fund at June 30, 2015, the portion of fund balance that is available for appropriation equates to unassigned fund balance.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2015

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

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

##### PENSIONS

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to or deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The City's and Authority's employer contributions are recognized when due and the City and Authority have a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

##### F. COMPARATIVE DATA

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

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

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

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

The details of that item are as follows:

Bonds payable	\$ 22,850,000
Installment obligations	148,985,157
Other long-term obligations	13,053,577
Unamortized bond insurance net premiums	6,663,067
Unamortized deferred outflows of resources	(677,295)
Unamortized deferred inflows of resources	85,359
Accrued interest payable	930,938
Accrued vacation and sick leave	6,837,034
Accrued other postemployment benefits	18,487,506
Net pension obligation	<u>1,577,211</u>
	<u>\$ 218,792,554</u>



# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2015

### 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 position - governmental activities as reported in the government-wide statement of activities. One item of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period, including amounts for donations and disposals.”

The details of those items are as follows:

Capital outlay	\$ 12,413,464
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.	933,397
Net transfers of capital assets from proprietary funds increase net position in the statement of activities, but do not appear in governmental funds because they are not financial resources.	1,058,597
The net book value of capital assets disposed decreases net position in the statement of activities, but does not appear in governmental funds because they are not financial resources.	(522,620)
Depreciation expense	<u>(11,633,321)</u>
	<u>\$ 2,249,517</u>

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

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2015

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

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

The details of this item are as follows:

Debt issued:

Issuance of installment obligations	\$ (18,562,657)
Issuance of refunding installment obligations	(23,195,000)
Issuance premium (to be amortized over the life of the obligation)	(3,630,819)
Principal payments:	
Bonds payable	2,035,000
Installment obligations	6,030,500
Other long-term obligations	753,057
Refunded installment obligations	25,267,633
Amortization of prepaid bond insurance, premiums and loss on refundings	<u>448,164</u>
	<u>\$ (10,854,122)</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	\$ (330,634)
Accrued other postemployment benefits	(3,287,354)
Pension expense	(264,052)
Accrued interest payable	<u>61,909</u>
	<u>\$ (3,820,131)</u>

### NOTE 3 – DETAIL NOTES ON ALL FUNDS

#### A. ASSETS

##### DEPOSITS AND INVESTMENTS

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

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2015

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

#### A. ASSETS (continued)

#### DEPOSITS AND INVESTMENTS (continued)

Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City, Authority or the escrow agents. Because of the inability to measure the exact amount of collateral pledged for the City and the Authority under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The City and the Authority have no formal policy regarding custodial credit risk for deposits but rely on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The City and Authority comply with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2015, the City's deposits had a carrying amount of \$88,812,276 and a bank balance of \$90,557,629. Of the bank balance, \$1,000,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. Cash on hand at June 30, 2015, was \$26,258.

At June 30, 2015, the Authority's deposits had a carrying amount of \$349,784 and a bank balance of \$472,329 of which, \$250,000 was fully covered by federal depository insurance. The Authority's cash on hand at June 30, 2015 consisted of various petty cash funds totaling \$1,352.

At June 30, 2015, the Foundation's deposits had a carrying amount and bank balance of \$5,370 of which, \$5,370 was fully covered by federal depository insurance.

At June 30, 2015, the investments and related maturities of the City were as follows:

Investment Type	Fair Value	Less Than 6 Months	1 - 3 Years
North Carolina Capital Management Trust, Cash Portfolio	\$ 28,176,565	\$ 28,176,565	\$ -
North Carolina Capital Management Trust, Term Portfolio	5,013,627	5,013,627	-
U.S. Government Agencies	<u>14,944,570</u>	<u>-</u>	<u>14,944,570</u>
Total investments	<u>\$ 48,134,762</u>	<u>\$ 33,190,192</u>	<u>\$ 14,944,570</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2015

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

#### A. ASSETS (continued)

##### DEPOSITS AND INVESTMENTS (continued)

At June 30, 2015, the Authority's investments consisted of \$843 in North Carolina Capital Management Trust's Cash Portfolio, which carried a credit rating of AAAM by Standard and Poor's. The Authority has no policy for managing interest rate risk or credit risk.

##### Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than five years. Also, the City's investment policy limits the weighted average maturity of the City's investment portfolio (including deposits) to no more than 12 months. The weighted average maturity of the investment portfolio as of June 30, 2015 is 3.3 months. All of the U.S. Government Agencies in the City's portfolio are callable securities. For weighted average maturity, it is assumed that these securities will be held to maturity.

##### Credit Risk

The City has no formal policy on managing credit risk. As of June 30, 2015, the City's investment in the NCCMT Cash Portfolio carried a credit rating of AAAM by Standard & Poor's. The City's investment in the NCCMT Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. agencies, and in high grade money market instruments as permitted under G.S. 159-30 as amended. The City's investments in U.S. Agencies (Federal Home Loan Bank, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation and Federal Farm Credit Bank) are rated AA+ by Standard & Poor's and Aaa by Moody's Investors Service.

##### Concentration of Credit Risk

The City's investment policy limits the amount that the City may invest in any one issuer to 25% of the City's total investments. More than 5 percent of the City's investments are in the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation and the Federal Farm Credit Bank securities. These investments are 8.3%, 12.4% and 6.2%, respectively, of the City's total investments.

**CITY OF WILMINGTON, NORTH CAROLINA**

**Notes to Financial Statements (Continued)**  
**June 30, 2015**

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

**A. ASSETS (continued)**

**RECEIVABLES**

Current receivables for governmental activities at the government-wide level at June 30, 2015, were as follows:

	Taxes	Accounts	Other Governments	Notes	Restricted	Other	Total
General Fund	\$ 2,347,120	\$ 1,918,111	\$ 9,564,749	\$ 232,620	\$ -	\$ 623,399	\$14,685,999
Special Purpose Fund	-	-	407,579	98,467	1,034,927	31	1,541,004
Streets and Sidewalks Fund	-	-	113,133	-	-	2,445	115,578
Building Improvements Fund	-	850	45,906	-	-	794	47,550
Debt Service Fund	173,947	-	59,786	-	-	3,002	236,735
Nonmajor							
Governmental Funds	-	-	816,679	17,702,310	778,401	807	19,298,197
Internal Service Funds	-	-	22,343	-	-	2,628	24,971
Total receivables	2,521,067	1,918,961	11,030,175	18,033,397	1,813,328	633,106	35,950,034
Allowance for doubtful accounts	<u>(1,586,772)</u>	<u>(804,264)</u>	<u>-</u>	<u>(933,540)</u>	<u>-</u>	<u>-</u>	<u>(3,324,576)</u>
Total governmental activities	<u>\$ 934,295</u>	<u>\$ 1,114,697</u>	<u>\$ 11,030,175</u>	<u>\$ 17,099,857</u>	<u>\$ 1,813,328</u>	<u>\$ 633,106</u>	<u>\$ 32,625,458</u>

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

Local government sales and use taxes	\$ 5,907,960
Franchise tax	1,958,796
Video programming sales tax	362,396
PEG channel support	7,092
Refund of sales and use tax paid	601,530
Motor vehicle tax	349,099
ABC revenues	198,372
Other grants and reimbursements	<u>1,644,930</u>
	<u>\$ 11,030,175</u>

The restricted receivables for governmental activities consist of the following:

Interest on room occupancy tax	\$ 1,964
Due from other governments - Room occupancy tax	689,054
Due from other governments - Unexpended parks development bond proceeds held by New Hanover County	689,366
Federal forfeiture funds	5,470
Due from management company for convention center	338,439
Interest on Firemen's Relief Funds	31
Due from other governments - Firemen's Relief Funds	<u>89,004</u>
	<u>\$ 1,813,328</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2015

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

#### A. ASSETS (continued)

#### RECEIVABLES (continued)

Long-term receivables for governmental activities in the amount of \$11,630,000 consists of amounts due from the Cape Fear Public Utility Authority (CFPUA) for principal on certain installment obligations of the former Ground Water Funds not assignable to the CFPUA.

Receivables for business-type activities at the government-wide level at June 30, 2015, were as follows:

	Accounts	Other Governments	Other	Total
Solid Waste Management Fund	\$ 2,117,510	\$ 80,058	\$ 340,776	\$ 2,538,344
Storm Water Management Fund	1,603,215	86,381	5,038	1,694,634
Parking Facilities Fund	4,358	3,313	1,167	8,838
Nonmajor Golf Fund	<u>-</u>	<u>488</u>	<u>581</u>	<u>1,069</u>
Total receivables	3,725,083	170,240	347,562	4,242,885
Allowance for doubtful accounts	<u>(936,627)</u>	<u>-</u>	<u>-</u>	<u>(936,627)</u>
Total business-type activities	<u>\$ 2,788,456</u>	<u>\$ 170,240</u>	<u>\$ 347,562</u>	<u>\$ 3,306,258</u>

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

Refund of sales and use tax paid	25,982
Solid waste disposal tax	16,552
Cape Fear Public Utility Authority	126,041
Other grants and reimbursements	<u>1,665</u>
	<u>\$ 170,240</u>

The other receivables for business-type activities consist of the following:

Excess workers compensation reimbursement	339,559
Interest earnings	7,610
Other reimbursements	<u>393</u>
	<u>\$ 347,562</u>

The amount due from other governments for the Authority as of June 30, 2015 consists of the following:

State operating grant revenues	\$ 824,775
Federal operating grant revenues	356,852
Local government sales and use taxes	285,170
Other local government receivables	<u>210,705</u>
	<u>\$ 1,677,502</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2015

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

#### A. ASSETS (continued)

#### CAPITAL ASSETS

Capital asset activity for the primary government's governmental activities for the year ended June 30, 2015, was as follows:

	July 1, 2014	Increases	Decreases	Transfers	June 30, 2015
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 56,270,424	\$ -	\$ (445,402)	\$ -	\$ 55,825,022
Easements	11,561,815	188,000	-	-	11,749,815
Construction in progress	3,883,611	7,826,823	-	(375,300)	11,335,134
Total capital assets not being depreciated	<u>71,715,850</u>	<u>\$ 8,014,823</u>	<u>\$ (445,402)</u>	<u>\$ (375,300)</u>	<u>78,909,971</u>
Capital assets being depreciated:					
Improvements other than buildings	55,567,095	\$ 237,858	\$ (59,140)	\$ 327,796	56,073,609
Buildings, plant and structures	140,630,145	614,902	(327,712)	-	140,917,335
Furniture, fixtures, machinery and equipment	44,447,100	7,134,032	(5,149,212)	45,132	46,477,052
Computer software	1,385,714	37,357	-	-	1,423,071
Streets and drainage	209,541,631	3,492,837	-	639	213,035,107
Total capital assets being depreciated	<u>451,571,685</u>	<u>\$ 11,516,986</u>	<u>\$ (5,536,064)</u>	<u>\$ 373,567</u>	<u>457,926,174</u>
Less accumulated depreciation for:					
Improvements other than buildings	15,196,541	\$ 2,887,390	\$ (48,941)	\$ -	18,034,990
Buildings, plant and structures	31,443,373	3,302,057	(260,693)	-	34,484,737
Furniture, fixtures, machinery and equipment	39,366,947	2,812,162	(5,140,252)	(1,413,397)	35,625,460
Computer software	1,075,573	165,099	-	-	1,240,672
Streets and drainage	62,254,019	4,106,389	-	1,413,397	67,773,805
Total accumulated depreciation	<u>149,336,453</u>	<u>\$ 13,273,097</u>	<u>\$ (5,449,886)</u>	<u>\$ -</u>	<u>157,159,664</u>
Total capital assets being depreciated, net	<u>302,235,232</u>				<u>300,766,510</u>
Governmental activities capital assets, net	<u>\$ 373,951,082</u>				<u>\$ 379,676,481</u>

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

General government	\$ 1,150,003
Public safety	2,009,901
Transportation	4,527,043
Economic and physical development	1,261,249
Cultural and recreational	2,685,125
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>1,639,776</u>
	<u>\$ 13,273,097</u>



# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2015

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

#### A. ASSETS (continued)

#### CAPITAL ASSETS (continued)

Capital asset activity for each of the business-type activities for the year ended June 30, 2015, was as follows:

	July 1, 2014	Increases	Decreases	Transfers	June 30, 2015
Solid waste:					
Capital assets being depreciated:					
Furniture, fixtures, machinery and equipment	\$ 37,628	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	\$ 37,628
Less accumulated depreciation for:					
Furniture, fixtures, machinery and equipment	19,720	<u>\$ 5,086</u>	<u>\$ -</u>	<u>\$ -</u>	<u>24,806</u>
Solid waste capital assets, net	<u>17,908</u>				<u>12,822</u>
Storm water:					
Capital assets not being depreciated:					
Land	1,023,671	\$ -	\$ -	\$ -	1,023,671
Easements	898,659	161,916	-	-	1,060,575
Construction in progress	<u>2,256,311</u>	<u>2,751,067</u>	<u>-</u>	<u>(165,862)</u>	<u>4,841,516</u>
Total capital assets not being depreciated	<u>4,178,641</u>	<u>\$ 2,912,983</u>	<u>\$ -</u>	<u>\$ (165,862)</u>	<u>6,925,762</u>
Capital assets being depreciated:					
Improvements other than buildings	49,040,863	\$ 1,743,669	\$ -	\$ 165,862	50,950,394
Buildings, plant and structures	1,306,931	-	(104,301)	-	1,202,630
Furniture, fixtures, machinery and equipment	<u>404,543</u>	<u>-</u>	<u>(5,995)</u>	<u>-</u>	<u>398,548</u>
Total capital assets being depreciated	<u>50,752,337</u>	<u>\$ 1,743,669</u>	<u>\$ (110,296)</u>	<u>\$ 165,862</u>	<u>52,551,572</u>
Less accumulated depreciation for:					
Improvements other than buildings	17,163,343	\$ 793,480	\$ -	\$ -	17,956,823
Buildings, plant and structures	166,345	31,370	(2,608)	-	195,107
Furniture, fixtures, machinery and equipment	<u>349,111</u>	<u>24,248</u>	<u>(5,995)</u>	<u>-</u>	<u>367,364</u>
Total accumulated depreciation	<u>17,678,799</u>	<u>\$ 849,098</u>	<u>\$ (8,603)</u>	<u>\$ -</u>	<u>18,519,294</u>
Total capital assets being depreciated, net	<u>33,073,538</u>				<u>34,032,278</u>
Storm water capital assets, net	<u>37,252,179</u>				<u>40,958,040</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2015

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

#### A. ASSETS (continued)

##### CAPITAL ASSETS (continued)

	July 1, 2014	Increases	Decreases	Transfers	June 30, 2015
Parking facilities:					
Capital assets not being depreciated:					
Land	\$ 6,523,115	\$ -	\$ -	\$ -	6,523,115
Construction in progress	<u>11,476</u>	<u>115,225</u>	<u>-</u>	<u>(11,684)</u>	<u>115,017</u>
Total capital assets not being depreciated	<u>6,534,591</u>	<u>\$ 115,225</u>	<u>\$ -</u>	<u>\$ (11,684)</u>	<u>6,638,132</u>
Capital assets being depreciated:					
Improvements other than buildings	-	\$ 217,696	\$ -	\$ 11,684	229,380
Buildings, plant and structures	13,670,142	160,688	-	-	13,830,830
Furniture, fixtures, machinery and equipment	445,504	89,251	(78,495)	1,733	457,993
Computer Software	<u>-</u>	<u>26,196</u>	<u>-</u>	<u>-</u>	<u>26,196</u>
Total capital assets being depreciated	<u>14,115,646</u>	<u>\$ 493,831</u>	<u>\$ (78,495)</u>	<u>\$ 13,417</u>	<u>14,544,399</u>
Less accumulated depreciation for:					
Improvements other than buildings	-	\$ 5,735	\$ -	\$ -	5,735
Buildings, plant and structures	7,115,307	570,215	-	-	7,685,522
Furniture, fixtures, machinery and equipment	356,206	51,151	(78,495)	-	328,862
Computer Software	<u>-</u>	<u>2,620</u>	<u>-</u>	<u>-</u>	<u>2,620</u>
Total accumulated depreciation	<u>7,471,513</u>	<u>\$ 629,721</u>	<u>\$ (78,495)</u>	<u>\$ -</u>	<u>8,022,739</u>
Total capital assets being depreciated, net	<u>6,644,133</u>				<u>6,521,660</u>
Parking facilities capital assets, net	<u>13,178,724</u>				<u>13,159,792</u>
Golf:					
Capital assets not being depreciated:					
Land	109,393	\$ -	\$ -	\$ -	109,393
Construction in progress	<u>765,029</u>	<u>-</u>	<u>-</u>	<u>(765,029)</u>	<u>-</u>
Total capital assets not being depreciated	<u>874,422</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (765,029)</u>	<u>109,393</u>
Capital assets being depreciated:					
Improvements other than buildings	791,775	\$ 702,622	\$ -	\$ 765,029	2,259,426
Buildings, plant and structures	485,348	-	-	-	485,348
Furniture, fixtures, machinery and equipment	<u>376,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>376,800</u>
Total capital assets being depreciated	<u>1,653,923</u>	<u>\$ 702,622</u>	<u>\$ -</u>	<u>\$ 765,029</u>	<u>3,121,574</u>
Less accumulated depreciation for:					
Improvements other than buildings	691,720	\$ 53,064	\$ -	\$ -	744,784
Buildings, plant and structures	202,678	10,133	-	-	212,811
Furniture, fixtures, machinery and equipment	<u>344,332</u>	<u>12,870</u>	<u>-</u>	<u>-</u>	<u>357,202</u>
Total accumulated depreciation	<u>1,238,730</u>	<u>\$ 76,067</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,314,797</u>
Total capital assets being depreciated, net	<u>415,193</u>				<u>1,806,777</u>
Golf capital assets, net	<u>1,289,615</u>				<u>1,916,170</u>
Business-type activities capital assets, net	<u>\$ 51,738,426</u>				<u>\$ 56,046,824</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2015

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

#### A. ASSETS (continued)

#### CAPITAL ASSETS (continued)

#### COMMITMENTS FOR CAPITAL PROJECTS

At June 30, 2015, the City has commitments for active projects as follows:

	Spent to date	Remaining commitment
Governmental funds:		
Capital projects	\$ 25,749,667	\$ 5,486,419
Enterprise funds:		
Storm Water capital projects	\$ 4,759,097	\$ 5,068,073
Parking Facilities capital projects	199,665	44,698
Total enterprise funds	<u>\$ 4,958,762</u>	<u>\$ 5,112,771</u>

#### DISCRETELY PRESENTED COMPONENT UNIT

Activity for the Cape Fear Public Transportation Authority for the year ended June 30, 2015, is as follows:

	June 30, 2014	Increases	Decreases	June 30, 2015
Capital assets not being depreciated:				
Land	\$ 2,717,404	\$ -	\$ -	\$ 2,717,404
Construction in progress	5,804,076	-	(5,803,201)	875
Total capital assets not being depreciated	<u>8,521,480</u>	<u>\$ -</u>	<u>\$ (5,803,201)</u>	<u>2,718,279</u>
Capital assets being depreciated:				
Buildings and improvements	5,428,224	\$ 11,001,622	\$ -	16,429,846
Furniture, fixtures, machinery and equipment	11,987,254	1,893,868	(144,336)	13,736,786
Total capital assets being depreciated	<u>17,415,478</u>	<u>\$ 12,895,490</u>	<u>\$ (144,336)</u>	<u>30,166,632</u>
Less accumulated depreciation for:				
Buildings and improvements	1,023,627	\$ 172,368	\$ -	1,195,995
Furniture, fixtures, machinery and equipment	9,926,722	621,598	(144,305)	10,404,015
Total accumulated depreciation	<u>10,950,349</u>	<u>\$ 793,966</u>	<u>\$ (144,305)</u>	<u>11,600,010</u>
Total capital assets being depreciated, net	<u>6,465,129</u>			<u>18,566,622</u>
Authority capital assets, net	<u>\$ 14,986,609</u>			<u>\$ 21,284,901</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued)

June 30, 2015

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

#### B. LIABILITIES

#### PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS

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

*Plan Description.* The City and the Authority are participating employers in 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 membership is comprised of general employees and local law enforcement officers (LEOs) of participating local government entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. 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, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

*Benefits Provided.* LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2015

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

#### B. LIABILITIES (continued)

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

##### 1. Local Governmental Employees' Retirement System (continued)

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. City and Authority employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The City's and the Authority's contractually required contribution rate for the year ended June 30, 2015, was 7.41% of compensation for law enforcement officers and 7.07% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the City and the Authority were \$3,422,257 and \$63,435, respectively for the year ended June 30, 2015.

*Refunds of Contributions* – City and Authority employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At June 30, 2015, the City and the Authority reported an asset of \$5,110,978 and \$86,102, respectively for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The City's and the Authority's proportion of the net pension asset was based on a projection of the City's and the Authority's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2014, the City's proportion was 0.867%, which was an increase of 0.006% from its proportion measured as of June 30, 2013. At June 30, 2014, the Authority's proportion was 0.015%, which was an increase of 0.001% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the City recognized pension expense of \$301,441. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 558,462
Net difference between projected and actual earnings on pension plan investments	-	11,898,239
Changes in proportion and differences between City contributions and proportionate share of contributions	-	75,767
City contributions subsequent to the measurement date	3,422,257	-
Total	\$ 3,422,257	\$ 12,532,468

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2015

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

#### B. LIABILITIES (continued)

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

##### 1. Local Governmental Employees' Retirement System (continued)

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. (continued)*

\$3,422,257 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ (3,133,515)
2017	(3,133,515)
2018	(3,133,515)
2019	<u>(3,131,923)</u>
	<u>\$ (12,532,468)</u>

For the year ended June 30, 2015, the Authority recognized pension expense of \$5,574. At June 30, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 209,157
Contributions subsequent to the measurement date	<u>63,435</u>	<u>-</u>
Total	<u>\$ 63,435</u>	<u>\$ 209,157</u>

\$63,435 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ (52,295)
2017	(52,295)
2018	(52,295)
2019	<u>(52,272)</u>
	<u>\$ (209,157)</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2015

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

#### B. LIABILITIES (continued)

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

##### 1. Local Governmental Employees' Retirement System (continued)

*Actuarial Assumptions.* The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 8.55 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	36.0%	2.5%
Global Equity	40.5%	6.1%
Real Estate	8.0%	5.7%
Alternatives	6.5%	10.5%
Credit	4.5%	6.8%
Inflation Protection	4.5%	3.7%
Total	100%	

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2015

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

#### B. LIABILITIES (continued)

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

#### 1. Local Governmental Employees' Retirement System (continued)

##### *Actuarial Assumptions (continued)*

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

A new asset allocation policy was finalized during the fiscal year ended June 30, 2014 to be effective July 1, 2014. The new asset allocation policy utilizes different asset classes, changes in the structure of certain asset classes, and adopts new benchmarks. Using the asset class categories in the preceding table, the new long-term expected arithmetic real rates of return are: Fixed Income 2.2%, Global Equity 5.8%, Real Estate 5.2%, Alternatives 9.8%, Credit 6.8% and Inflation Protection 3.4%.

*Discount rate.* The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the proportionate share of the net pension asset to changes in the discount rate.* The following presents the City's and the Authority's proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the City's and the Authority's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
City's proportionate share of the net pension liability (asset)	\$ 17,348,877	\$ (5,110,978)	\$(24,021,454)
Authority's proportionate share of the pension liability (asset)	\$ 292,271	\$ (86,102)	\$ (404,681)

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.



# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2015

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

#### B. LIABILITIES (continued)

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

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

##### a. Plan Description

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

All full-time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2014, the date of the latest actuarial valuation, the Separation Allowance's membership consisted of:

Retirees currently receiving benefits	19
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>263</u>
Total	<u><u>282</u></u>

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

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

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statements 67 and 68:

- contributions to the pension plan and earnings on those contributions are irrevocable
- pension plan assets are dedicated to providing benefits to plan members
- pension plan assets are legally protected from the creditors or employers, nonemployer contributing entities, the plan administrator, and plan members.

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

##### c. Contributions.

The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments through appropriations made in the General Fund operating budget. For the current year, the City contributed \$250,000 or 1.71% of annual covered payroll. There were no contributions made by employees. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are paid by the City.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2015

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

#### B. LIABILITIES (continued)

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

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

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

The annual required contribution for the current fiscal year was determined as part of the December 31, 2013 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5% investment rate of return and (b) projected salary increases ranging from 4.25% to 7.85% per year. The inflation component was 3%. The assumptions did not include postretirement benefit increases. The actuarial value of assets was market value. The remaining amortization period at December 31, 2013 was 17 years.

*Annual Pension Cost and Net Pension Obligation.* The City's annual pension cost and net pension obligation (asset) in regards to the Separation Allowance for the current year are as follows:

Annual required contribution	\$ 731,520
Interest on net pension obligation	56,741
Adjustment to annual required contribution	<u>(95,864)</u>
Annual pension cost	692,397
Contributions made	<u>(250,000)</u>
Change in net pension obligation	442,397
Net pension obligation, beginning of year	<u>1,134,814</u>
Net pension obligation, end of year	<u><u>\$ 1,577,211</u></u>

#### Three Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2013	\$ 536,875	46.57	\$ 827,282
June 30, 2014	557,532	44.84	1,134,814
June 30, 2015	692,397	36.11	1,577,211

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

As of December 31, 2014, the most recent actuarial valuation date, the plan was 13.83% funded. The actuarial accrued liability for benefits was \$7,212,663, and the actuarial value of assets was \$997,512, resulting in an unfunded actuarial liability (UAAL) of \$6,215,151. The covered payroll (annual payroll of active employees covered by the plan) was \$14,661,311, and the ratio of the UAAL to the covered payroll was 42.39%.

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

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2015

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

#### B. LIABILITIES (continued)

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

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

The following are financial statements for the City's Separation Allowance included in the Pension Trust Funds as Fiduciary Funds in the Basic Financial Statements as of and for the year ended June 30, 2015:

#### Statement of Net Position

<b>Assets</b>	
Cash and cash equivalents	\$ 897,956
Investments:	
North Carolina Capital Management Trust, Term Portfolio	50,822
U.S. Government Agencies	151,489
Other receivables	<u>339</u>
Total assets	<u>\$ 1,100,606</u>
<b>Net Position</b>	
Assets held in trust for pension benefits	<u>\$ 1,100,606</u>

#### Statement of Changes in Net Position

<b>Additions</b>	
Contributions:	
Employer	\$ 250,000
Investment earnings	<u>3,813</u>
Total additions	<u>253,813</u>
<b>Deductions</b>	
Benefits	<u>279,725</u>
Change in net position	(25,912)
Net position at beginning of year	<u>1,126,518</u>
<b>Net Position at end of year</b>	<u>\$ 1,100,606</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2015

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

#### B. LIABILITIES (continued)

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

#### 3. Supplemental Retirement Income Plan

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

The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

*Funding Policy.* Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. For the year ended June 30, 2015, the City's required contribution was \$707,007 for the law enforcement officers.

The City has elected to make contributions on behalf of all employees to the Supplemental Retirement Income Plan or the 457 Deferred Compensation Plan, discussed later in Note 3. The City's contribution is 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 \$1,367,243 for the year ended June 30, 2015. Employee contributions to this plan, including law enforcement officers, included in salary expense for the year ended June 30, 2015, were \$962,935.

#### 4. Other Postemployment Benefits

*Plan Description.* Under the terms of a City Council resolution, the City of Wilmington provides specified healthcare benefits to eligible retirees through its medical self-insurance program as a single-employer defined benefit other post employment benefit plan to cover retirees of the City who participate in the North Carolina Local Governmental Employees' Retirement System (LGERS) and have at least five years of creditable service with the City. The healthcare benefits for retired employees are the same as for active employees and are available to qualified retirees until the age of 65 or until Medicare eligible, whichever is sooner. Dependents of retirees may participate in the healthcare plan by paying premiums that vary depending upon their type of coverage. The City Council may amend the benefit provisions. A separate report was not issued for the plan.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2015

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

#### B. LIABILITIES (continued)

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

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

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

Membership of the plan consisted of the following at December 31, 2013, the date of the latest actuarial valuation:

	General Employees	Firefighters	Law Enforcement Officers
Retirees and dependents receiving benefits	64	52	40
Terminated plan members entitled to but not yet receiving benefits	-	-	-
Active plan members	390	168	225
Total	454	220	265

*Funding Policy.* The City Council established the contribution requirements of plan members under the City's medical self-insurance program and those contribution requirements may be amended by the City Council. Annually, the cost of each type of coverage is determined and a set amount of those costs are required of active employees. For the year ended June 30, 2015 active employee contribution requirements range from \$128 to \$584 per month depending on their choice of coverage. The retiree contribution to the cost of a selected type of coverage is equivalent at a minimum to the active employee premium but may also include a percentage of the City's portion of the premium depending on the date the retiree was first hired by the City and the years of creditable service the retiree has achieved with the LGERS. For qualified retired employees first hired on or after January 1, 2007 but before January 1, 2009, contribution requirements are the active employee premium plus a percentage of the premium paid by the City for active employees as determined by the following chart:

Years of Creditable Service with the North Carolina Local Governmental Employees' Retirement System		Percentage of City Premium Required of Retiree in Addition to Active Employee Premium
At Least:	Not More Than:	
5	9	75 %
10	14	50
15	19	25
20	-	-

Retired employees first hired on or after January 1, 2007 but before January 1, 2011 may purchase healthcare benefits for their eligible dependents by paying the full cost of such dependent coverage. For qualified retired employees first hired before January 1, 2007, contribution requirements for both individual and dependent coverage are limited to the active employee premium.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2015

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

#### B. LIABILITIES (continued)

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

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

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

Effective June 30, 2009, 39 employees accepted an early retirement incentive offer. Of these employees, 26 receive benefits under the City’s healthcare plan on a noncontributory basis until they become 65 years of age or Medicare eligible, whichever comes first, and can no longer participate in the plan. The remaining 13 employees continue to make the required retiree contributions but once age 65 or Medicare eligibility is reached and they can no longer participate in the healthcare plan, the City will fund a Health Reimbursement Account in the amount of \$10,500 over five years on behalf of the employee. The effects of these termination benefits were included in the actuarial valuation as of December 31, 2013.

Effective with employees hired on or after January 1, 2009 but before January 1, 2011, by City Council resolution, a retiree must participate in the North Carolina Local Governmental Employees’ Retirement System and have at least 10 years of creditable service with the City of Wilmington to be eligible for benefits under the City’s postemployment healthcare plan. Such a retiree will be required to contribute the active employee premium plus a percentage of the premium paid by the City for active employees based on the number of creditable years of service attained with the City as determined by the following chart:

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

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

The City initially elected to fund the healthcare benefits on a pay as you go basis; however, during the fiscal year-ended June 30, 2009, the City established an irrevocable trust for these benefits at First Citizens Bank and prefunded an additional amount to partially pay the future cost of coverage for benefits. The current annual required contribution is 15.15% of annual covered payroll. For the current year, the City contributed \$1,815,490 or 4.79% of annual covered payroll, including \$1,387,087 for current premiums and an additional \$428,403 to prefund benefits. The City is self-insured. Contributions of \$353,148 were made by retirees for healthcare premiums. The City’s obligation to contribute to the medical self-insurance program is established and may be amended by the City Council.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2015

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

#### B. LIABILITIES (continued)

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

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

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

*Annual OPEB Cost and Net OPEB Obligation.* The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

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

Annual required contribution	\$ 5,737,392
Interest on net OPEB obligation	718,635
Adjustment to annual required contribution	<u>(999,009)</u>
Annual OPEB cost	5,457,018
Contributions made	<u>(1,815,490)</u>
Change in net OPEB obligation	3,641,528
Net OPEB obligation, beginning of year	<u>17,965,882</u>
Net OPEB obligation, end of year	<u>\$ 21,607,410</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2015

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

#### B. LIABILITIES (continued)

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

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

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

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the healthcare plan and the net OPEB obligation for 2015, 2014 and 2013 were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2013	\$ 5,588,180	25.10	\$ 13,748,313
June 30, 2014	5,522,838	23.60	17,965,882
June 30, 2015	5,457,018	33.30	21,607,410

*Funded Status and Funding Progress.* As of December 31, 2013, the most recent actuarial valuation date, the plan was funded 0.76%. The actuarial liability for benefits was \$45,962,447 and the actuarial value of assets was \$350,856 resulting in an unfunded actuarial accrued liability (UAAL) of \$45,611,591. The covered payroll (annual payroll of active employees covered by the plan) was \$37,877,785, and the ratio of the UAAL to the covered payroll was 120.4%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far in to the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend rate. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents information about the actuarial value of plan assets and the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the December 31, 2013 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend rate of 7.75% decreasing to 5.00% annually. The investment rate included a 3.00% inflation assumption. The UAAL is being amortized as a level dollar amount on an open basis. The remaining amortization period at December 31, 2013, was 30 years.



# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2015

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

#### B. LIABILITIES (continued)

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

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

The following are financial statements for the Other Postemployment Benefits Trust Fund included in the Pension Trust Funds as Fiduciary Funds in the Basic Financial Statements as of and for the year ended June 30, 2015:

#### Statement of Net Position

##### Assets

##### Investments:

North Carolina Capital Management Trust, Cash Portfolio	\$ 775,280
--	------------

##### Liabilities

Accounts payable	675
Due to General Fund	1,746
Total liabilities	<u>2,421</u>

##### Net Position

Assets held in trust for other postemployment benefits	<u>\$ 772,859</u>
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#### Statement of Changes in Net Position

##### Additions

##### Contributions:

Employer	\$ 1,815,490
Plan members	353,148
Total contributions	<u>2,168,638</u>

Investment earnings	54
Total additions	<u>2,168,692</u>

##### Deductions

Benefits	1,553,619
Administrative expense	191,063
Total deductions	<u>1,744,682</u>

Change in net position	424,010
Net position at beginning of year	<u>348,849</u>
<b>Net Position at end of year</b>	<u><u>\$ 772,859</u></u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued)

June 30, 2015

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

#### B. LIABILITIES (continued)

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

##### DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by the International City Managers' Association Retirement Corporation. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergencies. All assets of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. A separate report was not issued for the plan.

The City provides a contribution of 3% of covered payroll to the 457 Deferred Compensation Plan for fire fighters. The City also matches the contributions made by the fire fighters to the 457 Deferred Compensation Plan up to 3% of covered payroll. The City Council established both the 3% contribution and the matching contribution and may amend or discontinue them at any time. Contributions by fire fighters to the plan, included in salary expense for the year ended June 30, 2015, were \$282,042 that was matched by the City.

Employer contributions to the 457 Deferred Compensation Plan totaled \$1,365,143 for the year ended June 30, 2014. 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, 2015, were \$347,299.

##### OTHER EMPLOYMENT BENEFITS

The City has elected to provide death benefits to employees engaged in law enforcement through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest month's salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. All death benefits are made from the Death Benefit Plan. The City has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payrolls, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the City, the City does not determine the number of eligible participants. For the fiscal year ended June 30, 2015, the City made no contributions to the State for death benefits. Due to a surplus in the death benefit, a decision was made by the State to temporarily stop employer contributions to the Death Benefit Plan beginning July 1, 2012. A temporary relief period was established based on the number of years the employer has contributed as of December 31, 2010. The City was provided a three year reprieve of contributions to the State for death benefits because it has been contributing for more than 20 years. Contributions will resume in the fiscal year beginning July 1, 2015. 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, 2015

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

#### B. LIABILITIES (continued)

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

#### OTHER EMPLOYMENT BENEFITS (continued)

The City has elected to provide additional group-term life insurance benefits to employees for benefit eligible positions. The City provides Basic Life Insurance which includes an Accidental Death and Dismemberment provision. All full-time active employees are eligible for this benefit after the eligibility waiting period. The coverage is effective the first of the month following 60 days of employment. Lump sum death benefit payments to beneficiaries are equal to the employee's annual salary rounded to the next higher \$1,000, if not already a multiple of \$1,000, subject to a maximum benefit of \$150,000. However, in no event will the basic amount of life insurance be less than \$10,000. All death benefits are made by the insurance provider. The City has no liability beyond the payment of monthly premiums. For the fiscal year ended June 30, 2015, the City paid \$79,644 to the insurance provider for death benefit premiums for all eligible employees. Life insurance benefits in excess of \$50,000 are considered taxable to the employee as a fringe benefit.

#### DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

The balance in deferred outflows of resources at the government-wide level of the City at June 30, 2015 is summarized as follows:

	Governmental Activities	Business-type Activities
Deferred amount for loss on refunded debt	\$ 677,295	\$ 687,312
Contributions to pension plan in current fiscal year	3,048,458	373,799
	\$ 3,725,753	\$ 1,061,111

The balance in deferred inflows of resources at the government-wide level of the City at June 30, 2015 is summarized as follows:

	Governmental Activities	Business-type Activities
Deferred amount for gain on refunded debt	\$ 85,359	\$ 6,646
Pension deferrals	11,130,787	1,401,681
Unearned Revenue:		
Prepaid property taxes	3,045	-
	\$11,219,191	\$ 1,408,327

Deferred outflows of resources for the Authority at June 30, 2015 is comprised of \$63,435 of contributions to the pension plan in the current fiscal year. Deferred inflows of resources at June 30, 2015 is comprised of \$209,157 of pension deferrals.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2015

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

#### B. LIABILITIES (continued)

#### UNEARNED REVENUES

The balance in unearned revenues at June 30, 2015 is summarized as follows:

	Nonmajor Golf Fund	Special Purpose Fund	Governmental Activities (Restricted)	Business-type Activities
Prepaid convention center capital contribution from management company - restricted	\$ -	\$ 5,000	\$ 5,000	\$ -
Prepaid golf course green fees	52,144	-	-	52,144
	\$ 52,144	\$ 5,000	\$ 5,000	\$ 52,144

#### LONG-TERM LIABILITIES

##### General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds, which pledge the full faith, credit, and taxing power of the City, have been issued for governmental purposes and are serviced by the Debt Service Fund. All issues are tax-exempt with the exception of Public Improvements Bonds, Series 2014 issued for extension of the North Riverwalk. Principal and interest requirements are provided by appropriation in the year in which they become due. At June 30, 2015, the City has general obligation bonds authorized but unissued of \$44,000,000 for which the authorization expires November 4, 2021. The City may by application to the Local Government Commission request an extension of the authorization to November 4, 2024.

General obligation bonds outstanding at June 30, 2015 are comprised of the following issues:

	Governmental activities
\$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 3.75 to 3.875 percent.	\$ 765,000
\$5,605,000 General Obligation Bonds, Series 2008A issued for streets and highways; principal payments due annually on September 1 in installments of \$280,000 through September 1, 2028; semiannual interest payments due March 1 and September 1 with rates from 3.50 to 4.25 percent.	3,920,000
\$9,000,000 General Obligation Bonds, Series 2008B issued for streets, highways and sidewalks; principal payments due annually on September 1 in installments of \$450,000 through September 1, 2028; semiannual interest payments due March 1 and September 1 with rates from 3.50 to 4.25 percent.	6,300,000

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2015

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

#### General Obligation Bonds (continued)

\$3,660,000 Public Improvements Bonds, Series 2011A issued for streets, highways, sidewalks and bridge improvements; principal payments due annually on July 1 in installments of \$195,000 through July 1, 2031; semiannual interest payments due January 1 and July 1 with rates from 2.00 to 4.00 percent. \$ 3,315,000

\$3,120,000 Refunding; Series 2011B General Obligation Bonds issued to refund \$1,010,000 of outstanding 1997A Public Improvement General Obligation Bonds and to refund \$2,150,000 of outstanding 2000 Public Improvements General Obligation Bonds; principal payments due annually on January 1 ranging from \$305,000 to \$425,000 through January 1, 2018; semiannual interest payments due January 1 and July 1 with rates from 2.00 to 3.00 percent. 1,150,000

\$5,000,000 Public Improvements Bonds; Series 2011C General Obligation Bonds issued for streets, highways and sidewalks; principal payments due July 1 in installments of \$265,000 through July 1, 2031; semiannual interest payments due January 1 and July 1 with rates from 2.00 to 4.00 percent. 4,505,000

\$3,050,000 Public Improvements Bonds; Series 2014 Taxable General Obligation Bonds issued for extension of the North Riverwalk; principal payments due June 1 in installments ranging from \$150,000 to \$155,000 through June 1, 2034; semiannual interest payments due June 1 and December 1 with rates from 3.00 to 4.20 percent. 2,895,000

Serviced by Debt Service Fund \$ 22,850,000

Annual debt service requirements to maturity for general obligation bonds at June 30, 2015 are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2016	\$ 2,025,000	\$ 819,905
2017	2,020,000	757,069
2018	1,905,000	697,406
2019	1,345,000	634,838
2020	1,345,000	587,188
2021-2025	6,720,000	2,197,113
2026-2030	5,970,000	872,419
2031-2035	<u>1,520,000</u>	<u>99,050</u>
	<u>\$ 22,850,000</u>	<u>\$ 6,664,988</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2015

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

#### General Obligation Bonds (continued)

In prior years, general obligation bonds were issued for water and sewer system improvements and were repaid from revenues of the water and sewer fund. In connection with the transfer of assets and liabilities of the City to the Cape Fear Public Utility Authority (CFPUA) on July 1, 2008, general obligation bond annual debt service requirements of the former water and sewer fund continued to be obligations of the City and were reimbursed to the City by the CFPUA. The general obligation bonds of the former water and sewer fund matured on June 1, 2015.

#### Revenue Bonds

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

Revenue bonds outstanding at June 30, 2015 are comprised of the following individual issue:

	<u>Business-type activities</u>
\$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 \$100,000 to \$590,000 through June 1, 2033; semiannual interest payments due June 1 and December 1 a fixed rate of 5.00 percent; \$6,960,000 of this series was refunded with the issuance of Storm Water Fee Revenue Bonds, Series 2015A.	\$ 3,700,000
\$19,425,000 Storm Water Fee Revenue Bonds, Series 2015A issued for storm water system improvements and to refund \$6,960,000 of the outstanding Series 2007 Storm Water Fee Revenue Bonds; principal installments due annually on June 1, beginning on June 1, 2019, in varying amounts from \$500,000 to \$1,250,000 through June 1, 2040; semiannual interest payments due June 1 and December 1, beginning December 1, 2015, with rates from .75 to 5.00 percent.	19,425,000
\$1,240,000 Taxable Storm Water Fee Revenue Bonds, Series 2015B issued for storm water system improvements; principal installments due annually on June 1, beginning on June 1, 2016, in varying amounts from \$160,000 to \$185,000 through June 1, 2022; semiannual interest payments due June 1 and December 1, beginning December 1, 2015, with rates from .75 to 2.625 percent.	<u>1,240,000</u>
Serviced by Storm Water Management Fund	<u>\$ 24,365,000</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2015

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

#### Revenue Bonds (continued)

The City has pledged storm water fee customer revenues, net of specified operating expenses, to pay the storm water fee revenue bonds. The bonds are payable solely from storm water fee customer net revenues. Related principal and interest paid for the current year are \$1,051,481 or 26.6% of available net revenues of \$3,951,623.

Certain covenants are contained in the revenue bond order. The City was in compliance with the covenants during the fiscal year ended June 30, 2015. The revenue coverage calculation as of June 30, 2015 is as follows:

Revenues (1)			
Operating revenues	\$	9,441,985	
Other operating revenue		67,871	
Investment earnings		<u>38,143</u>	<u>\$ 9,547,999</u>
Current Expenses (2)			
Operating expenses		6,575,702	
Less depreciation		(849,098)	
Less amortization		<u>(2,294)</u>	<u>5,724,310</u>
Revenues available for debt service			<u>3,823,689</u>
Principal and interest requirements (3)			
Revenue bonds (at 120%)		1,973,596	
Other indebtedness (at 100%)		<u>28,550</u>	<u>2,002,146</u>
Revenues in excess of principal and interest requirements			<u>\$ 1,821,543</u>

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

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

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

#### Advance Refunding

In June, 2015, the City issued storm water fee revenue bonds, a portion of which (\$6,965,000) was used to provide resources to purchase U.S. Treasury securities that were placed in an irrevocable trust for the purpose of generating resources for a portion of future debt service payments, amounting to \$6,960,000 of Series 2007 Storm Water Fee Revenue Bonds. As a result, the refunded storm water revenue bonds are considered to be defeased and the liability has been removed from the Statement of Net Position – Proprietary Funds and the business-type activities of the Statement of Net Position. The reacquisition price of the transaction exceeded the carrying amount of the old debt by \$358,083. This amount is reported as a deferred outflow of resources and amortized over the life of the refunded debt. The transaction resulted in an economic gain of \$526,866 and a decrease of \$683,532 in future debt service payments.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2015

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

#### Revenue Bonds (continued)

#### Defeased Debt

The City has defeased certain storm water fee revenue bonds by placing the proceeds in an irrevocable trust to provide for a portion of future debt service payments on the old debt. Accordingly, the trust account assets and liabilities for defeased revenue bonds are not included in the City's financial statements. At June 30, 2015, \$6,960,000 of outstanding revenue bonds are considered defeased.

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

Year Ending June 30	Business-type Activities	
	Principal	Interest
2016	\$ 705,000	\$ 939,663
2017	750,000	972,666
2018	775,000	946,619
2019	810,000	917,294
2020	840,000	887,509
2021-2025	4,720,000	3,887,688
2026-2030	5,740,000	2,860,625
2031-2035	5,595,000	1,547,675
2036-2040	4,430,000	538,900
	<u>\$ 24,365,000</u>	<u>\$ 13,498,639</u>

#### Installment Obligations

Certificates of Participation and Limited Obligation Bonds have been issued for the purchase of real property, construction of public facilities, construction of parking facilities and improvements to streets, sidewalks, Riverwalk and riverfront. Under these agreements, the assets collateralize the debt. All issues are tax-exempt with the exception of Limited Obligation Bonds, Series 2010B, of which a portion are Build America Bonds issued for municipal improvements and another portion are refunding bonds issued to refund outstanding, taxable Certificates of Participation, Series 2008C, which were issued for the construction of the private business use portion of the parking facility adjacent to the Convention Center; Limited Obligation Bonds, Series 2014B, issued to refund a portion of Certificates of Participation, Series 2005A; and Limited Obligation Bonds, Series 2015B, of which a portion are bonds issued for constructing various street improvements and another portion are refunding bonds issued to refund the October 2012 installment agreement for acquisition of a portion of the Water Street Parking Deck. Principal and interest requirements are provided by appropriation in the year in which they become due.



# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2015

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

#### Installment Obligations (continued)

Installment obligations outstanding at June 30, 2015 are comprised of the following individual issues:

	Governmental activities	Business-type activities
<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 \$1,055,000 to \$1,550,000 through June 1, 2024; semiannual interest payments due June 1 and December 1 at rates from 4.2 to 5.0 percent.</p> <p>Serviced by Debt Service Fund</p>	\$ 11,630,000	\$ -
<p>\$46,560,000 Certificates of Participation, Series 2008A issued for construction of the Convention Center; principal payments due annually on June 1 in installments ranging from \$1,010,000 to \$3,825,000 beginning June 1, 2017 through June 1, 2038; semiannual interest payments due June 1 and December 1 at rates from 4.00 to 5.00 percent.</p> <p>Serviced by Convention Center Fund</p>	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, 2016 through June 1, 2028; annual interest payments due June 1 at a rate of 4.21 percent.</p> <p>Serviced by Convention Center Fund</p>	7,190,000	-
<p>\$4,600,000 Limited Obligation Bonds, Series 2010A issued for Thalian Hall renovations, Market Street bulkhead replacement and North Downtown streetscape improvements; principal payment due on June 1, 2016 in the amount of \$1,150,000; semiannual interest payments due June 1 and December 1 at rates from 3.25 to 4.00 percent.</p> <p>Serviced by Debt Service Fund</p>	1,150,000	-

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2015

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

#### Installment Obligations (continued)

	Governmental activities	Business-type activities
<p>\$28,180,000 Limited Obligation Bonds, Series 2010B of which a portion is taxable Build America Bonds and a portion is taxable refunding bonds; issued for improvements to Empie Park Fire station, Front Street, North Riverwalk, and North Downtown streetscape; acquisition of property for a Downtown Multi-modal Transportation facility; the upgrade of existing analogue radios to digital; and to refund \$8,745,000 of outstanding, taxable Certificates of Participation, Series 2008C which were issued for the construction of the private business use portion of the parking facility adjacent to the Convention Center; principal payments due annually on June 1 in installments ranging from \$1,150,000 to \$1,590,000 through June 1, 2030; semiannual interest payments due June 1 and December 1 at rates from 3.93 to 6.33 percent.</p>		
Served by Debt Service Fund	\$ 19,270,000	\$ -
Served by Convention Center Fund	1,590,000	-
<p>\$30,695,000 Refunding Limited Obligated Bonds, Series 2012 issued to refund \$2,455,000 of outstanding Series 2001 and \$10,310,000 of outstanding Series 2008D installment purchase agreements and \$8,200,000 of outstanding Series 2003A and \$9,730,000 of outstanding Series 2004 Certificates of Participation; principal payments due annually on June 1 in installments ranging from \$530,000 to \$2,090,000 through June 1, 2030; semiannual interest payments due on June 1 and December 1 at rates from 3.00 to 5.00 percent</p>		
Served by Debt Service Fund	19,837,500	-
Served by Parking Facilities Fund	-	4,932,500

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2015

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

#### Installment Obligations (continued)

	Governmental activities	Business-type activities
<p>\$21,565,000 Refunding Limited Obligation Bonds, Series 2014A issued to refund \$22,640,000, a portion of the Certificates of Participation, Series 2005A; principal payments due annually on June 1, beginning June 1, 2017, in installments ranging from \$435,000 to \$1,485,000 through June 1, 2032; semiannual interest payments due on June 1 and December 1 at rates from 3.00 to 5.00 percent</p>		
Serviced by Debt Service Fund	\$ 20,885,000	\$ -
Serviced by Storm Water Management Fund	-	680,000
<p>\$2,310,000 Taxable Refunding Limited Obligation Bonds, Series 2014B to refund \$2,170,000, a portion of the Certificates of Participation, Series 2005A; principal payments due annually on June 1, beginning June 1, 2016, in installments ranging from \$765,000 to \$780,000 through June 1, 2018; semiannual interest payments due on June 1 and December 1 at rates from .90 to 2.0 percent.</p>		
Serviced by Debt Service Fund	2,310,000	-
<p>\$16,130,000 Limited Obligation Bonds, Series 2015A for constructing and equipping the Cinema Drive Fire Station and the Shipyard Fire Station, constructing various street and sidewalk improvements and improving certain existing sections of the City’s riverwalk and riverfront; principal payments due annually on June 1, beginning June 1, 2020, in installments ranging from \$890,000 to \$1,100,000 through June 1, 2035; semiannual interest payments due June 1 and December 1 at rates from 3.25 to 5.00 percent.</p>		
Serviced by Debt Service Fund	16,130,000	-

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2015

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

#### Installment Obligations (continued)

	Governmental activities	Business-type activities
<p>\$4,610,000 Taxable Limited Obligation Bonds, Series 2015B issued for constructing various street improvements and to refund \$2,083,333 of the October 2012 BB&amp;T installment financing contract; principal payments due annually on June 1, beginning June 1, 2016, in installments ranging from \$210,000 to \$1,100,000 through Jun 1, 2020; semiannual interest payments due June 1 and December 1 at rates from .92 to 2.65 percent.</p>		
Serviced by Debt Service Fund	\$ 2,432,657	\$ -
Serviced by Parking Facilities Fund	-	2,177,343
	<u>\$ 148,985,157</u>	<u>\$ 7,789,843</u>
<p>Installment Obligations Serviced By:</p>		
Debt Service Fund	\$ 93,645,157	\$ -
Convention Center Fund	55,340,000	-
Storm Water Management Fund	-	680,000
Parking Facilities Fund	-	7,109,843
	<u>\$ 148,985,157</u>	<u>\$ 7,789,843</u>

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

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2016	\$ 7,117,563	\$ 6,809,090	\$ 857,437	\$ 291,196
2017	6,922,313	6,625,768	927,687	278,759
2018	8,040,563	6,373,171	924,437	256,476
2019	7,882,313	6,070,415	992,687	231,986
2020	8,407,155	5,737,803	572,845	200,589
2021-2025	41,725,250	22,547,618	2,329,750	641,625
2026-2030	35,475,000	12,937,431	1,185,000	118,500
2031-2035	22,480,000	5,738,100	-	-
2036-2040	10,935,000	1,111,250	-	-
	<u>\$ 148,985,157</u>	<u>\$ 73,950,646</u>	<u>\$ 7,789,843</u>	<u>\$ 2,019,131</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2015

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

##### Installment Obligations (continued)

In prior years, Certificates of Participation were issued to purchase two private water systems and were repaid from revenues of the ground water fund. In connection with the transfer of assets and liabilities of the City to the Cape Fear Public Utility Authority (CFPUA) on July 1, 2008, installment obligation annual debt service requirements of the former ground water fund continue to be obligations of the City and are reimbursed to the City by the CFPUA. Installment obligations outstanding at June 30, 2015 of the former groundwater fund are \$11,630,000.

##### Advance and Current Refundings

In July, 2014, the City issued \$21,565,000 of tax-exempt limited obligation bonds and \$2,310,000 of taxable limited obligation bonds to provide resources to purchase U.S. Treasury State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for a portion of future debt service payments, amounting to \$24,810,000 of Series 2005 Certificates of Participation. As a result, the refunded certificates of participation are considered to be defeased and the liability has been removed from the Statement of Net Position – Proprietary Funds and the governmental and business-type activities of the Statement of Net Position. The reacquisition price of the combined transaction was less than the carrying amount of the old debt by \$105,497. This amount is reported as a deferred inflow of resources with a portion (\$79,773) resulting from the tax-exempt transaction amortized over the life of the refunded debt and another portion (\$25,724) resulting from the taxable transaction amortized over the life of the new debt. The transaction resulted in an economic gain of \$2,562,078 and a decrease of \$2,703,917 in future debt service payments.

In June, 2015, the City issued taxable limited obligation bonds, a portion of which (\$2,177,343) was used to provide resources to refund all future debt service payments of \$2,083,333 of the October 2012 BB&T installment financing contract. The reacquisition price of the transaction exceeded the carrying amount of the old debt by \$62,188. This amount is reported as a deferred outflow of resources and amortized over the life of the new debt. The transaction resulted in an economic gain of \$126,895 and a decrease of \$337,945 in future debt service payments.

##### Other Long-Term Obligations

The City is financing the acquisition of certain equipment and real property for governmental activities through installment notes. All issues are tax-exempt. 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, 2015

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

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

Other long-term obligations outstanding at June 30, 2015 are comprised of the following individual issues:

	Governmental activities	Business-Type activities
<p>\$12,000,000 installment agreement executed in June 2008 for development of parks; principal payments due annually on June 1 in 5 installments of \$500,000, 8 installments of \$725,000 and one installment of \$700,000 through June 1, 2029; semiannual interest payments due June 1 and December 1 at rates from 3.75 to 4.25 percent. This obligation is payable by interlocal agreement to New Hanover County and represents a portion of general obligation bonds issued by the County for park development.</p> <p style="padding-left: 40px;">Serviced by Debt Service Fund</p>	\$ 9,000,000	\$ -
<p>\$5,065,808 installment agreement executed in June 2010 for development of parks; principal payments due annually on August 1 in 13 installments of \$253,058, and 3 installments of \$254,610 through August 1, 2031; semiannual interest payments due August 1 and February 1 at rates from 3.0 to 5.0 percent. This obligation is payable by interlocal agreement to New Hanover County and represents a portion of general obligation bonds issued by the County for park development.</p> <p style="padding-left: 40px;">Serviced by Debt Service Fund</p>	4,053,577	-
<p>\$949,150 installment agreement executed in June 2013 for a portion of the costs of a roll-out cart recycling program; principal payments due semiannually on June 1 and December 1 in installments of \$95,000 plus interest at 1.28 percent through June 1, 2018.</p> <p style="padding-left: 40px;">Serviced by Solid Waste Management Fund</p>	-	570,000

**CITY OF WILMINGTON, NORTH CAROLINA**

**Notes to Financial Statements (Continued)**  
**June 30, 2015**

**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>\$2,863,064 installment agreement executed in March 2015 for acquisition of 17 refuse packers for solid waste collection; principal payments due semiannually on March 1 and September 1 in one installment of \$198,064 and 13 installments of \$205,000 plus interest at 1.56 percent through March 1, 2022.</p>		
Serviced by Equipment Maintenance and Replacement Fund	\$ 2,863,064	\$ -
	<u>\$ 15,916,641</u>	<u>\$ 570,000</u>
<p>Other Long-Term Obligations Serviced By:</p>		
Debt Service Fund	\$ 13,053,577	\$ -
Solid Waste Management Fund	-	570,000
Equipment Maintenance and Replacement Fund	<u>2,863,064</u>	<u>-</u>
	<u>\$ 15,916,641</u>	<u>\$ 570,000</u>

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

<u>Year Ending June 30</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 1,156,121	\$ 579,409	\$ 190,000	\$ 6,688
2017	1,163,058	549,774	190,000	4,256
2018	1,163,057	517,036	190,000	1,824
2019	1,163,058	481,783	-	-
2020	1,163,057	445,265	-	-
2021-2025	5,710,288	1,580,902	-	-
2026-2030	4,143,393	519,059	-	-
2031-2035	<u>254,609</u>	<u>6,365</u>	<u>-</u>	<u>-</u>
2036-2040	<u>\$ 15,916,641</u>	<u>\$ 4,679,593</u>	<u>\$ 570,000</u>	<u>\$ 12,768</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2015

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

##### Interest Rate Swap Agreement

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

**Terms.** The bonds and the related swap agreement matured on June 1, 2015.

In connection with the transfer of assets and liabilities of the City to the Cape Fear Public Utility Authority (CFPUA) on July 1, 2008, the interest rate swap agreement was an obligation of the City and all payments required to be made by the City under the agreement were reimbursed to the City by the CFPUA.

The following is a summary of the City's derivative activity for the year ended June 30, 2015:

Governmental Activities:

Interest rate swaps:

Effective cash flow hedge:

	Notional Value June 30, 2015	Fair Value July 1, 2014	Additions	Reductions	Fair Value June 30, 2015
2002 pay-fixed, receive variable interest rate swap	\$ -	\$ (93,242)	\$ 93,242	\$ -	\$ -

#### 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, 2015 amounts to \$1,052,128,367 resulting in a legal debt margin of \$856,016,726.



# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2015

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

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

Changes in long-term liabilities for governmental activities during fiscal year 2015 were as follows:

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Due Within One Year
General obligation bonds	\$ 27,240,000	\$ -	\$ (4,390,000)	\$ 22,850,000	\$ 2,025,000
Installment obligations	138,353,000	41,757,657	(31,125,500)	148,985,157	7,117,563
Other long-term obligations	13,806,634	2,863,064	(753,057)	15,916,641	1,156,122
Less deferred amounts:					
For issuance discount	(36,997)	-	-	(36,997)	-
Plus deferred amounts:					
For issuance premium	5,074,228	3,630,819	(2,004,983)	6,700,064	-
Net pension liability (LGERS)	9,216,529	-	(9,216,529)	-	-
Compensated absences	6,576,636	4,675,375	(4,336,593)	6,915,418	4,531,221
Net pension obligation	1,134,814	692,397	(250,000)	1,577,211	-
Other postemployment benefits	15,418,424	5,020,452	(1,681,084)	18,757,792	-
Governmental activity long-term liabilities	<u>\$216,783,268</u>	<u>\$ 58,639,764</u>	<u>\$(53,757,746)</u>	<u>\$221,665,286</u>	<u>\$ 14,829,906</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for internal service funds are included as part of the above totals for governmental activities. At year-end, \$2,863,064 of internal service funds' other long-term obligations, \$78,384 of compensated absences and \$270,286 in other postemployment benefits are included in the above amounts. Also, for the governmental activities, compensated absences are generally liquidated by the general fund.

Changes in long-term liabilities for business-type activities during fiscal year 2015 were as follows:

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Due Within One Year
Revenue bonds	\$ 11,180,000	\$ 20,665,000	\$ (7,480,000)	\$ 24,365,000	\$ 705,000
Installment obligations	6,077,000	2,857,343	(1,144,500)	7,789,843	857,437
Other long-term obligations	3,010,000	-	(2,440,000)	570,000	190,000
Less deferred amounts:					
For issuance discount	-	(2,399)	-	(2,399)	-
Plus deferred amounts:					
For issuance premium	1,108,625	1,563,775	(409,812)	2,262,588	-
Net pension liability (LGERS)	1,160,622	-	(1,160,622)	-	-
Compensated absences	548,012	616,500	(613,411)	551,101	340,365
Other postemployment benefits	2,547,458	436,566	(134,406)	2,849,618	-
Business-type activity long-term liabilities	<u>\$ 25,631,717</u>	<u>\$ 26,136,785</u>	<u>\$(13,382,751)</u>	<u>\$ 38,385,751</u>	<u>\$ 2,092,802</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued)

June 30, 2015

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

#### B. LIABILITIES (continued)

##### COMMITMENTS AND CONTINGENCIES

The City entered into a three year contractual agreement beginning November 1, 2010 with SMG, LLP (SMG) for the operation of the City's Convention Center Facility (Center) for a management fee of \$100,000 per year; which was amended to extend the agreement until October 31, 2018. Under the agreement, the operations of the Center are maintained in a separate non-incorporated organization. Pursuit to the agreement, the revenue of the Center is to be placed in a separate account for the operation of the Center and all receipts are to be treated by SMG as if they are held in trust for the City. Additionally, the contract specifies that the cash and related assets held by SMG on behalf of the City are to be used for the operation, promotion and maintenance of the Center. The City records the net equity of the venture as a receivable on the City's books. The Center's primary operations are the rental of facility space for events and meetings and providing catering and other ancillary services as part of the scheduled events. The Center's principal source of revenues is rental charges and food and beverage sales. For the year ended June 30, 2015, the City paid \$110,044 for this service. The City's obligation for the year ending June 30, 2016 is \$112,500 and per the agreement the FY 2017 obligations will be adjusted based on the CPI-U-South Region index.

The City's Second Street, Market Street, Convention Center and Water Street Parking Decks, and the Second Street and Hannah Block parking lots are managed under a contract extension through January 2017 by an independent contractor. The contract also provides for the enforcement, maintenance and administration of on street parking. For the year ended June 30, 2015 the City paid \$1,171,736 for these services. The remaining contract extension costs plus Special Hourly Event Rates are \$1,191,793 for FY 2016 and \$706,239 through January 2017.

The City entered into an incentive agreement in June 2005 with Pharmaceutical Product Development, Inc. (PPD) to provide incentive payments to the company in exchange for the company's commitment to construct, equip, and staff a facility in the City. The City's obligation under the agreement is \$125,000 per year for five years commencing in the sixth year following occupancy of the facility (2014 through 2018). In addition, the City agreed to provide up to \$4,000,000 in public infrastructure improvements in a designated redevelopment area that includes the company's new facility. The agreement had two thresholds: 1) PPD was required to make a direct investment in the facility of at least \$80 million and to provide 857 additional jobs by October 15<sup>th</sup> of 2013, the sixth year after occupancy; 2) PPD is required to provide, in the seventh through tenth years following occupancy (2015-2018), a total of 1,000 additional jobs and the direct investment must exceed \$80 million. The new jobs are in addition to the benchmark employment of 1,000 jobs that existed prior to the incentive agreement. The incentive agreement includes a reduced payment provision based on an unweighted average of direct investment and employment. PPD's first and second incentive payments were reduced due to employment thresholds and amounted to \$121,563 for fiscal year 2014 and \$115,250 for fiscal year 2015.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2015

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

#### B. LIABILITIES (continued)

##### COMMITMENTS AND CONTINGENCIES (continued)

The City entered into an incentive agreement in July 2013 with Castle Branch, Inc. to provide incentive payments to the company in exchange for the company's commitment to construct, equip and staff its world headquarters in the City. Castle Branch is required to make a direct investment in the facility of at least \$9 million and to provide 400 new full time equivalent employees with an average annual compensation of \$35,000 per year by fiscal year 2019. The City's obligation under the agreement is \$50,000 per year for five years commencing when Castle Branch secures a Certificate of Occupancy and demonstrates that the minimum required levels of new full time employees have been hired and the minimum level of direct investment has been attained. The \$50,000 annual incentive is divided into two separate payments of: \$25,000 Direct Investment and \$25,000 New Full Time Equivalent Employees. No incentive payments were made in fiscal year 2014. The first incentive payment of \$50,000 was made in fiscal year 2015 leaving four years of eligibility on the agreement.

The City entered into an incentive agreement in November 2013 with Live Oak Bancshares, Inc. to provide incentive payments to the company in exchange for the company's commitment to construct, equip and staff a new facility in the City. Live Oak Bancshares is required to make a direct investment in the facility of at least \$16 million and to provide 120 new full time equivalent employees with an average annual compensation of \$80,000 per year by fiscal year 2019. The City's obligation under the agreement is \$50,000 per year for five years commencing when Live Oak Bancshares secures a Certificate of Occupancy and demonstrates that the minimum required levels of new full time employees have been hired and the minimum level of direct investment has been attained. The \$50,000 annual incentive is divided into two separate payments of: \$25,000 Direct Investment and \$25,000 New Full Time Equivalent Employees. No incentive payments were made in fiscal year 2014. The first incentive payment of \$50,000 was made in fiscal year 2015 leaving four years of eligibility on the agreement.

In accordance with the City's fiscal year 2015 adopted budget, a contribution was made in July 2014 to the Authority in a joint effort with New Hanover County (County) to help the Authority establish a fund balance. The minimum fund balance target for the Authority is \$631,287. The City and the County agreed to each provide 50% of the required funding over a two year period beginning in fiscal year 2015. The City's contribution for fiscal year 2015 was \$157,822.

On June 14, 2014 the City and the Town of Wrightsville Beach entered into an inter-local agreement under with an approximately 12 acre tract, the site of the defunct Galleria Shopping Center previously annexed into Wrightsville Beach was de-annexed and subsequently annexed into the City for the purposes of promoting redevelopment. In consideration for the loss in property taxes to the Town of Wrightsville Beach the City agreed to make annual payments over 29 years. Beginning July 15, 2015, the City will make payments of \$7,224 annually through July 2018; and \$30,000 annually from July 2019 through July 2043. The first payment was made in July 2015.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2015

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

#### B. LIABILITIES (continued)

#### COMMITMENTS AND CONTINGENCIES (continued)

In May 2013, the city partnered with the Development Finance Initiative (DFI) to conduct a pre-development process that led to issuing a Request for Proposals for redevelopment of the Water Street Parking Deck (WSPD), using parameters determined by City Council. In October 2014, the City received eight submissions in response to the request for proposals. On February 17, 2015 the City Council prioritized the development firms with which the staff would negotiate regarding the creation of a Memorandum of Understanding (MOU) in association with the redevelopment of the WSPD. On May 19, 2015 the City Council authorized the MOU with East West Partners of Chapel Hill, N.C. Most of the provisions of the MOU are non-binding, but lay out the understandings around which both parties have agreed to develop a Purchase and Development Agreement (PDA). The MOU includes a 180 day evaluation period during which East West has an exclusive right to negotiate the terms of the PDA.

The Authority retains a transit management company to provide management and operational services for the public transportation system. For the year ended June 30, 2015, those services were provided under contract by First Transit, Inc. (FTI) who shall employ, furnish and supervise certain personnel necessary for the management and operation of the public transportation system. In addition, the agreement provides for assistance with certain other managerial functions required for the day-to-day operations of the Authority. For the year ended June 30, 2015, the Authority incurred management fees totaling \$359,594. The contract is through June 30, 2016, and provides for minimum payments of \$383,320 for the year ending June 30, 2016.

Encumbrances are amounts needed to pay any commitment related to purchase orders and contracts that remain unperformed at year-end. The City's outstanding encumbrances at June 30, 2015 are as follows:

General Fund	\$ 473,651
Debt Service Fund	7,610
Special Purpose Fund	1,106,132
Streets and Sidewalks Fund	3,946,961
Building Improvements Fund	1,001,354
Solid Waste Management Fund	20,808
Storm Water Management Fund	5,213,688
Parking Facilities Fund	69,616
Nonmajor Governmental Funds	948,811
Nonmajor Golf Fund	13,184
Internal Service Funds	886,186
Total encumbrances	<u>\$ 13,688,001</u>

#### Jointly Governed Organizations

The City, in conjunction with New Hanover County, created the Cape Fear Public Utility Authority (CFPUA) to ensure the citizens of their localities the most reliable means of providing quality water and wastewater treatment. The City and New Hanover County each appoint five members and jointly appoint one member of the eleven-member board. The participating governments do not have any ongoing financial interest or ongoing financial responsibility, other than as disclosed in the long-term liability footnotes.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2015

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

#### B. LIABILITIES (continued)

#### COMMITMENTS AND CONTINGENCIES (continued)

##### Jointly Governed Organizations (continued)

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 \$20,044 to the Council during the fiscal year ended June 30, 2015.

##### 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 AND INTRA-ENTITY BALANCES AND ACTIVITY

The compositions of interfund and intra-entity balances as of June 30, 2015, are as follows:

	General Fund	Internal Service Funds	Parking Facilities Fund
Receivable Fund	\$ 1,343,294	\$ 152,054	\$ 6,600
Payable Fund:			
General Fund	\$ -	\$ -	\$ 6,600
Nonmajor Governmental Funds	627,771	-	-
Nonmajor Capital Project Funds	65,992	-	-
Nonmajor Golf Fund	110,106	-	-
Internal Service Funds	27,826	-	-
Solid Waste Management Fund	59,018	-	-
Storm Water Management Fund	50,835	-	-
Fiduciary Funds	1,746	-	-
Component Unit	400,000	152,054	-
Total	\$ 1,343,294	\$ 152,054	\$ 6,600

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

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2015

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

#### C. INTERFUND AND INTRA-ENTITY BALANCES AND ACTIVITY (continued)

The General Fund provided an advance of \$130,000 to the Nonmajor Golf Fund in June 2014 for greens restoration. The advance is payable in equal annual installments over five years beginning in fiscal year 2015. As of June 30, 2015, the outstanding advance is \$104,000 of which \$26,000 is due within one year and is therefore included in amounts due from / to other funds in the governmental funds balance sheet and the proprietary funds statement of net position.

The City provided an advance to the Authority of \$400,000 in May 2015 in accordance with the amended interlocal agreement between the City and the Authority as further described in Note 1.

Interfund transfers for the year ended June 30, 2015 were as follows:

	General Fund	Special Purpose Fund	Building Improvement Fund	Debt Service Fund	Nonmajor Governmental Funds	Storm Water Mgmt. Fund	Solid Waste Mgmt. Fund	Internal Service Funds	Total	Governmental Activities Capital Assets
Transfers out:	<u>\$ 11,726,956</u>	<u>\$ 21,700</u>	<u>\$ 511,900</u>	<u>\$ 2,541,512</u>	<u>\$ 722,181</u>	<u>\$ 133,523</u>	<u>\$ 5,000</u>	<u>\$ 1,187,377</u>	<u>\$ 16,850,149</u>	<u>\$ 128,780</u>
Transfers in:										
General Fund	\$ -	\$ -	\$ -	\$ 416,423	\$ 80,000	\$ -	\$ -	\$ -	\$ 496,423	\$ -
Special Purpose Fund	703,038	-	-	-	-	-	5,000	-	708,038	-
Streets and Sidewalks Fund	403,731	-	511,900	1,605,752	-	-	-	-	2,521,383	-
Building Improvements Fund	330,000	-	-	149,000	-	-	-	-	479,000	-
Debt Service Fund	9,334,832	-	-	-	-	-	-	-	9,334,832	-
Nonmajor Governmental Funds	475,355	21,700	-	116,000	480,081	133,523	-	-	1,226,659	-
Parking Facilities Fund	-	-	-	254,337	-	-	-	-	254,337	1,733
Nonmajor Golf Fund	-	-	-	-	162,100	-	-	-	162,100	-
Internal Service Fund	<u>480,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>480,000</u>	<u>127,047</u>
Total	<u>\$ 11,726,956</u>	<u>\$ 21,700</u>	<u>\$ 511,900</u>	<u>\$ 2,541,512</u>	<u>\$ 722,181</u>	<u>\$ 133,523</u>	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ 15,662,772</u>	<u>\$ 128,780</u>
Governmental Activities Capital Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,187,377</u>	<u>\$ 1,187,377</u>	

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2015

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

#### C. INTERFUND AND INTRA-ENTITY BALANCES AND ACTIVITY (continued)

The City uses transfers to 1) move revenues from the fund in which state statute or budget requires the revenues to be collected to the fund from which state statute or budget requires the funds to be expended, 2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, 3) use unrestricted revenues collected in various funds to finance various programs accounted for in other funds in accordance with budgetary authorizations, and 4) move previous transfers to capital project funds back to the general fund as capital projects are cancelled in accordance with budgetary authorizations.

#### NOTE 4 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; natural disasters; errors and omissions; and injuries to employees. The City has chosen to establish a risk financing fund for risks associated with the employees' health, dental and vision insurance plans. The risk financing fund is accounted for in the general fund where assets are set aside for claim settlements. In addition to premiums withheld from employees, premiums are paid into the general fund by other funds that incur claims and are available to pay claims, claim reserves and administrative costs of the programs. These interfund premiums are used to reduce the amount of claims expenditures reported in the general fund. As of June 30, 2015, such interfund premiums did not exceed reimbursable expenditures.

#### MEDICAL SELF-INSURANCE PROGRAM

The City has contracted with Blue Cross and Blue Shield of North Carolina to administer its group medical self-insurance program. In addition, the City has a contract with HM Life Insurance to provide for individual stop-loss above a specified amount which provides a method by which the group limits claims charged to its account. The specific stop-loss provides that during any one contract period the total accumulated claims expense paid for any one participant above \$175,000 will not be charged to the group during the remainder of that contract period for that participant.

As of June 30, 2015, the City has recorded a liability of \$473,711 for estimated unpaid claims in accordance with the guidelines of GASB Statement No. 10, which requires that a liability for claims be reported if it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Claim liabilities include an amount for claims that have been incurred but not reported (IBNR) and are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors.

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

	<u>2014</u>	<u>2015</u>
Unpaid claims, beginning	\$ 541,618	\$ 280,499
Incurred claims (including IBNRs)	6,840,882	7,929,972
Claim payments	<u>(7,102,001)</u>	<u>(7,736,760)</u>
Unpaid claims, ending, due within one year	<u>\$ 280,499</u>	<u>\$ 473,711</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2015

### NOTE 4 – RISK MANAGEMENT (continued)

#### DENTAL AND VISION SELF-INSURANCE PROGRAMS

As of June 30, 2015, the City is a self-insurer for group dental and vision insurance. The City has contracted with Delta Dental of North Carolina to administer the dental program and Ameritas Life Insurance Corporation to administer the vision program. As of June 30, 2015, the City has recorded a liability of \$46,186 and \$5,323 for estimated unpaid claims for dental and vision, respectively in accordance with the guidelines of GASB Statement No. 10, which requires that a liability for claims be reported if it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Claim liabilities include an amount for claims that have been incurred but not reported (IBNR) and are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors.

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

	<u>2014</u>	<u>2015</u>
Unpaid claims, beginning	\$ 18,920	\$ 18,671
Incurred claims (including IBNRs)	459,438	470,883
Claim payments	<u>(459,687)</u>	<u>(443,368)</u>
Unpaid claims, ending, due within one year	<u>\$ 18,671</u>	<u>\$ 46,186</u>

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

#### WORKERS' COMPENSATION SELF-INSURANCE PROGRAM

The City has contracted with Key Risk, Inc., a provider of claims administrative services, to administer its workers' compensation and employers' liability self-insurance program. The program provides that the City would be responsible for the first \$400,000 of cost and/or benefits payable to employees (other than public safety) resulting from any one accident or event, regardless of the number of persons injured. For public safety employees (police and fire), the City is responsible for the first \$750,000 of cost and/or benefits. Specific excess insurance would provide coverage above these dual self-insured retentions (\$400,000/\$750,000) up to maximum limits provided under the North Carolina Workers' Compensation Act and up to \$1,000,000 each accident or disease for employers' liability. As of June 30, 2015, the City has recorded a liability of \$698,900 for estimated claims in accordance with the guidelines of GASB Statement No. 10, which requires that a liability for claims be reported if it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Claim liabilities include an amount for claims that have been incurred but not reported (IBNR) and are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors.



# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2015

### NOTE 4 – RISK MANAGEMENT (continued)

#### WORKERS' COMPENSATION SELF-INSURANCE PROGRAM (continued)

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

	<u>2014</u>	<u>2015</u>
Unpaid claims, beginning	\$ 836,947	\$ 775,951
Incurred claims (including IBNRs)	1,640,354	2,539,160
Claim payments	<u>(1,701,350)</u>	<u>(2,616,211)</u>
Unpaid claims, ending, due within one year	<u>\$ 775,951</u>	<u>\$ 698,900</u>

#### COMMERCIAL COVERAGES

The City carries flood insurance with a loss limit of \$5,000,000 on most properties subject to a \$100,000 deductible. Certain items of property are excluded from this coverage, such as the City's Riverwalk and the Wilmington Convention Center. A separate flood insurance policy is purchased for the Wilmington Convention Center through the National Flood Insurance Program; however, due to the flood zone in which the property is located, the policy limits loss from flooding on the facility to \$500,000 for building and \$500,000 for business personal property, subject to a \$25,000 deductible. As a result, the City has purchased an excess flood insurance policy providing an additional \$10,000,000 of coverage on the facility subject to the underlying flood policy being exhausted.

The finance officer of the City is individually bonded for \$500,000. The tax collector, collection officer, and the billing and collection manager are individually bonded for \$100,000 each. The remaining employees that have access to funds are bonded under a blanket bond for \$1,000,000, with a \$25,000 retention.

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

#### DISCRETELY PRESENTED COMPONENT UNIT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority obtains workers' compensation coverage up to the statutory limits through Hartford Underwriters Insurance Co., up to \$2,000,000 in commercial general liability, \$1,000,000 in automobile liability, and up to \$4,000,000 in umbrella liability through Selective Insurance Co. of S.C. The Authority does not currently maintain flood insurance as none of its structural property is located in a flood plain.

In accordance with North Carolina General Statutes, the Authority's employees that have access to \$100 or more at any given time of the Authority's funds are performance bonded through a commercial surety bond. The Director of Finance is individually bonded for \$250,000. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000.

# **CITY OF WILMINGTON, NORTH CAROLINA**

## **Notes to Financial Statements (Continued)**

**June 30, 2015**

### **NOTE 5 – SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES**

#### **A. LITIGATION**

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

At June 30, 2015, the Authority was a party to various legal disputes and litigation. In the opinion of the Authority's management, the ultimate effect of these matters will not have a material adverse effect on the Authority's financial position.

#### **B. FEDERAL AND STATE ASSISTANCE PROGRAMS**

The City and the Authority have received proceeds from federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provisions for the refund of grant moneys have been made in the accompanying financial statements.

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

#### **C. UNDERGROUND STORAGE TANK REMOVAL PROGRAM**

The City has completed a program to remove and replace all underground storage tanks not in full compliance with current environmental regulations. In the opinion of the City attorney and management, any future actions required to be taken at these sites should not result in costs, which, in the aggregate, would have a material adverse effect on the City's financial statements.

#### **D. ROOM OCCUPANCY AND TOURISM DEVELOPMENT TAX**

New Hanover County and the City of Wilmington each levy a 3% room occupancy tax pursuant to state enabling legislation. Session Law 2006-167 modified earlier legislation and created the Wilmington Convention Center District. That legislation also amended the method of distribution of the tax beginning July 1, 2008. Effective July 1, 2008, taxes levied by New Hanover County derived from accommodations in the district and 100% of the tax levied by the City of Wilmington must be used for construction, financing, operation, promotion, and maintenance of the convention center. For the year ended June 30, 2015, the City recognized \$3,080,208 in tax revenue as result of the tax levy with a total of \$26,550,691 collected since the levy was enacted.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2015

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

#### D. ROOM OCCUPANCY AND TOURISM DEVELOPMENT TAX (continued)

In accordance with Session Law 2002-139 Section 1.(e) as rewritten by Session Law 2006-167, the City of Wilmington must annually publish a detailed, audited report on its receipts and expenditures of the room occupancy tax proceeds during the preceding year. The text of the report must be included in the minutes of the City Council and placed on a public web site and must be made available in hard copy upon request. The City has included this required detailed report on its receipts and expenditures of the occupancy tax proceeds in the Supplemental Financial Data Section of this report.

The Special Purpose Fund accounts for all of the room occupancy tax authorized and received by the City and the operations of the Convention Center.

### NOTE 6 – ANNEXATIONS

Under North Carolina General Statutes, cities may annex areas upon a receipt of a valid petition signed by the owners of all the real property located within such area. Since May of 2009 the Wilmington City Council has adopted four voluntary annexation ordinances: 1) 5000 River Road [1,358.717 acres], 2) 7910 Market Street [26.57 acres], and 3) 6469, 6501 and 6505 Gordon Road [9.99 acres], and 4625 Carolina Beach Road [.23 acres]. In addition, 4 tracts, totaling approximately 74 acres, were voluntarily annexed into the City by the North Carolina General Assembly, through Session Law 2012-138, effective July 1, 2012.

A 12.64 acre area, known as the Galleria, was deannexed from the Town of Wrightsville Beach and annexed into the City by the North Carolina General Assembly, through Session Law 2014-45, effective June 30, 2014. It is anticipated that a mixed use development consisting of residential, commercial, and office uses will be developed on the site.

### NOTE 7 – SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS

On July 21, 2015 the City Council awarded a \$2,958,101 construction contract to Trader Construction for the Water Street and Riverfront Improvements Project as part of the implementation of the Riverfront Park Master Plan Phase 1. The construction award was split between the City, \$1,973,798 and the Cape Fear Public Utility Authority (Authority) \$984,303. Phase 1 consists of bulkhead repair, ADA access and streetscape improvements at the foot of Market Street and also storm water repairs at the foot of Princess Street. The Authority will replace water and sewer utilities within this same area for the future abandonment of the sanitary sewer pump station at Market Street. The remaining Phase 1A portion of the Riverfront Park and streetscape improvements directly in front of the Federal Building will be completed under a future phase once the US Coast Guard has completed their bulkhead repair project.

On August 18, 2015 the City Council authorized a \$283,101 Municipal Agreement with the North Carolina Department of Transportation (NCDOT) for the Holly Tree/South College Road intersection improvements that included the extension of sidewalks and signalized pedestrian crossings. This agreement provided a \$226,481 NCDOT STP-DA grant and required a city match of \$56,620.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2015

### NOTE 7 – SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS (continued)

On September 1, 2015 the City Council authorized the filing of a condemnation action of 4709 New Centre Drive for \$352,500 for the public purpose and benefit of opening and extending roads and streets. On April 7, 2009, the City amended the Gingerwood Collector Street Plan to include the relocation of Hunter's Trail and the extension of Ringo Drive. The condemnation of the property is necessary to further the completion of the Gingerwood Collector Street Plan, which will permit the effective management of traffic flow by providing interconnected street networks and alleviate significant increased traffic on the adjacent roadways of Hunter's Trail, Lennon Drive and Ringo Drive.

October 20, 2015 the City Council approved an Escrow Agreement for the defeasance of a portion of the New Hanover County GO Parks and Recreation Bonds Series 2008 related to the purchase of one-half of the Water Street Parking Deck in 2008. The total cost to establish the Escrow for the defeasance was approximately \$637,101. Council also approved an Amendment to the New Hanover County Park Bonds Interlocal Agreement. The defeasance was requested by the City in order to utilize the Water Street Parking Deck location for both private and public use. On November 2, 2015 the New Hanover County Board of Commissioners approved the defeasance request by the City and amendment to the Interlocal Agreement.

On October 20, 2015 the City Council authorized the purchase and renovation of the second floor of 414 Chestnut Street. The purchase from Wells Fargo was for \$375,000 with \$135,850 for renovations. On September 2, 2014, John Sawyer Architects completed a Space Needs Assessment with respect to City office space at 305 Chestnut Street and City Hall and reported that additional office space was needed.

### NOTE 8 – CHANGE IN ACCOUNTING PRINCIPLES/RESTATEMENT

The City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An amendment of GASB Statement No. 68*, in the fiscal year ended June 30, 2015. The implementation of the statements requires, among other things, that the City, as a participant employer, record its proportionate share of the Local Governmental Employees' Retirement System's (LGERS) net pension asset or liability in the full accrual financial statements. Accounting changes adopted to conform to the provisions of the statements are to be applied retroactively and reported as a restatement of beginning net position. Accordingly, beginning net pension liability and the effects on net position of contributions made by the City during the measurement period (fiscal year ending June 30, 2014) totaling \$6,323,714 were recognized as an adjustment to beginning net position in the governmental activities column of the government-wide Statement of Net Position in the current year. As a result, beginning net position of governmental activities decreased from \$285,862,366 to \$279,538,652. Beginning net pension liability and the effects on net position of contributions made by the City during the measurement period totaling \$796,335 were recognized as an adjustment to beginning net position in the business-type activities column of the government-wide Statement of Net Position in the current year. As a result, beginning net position of government-wide business-type activities decreased from \$48,326,764 to \$47,530,429. Beginning net pension liability and the effects on net position of contributions made by the City during the measurement period totaling \$382,258, \$333,446, \$13,925, \$66,706 and \$86,807 were recognized as adjustments to beginning net position in the Major Solid Waste Management Fund, the Major Storm Water Management Fund, the Major Parking Facilities Fund, the Nonmajor Golf Fund and the Internal Service Funds, respectively, on the Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds. As a result, beginning net position of the Major Solid Waste Management Fund, the Major Storm Water Management Fund, the Major Parking Facilities Fund, the Nonmajor Golf Fund and the Internal Service Funds decreased from \$2,513,683 to \$2,131,425, \$34,592,088 to \$34,258,642, \$8,942,623 to \$8,928,698, \$2,278,370 to \$2,211,644, and \$11,804,062 to \$11,717,255, respectively.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2015

### **NOTE 8 – CHANGE IN ACCOUNTING PRINCIPLES/RESTATEMENT (continued)**

The Authority implemented GASB Statement Nos. 68 and 71 in the fiscal year ending June 30, 2015. The implementation required the Authority to record beginning net pension liability and the effects on net position of contributions made by the Authority during the measurement period (fiscal year ending June 30, 2014). As a result, beginning net position decreased by \$117,481 effective July 1, 2014.

### **NOTE 9 – PRONOUNCEMENTS ISSUED, NOT YET EFFECTIVE**

The GASB has issued pronouncements prior to June 30, 2015 that have effective dates that may impact future financial presentations.

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

- GASB Statement Number 72, “Fair Value Measurement and Application”, will be effective for the City beginning with its year ending June 30, 2016.
- GASB Statement Number 73, “Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68”, will be effective for the City beginning with its year ending June 30, 2016.
- GASB Statement Number 74, “Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans”, will be effective for the City beginning with its year ending June 30, 2017.
- GASB Statement Number 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions”, will be effective for the City beginning with its year ending June 30, 2018.
- GASB Statement Number 76, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments”, will be effective for the City beginning with its year ending June 30, 2016.
- GASB Statement Number 77, “Tax Abatement Disclosures”, will be effective for the City beginning with its year ending June 30, 2017.

**REQUIRED SUPPLEMENTARY INFORMATION**



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

**CITY OF WILMINGTON, NORTH CAROLINA**

**Law Enforcement Officers' Special Separation Allowance  
Required Supplementary Information  
Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12-31-05	609,627	2,612,495	2,002,868	23.34	9,838,179	20.36
12-31-06	695,700	2,820,805	2,125,105	24.66	11,201,563	18.97
12-31-07	814,144	3,296,724	2,482,580	24.70	11,869,396	20.92
12-31-08	943,789	3,610,441	2,666,652	26.14	12,906,080	20.66
12-31-09	1,028,307	5,486,794	4,458,487	18.74	12,927,568	34.49
12-31-10	1,061,763	4,850,927	3,789,164	21.89	12,578,412	30.12
12-31-11	1,082,005	5,344,760	4,262,755	20.24	12,940,528	32.94
12-31-12	1,035,723	5,667,108	4,631,385	18.28	12,955,959	35.75
12-31-13	1,008,605	6,165,191	5,156,586	16.36	13,372,683	38.56
12-31-14	997,512	7,212,663	6,215,151	13.83	14,661,311	42.39



**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>
2006	285,130	87.7
2007	266,626	93.8
2008	295,567	84.6
2009	344,666	72.5
2010	379,825	65.8
2011	561,233	44.5
2012	492,142	50.8
2013	543,485	46.0
2014	583,569	42.8
2015	731,520	34.2

**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	12-31-2014
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed
Remaining amortization period	16 Years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	4.25% to 7.85%
*Includes inflation at	3.00%
Cost-of living adjustments	None

**CITY OF WILMINGTON, NORTH CAROLINA**

**Other Postemployment Benefits  
Required Supplementary Information  
Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12-31-07	\$ -	\$ 32,968,282	\$ 32,968,282	- %	\$ 40,115,854	82.18 %
12-31-09	499,852	38,267,174	37,767,322	1.31	43,659,539	86.50
12-31-11	383,354	51,973,292	51,589,938	0.74	42,411,075	121.64
12-31-13	350,856	45,962,447	45,611,591	0.76	37,877,785	120.42

**CITY OF WILMINGTON, NORTH CAROLINA**

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

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2009	\$ 3,477,479	54.0 %
2010	3,607,884	32.0
2011	3,792,520	35.4
2012	4,589,269	31.8
2013	5,737,392	24.4
2014	5,737,392	22.8
2015	5,737,392	31.6

**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	12-31-2013
Actuarial cost method	Projected unit credit
Amortization method	Level dollar amount open
Remaining amortization period	30 Years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	4.00%
*Includes inflation at	3.00%
Medical cost trend rate	7.75% to 5.00%
Year of ultimate trend rate	2019

**CITY OF WILMINGTON, NORTH CAROLINA**

**City of Wilmington's Proportionate Share of Net Pension Liability (Asset)  
Required Supplementary Information  
Last Two Fiscal Years \***

**Local Governmental Employees' Retirement System**

	<u>2015</u>	<u>2014</u>
Wilmington's proportion of the net pension liability (asset) (%)	0.86666%	0.86090%
Wilmington's proportion of the net pension liability (asset) (\$)	\$ (5,110,978)	\$ 10,377,151
Wilmington's covered-employee payroll	\$48,520,316	\$46,880,467
Wilmington's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	( 10.53%)	22.14%
Plan fiduciary net position as a percentage of the total pension liability**	102.64%	94.35%

\* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

\*\* This will be the same percentage for all participant employers in the LGERS plan.

**CITY OF WILMINGTON, NORTH CAROLINA**

**City of Wilmington's Contributions  
Required Supplementary Information  
Last Two Fiscal Years**

**Local Governmental Employees' Retirement System**

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 3,422,257	\$ 3,257,102
Contributions in relation to the contractually required contribution	3,422,257	3,257,102
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Wilmington's covered-employee payroll	\$48,520,316	\$46,880,467
Contributions as a percentage of covered-employee payroll	7.05%	6.95%

**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, 2015**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents/investments	\$ 903,012	\$ 1,483,790	\$ 2,386,802
Other receivables	348	459	807
Due from other governments	696,771	119,908	816,679
Assets held for resale	69,944	-	69,944
Notes receivable, net	16,789,410	-	16,789,410
Prepays	6,829	-	6,829
Restricted assets:			
Cash and cash equivalents	99,124	200,000	299,124
Other receivables	31	-	31
Due from other governments	<u>89,004</u>	<u>689,366</u>	<u>778,370</u>
Total assets	<u>\$ 18,654,473</u>	<u>\$ 2,493,523</u>	<u>\$ 21,147,996</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 71,994	\$ 52,518	\$ 124,512
Due to other funds	627,771	65,992	693,763
Accrued liabilities	27,339	-	27,339
Customer and escrow deposits	265,649	-	265,649
Restricted liabilities:			
Accounts payable	<u>-</u>	<u>370,006</u>	<u>370,006</u>
Total liabilities	<u>992,753</u>	<u>488,516</u>	<u>1,481,269</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Notes receivable	<u>32,924</u>	<u>-</u>	<u>32,924</u>
<b>FUND BALANCES</b>			
Non Spendable:			
Prepays	6,829	-	6,829
Restricted:			
Stabilization by State statute	1,103,107	1,330,698	2,433,805
Community development loans	17,555,435	-	17,555,435
Public safety	188,159	-	188,159
Committed:			
Capital projects	-	820,694	820,694
Unassigned (deficit)	<u>(1,224,734)</u>	<u>(146,385)</u>	<u>(1,371,119)</u>
Total fund balances	<u>17,628,796</u>	<u>2,005,007</u>	<u>19,633,803</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 18,654,473</u>	<u>\$ 2,493,523</u>	<u>\$ 21,147,996</u>



**CITY OF WILMINGTON, NORTH CAROLINA**

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

**June 30, 2015**

	Community Development Fund	Home Investment Partnership Fund	Rental Rehabilitation Loan Fund	Commercial Loan Fund	Rehabilitation Loan Fund
<b>ASSETS</b>					
Cash and cash equivalents/investments	\$ 17,367	\$ 3,143	\$ 67,693	\$ -	\$ 320,737
Other receivables	-	-	21	-	160
Due from other governments	284,677	412,094	-	-	-
Assets held for resale	-	-	-	-	69,944
Notes receivable, net	-	7,605,695	130,713	1,001,855	2,776,650
Prepays	5,783	1,046	-	-	-
Restricted assets:					
Cash and cash equivalents	-	-	-	-	-
Other receivables	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	<u>\$ 307,827</u>	<u>\$ 8,021,978</u>	<u>\$ 198,427</u>	<u>\$ 1,001,855</u>	<u>\$ 3,167,491</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 41,522	\$ 27,478	\$ -	\$ -	\$ 1,629
Due to other funds	243,155	384,616	-	-	-
Accrued liabilities	23,150	4,189	-	-	-
Customer and escrow deposits	-	113,844	635	954	106,729
Total liabilities	<u>307,827</u>	<u>530,127</u>	<u>635</u>	<u>954</u>	<u>108,358</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Notes receivable	-	-	229	-	696
<b>FUND BALANCES</b>					
Non Spendable:					
Prepays	5,783	1,046	-	-	-
Restricted:					
Stabilization by State statute	339,429	763,678	-	-	-
Community development loans	-	7,605,695	197,563	1,001,855	3,058,437
Public safety	-	-	-	-	-
Unassigned (deficit)	<u>(345,212)</u>	<u>(878,568)</u>	<u>-</u>	<u>(954)</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>7,491,851</u>	<u>197,563</u>	<u>1,000,901</u>	<u>3,058,437</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 307,827</u>	<u>\$ 8,021,978</u>	<u>\$ 198,427</u>	<u>\$ 1,001,855</u>	<u>\$ 3,167,491</u>

	CDBG HOP Loan Fund	GF HOP Loan Fund	Economic Development Loan Fund	Firemen's Relief Fund	Total Nonmajor Special Revenue Funds
<b>ASSETS</b>					
Cash and cash equivalents/investments	\$ 1,276	\$ 285,795	\$ 207,001	\$ -	\$ 903,012
Other receivables	-	103	64	-	348
Due from other governments	-	-	-	-	696,771
Assets held for resale	-	-	-	-	69,944
Notes receivable, net	2,094,047	3,172,453	7,997	-	16,789,410
Prepays	-	-	-	-	6,829
Restricted assets:					
Cash and cash equivalents	-	-	-	99,124	99,124
Other receivables	-	-	-	31	31
Due from other governments	-	-	-	89,004	89,004
Total assets	<u>\$ 2,095,323</u>	<u>\$ 3,458,351</u>	<u>\$ 215,062</u>	<u>\$ 188,159</u>	<u>\$ 18,654,473</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 280	\$ 403	\$ 682	\$ -	\$ 71,994
Due to other funds	-	-	-	-	627,771
Accrued liabilities	-	-	-	-	27,339
Customer and escrow deposits	<u>8,230</u>	<u>34,530</u>	<u>727</u>	<u>-</u>	<u>265,649</u>
Total liabilities	<u>8,510</u>	<u>34,933</u>	<u>1,409</u>	<u>-</u>	<u>992,753</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Notes receivable	<u>-</u>	<u>13,436</u>	<u>18,563</u>	<u>-</u>	<u>32,924</u>
<b>FUND BALANCES</b>					
Non Spendable:					
Prepays	-	-	-	-	6,829
Restricted:					
Stabilization by State statute	-	-	-	-	1,103,107
Community development loans	2,086,813	3,409,982	195,090	-	17,555,435
Public safety	-	-	-	188,159	188,159
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,224,734)</u>
Total fund balances	<u>2,086,813</u>	<u>3,409,982</u>	<u>195,090</u>	<u>188,159</u>	<u>17,628,796</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,095,323</u>	<u>\$ 3,458,351</u>	<u>\$ 215,062</u>	<u>\$ 188,159</u>	<u>\$ 18,654,473</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**June 30, 2015**

	Parks and Recreation Fund	Public Improvements Fund	Total Nonmajor Capital Projects Funds
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents/investments	\$ 1,483,790	\$ -	\$ 1,483,790
Other receivables	459	-	459
Due from other governments	29,908	90,000	119,908
Restricted assets:			
Cash and cash equivalents	200,000	-	200,000
Due from other governments	<u>689,366</u>	<u>-</u>	<u>689,366</u>
Total assets	<u>\$ 2,403,523</u>	<u>\$ 90,000</u>	<u>\$ 2,493,523</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 52,518	\$ -	\$ 52,518
Due to other funds	-	65,992	65,992
Restricted liabilities:			
Accounts payable	<u>370,006</u>	<u>-</u>	<u>370,006</u>
Total liabilities	<u>422,524</u>	<u>65,992</u>	<u>488,516</u>
<b>FUND BALANCES</b>			
Restricted:			
Stabilization by State statute	1,160,305	170,393	1,330,698
Committed:			
Capital projects	820,694	-	820,694
Unassigned (deficit)	<u>-</u>	<u>(146,385)</u>	<u>(146,385)</u>
Total fund balances	<u>1,980,999</u>	<u>24,008</u>	<u>2,005,007</u>
Total liabilities and fund balances	<u>\$ 2,403,523</u>	<u>\$ 90,000</u>	<u>\$ 2,493,523</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2015**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
Revenues:			
Restricted intergovernmental	\$ 1,236,914	\$ 754,892	\$ 1,991,806
Investment earnings	2,112	4,505	6,617
Donations	-	16,200	16,200
Miscellaneous	<u>119,878</u>	<u>-</u>	<u>119,878</u>
Total revenues	<u>1,358,904</u>	<u>775,597</u>	<u>2,134,501</u>
Expenditures:			
General government	112,823	-	112,823
Public safety	-	521,188	521,188
Economic and physical development	1,585,491	-	1,585,491
Cultural and recreational	<u>-</u>	<u>2,306,286</u>	<u>2,306,286</u>
Total expenditures	<u>1,698,314</u>	<u>2,827,474</u>	<u>4,525,788</u>
Excess of expenditures over revenues	<u>(339,410)</u>	<u>(2,051,877)</u>	<u>(2,391,287)</u>
Other financing sources (uses):			
Transfers from other funds	601,781	624,878	1,226,659
Transfers to other funds	(480,081)	(242,100)	(722,181)
Issuance of installment obligations	<u>-</u>	<u>200,000</u>	<u>200,000</u>
Total other financing uses	<u>121,700</u>	<u>582,778</u>	<u>704,478</u>
Net change in fund balances	(217,710)	(1,469,099)	(1,686,809)
Fund balances at beginning of year	<u>17,846,506</u>	<u>3,474,106</u>	<u>21,320,612</u>
Fund balances at end of year	<u>\$ 17,628,796</u>	<u>\$ 2,005,007</u>	<u>\$ 19,633,803</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2015**

	<u>Community Development Fund</u>	<u>Home Investment Partnership Fund</u>	<u>Rental Rehabilitation Loan Fund</u>	<u>Commercial Loan Fund</u>	<u>Rehabilitation Loan Fund</u>
Revenues:					
Restricted intergovernmental	\$ 518,859	\$ 718,055	\$ -	\$ -	\$ -
Investment earnings	-	-	232	-	152
Miscellaneous	-	6,144	1,124	-	1,099
Total revenues	<u>518,859</u>	<u>724,199</u>	<u>1,356</u>	<u>-</u>	<u>1,251</u>
Expenditures:					
General government	95,534	17,289	-	-	-
Economic and physical development	<u>561,050</u>	<u>522,579</u>	<u>-</u>	<u>-</u>	<u>16,011</u>
Total expenditures	<u>656,584</u>	<u>539,868</u>	<u>-</u>	<u>-</u>	<u>16,011</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(137,725)</u>	<u>184,331</u>	<u>1,356</u>	<u>-</u>	<u>(14,760)</u>
Other financing sources (uses):					
Transfers from other funds	307,127	1,000	-	7,444	122,573
Transfers to other funds	<u>(169,402)</u>	<u>(2,552)</u>	<u>(5,441)</u>	<u>(1,686)</u>	<u>(301,000)</u>
Total other financing sources (uses)	<u>137,725</u>	<u>(1,552)</u>	<u>(5,441)</u>	<u>5,758</u>	<u>(178,427)</u>
Net change in fund balances	-	182,779	(4,085)	5,758	(193,187)
Fund balances at beginning of year	<u>-</u>	<u>7,309,072</u>	<u>201,648</u>	<u>995,143</u>	<u>3,251,624</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 7,491,851</u>	<u>\$ 197,563</u>	<u>\$ 1,000,901</u>	<u>\$ 3,058,437</u>

	CDBG HOP Loan Fund	GF HOP Loan Fund	Economic Development Loan Fund	Firemen's Relief Fund	Total Nonmajor Special Revenue Funds
Revenues:					
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 1,236,914
Investment earnings	30	1,212	218	268	2,112
Miscellaneous	<u>58</u>	<u>17,106</u>	<u>5,343</u>	<u>89,004</u>	<u>119,878</u>
Total revenues	<u>88</u>	<u>18,318</u>	<u>5,561</u>	<u>89,272</u>	<u>1,358,904</u>
Expenditures:					
General government	-	-	-	-	112,823
Economic and physical development	<u>244,672</u>	<u>150,539</u>	<u>90,640</u>	<u>-</u>	<u>1,585,491</u>
Total expenditures	<u>244,672</u>	<u>150,539</u>	<u>90,640</u>	<u>-</u>	<u>1,698,314</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(244,584)</u>	<u>(132,221)</u>	<u>(85,079)</u>	<u>89,272</u>	<u>(339,410)</u>
Other financing sources (uses):					
Transfers from other funds	161,958	1,679	-	-	601,781
Transfers to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(480,081)</u>
Total other financing sources (uses)	<u>161,958</u>	<u>1,679</u>	<u>-</u>	<u>-</u>	<u>121,700</u>
Net change in fund balances	(82,626)	(130,542)	(85,079)	89,272	(217,710)
Fund balances at beginning of year	<u>2,169,439</u>	<u>3,540,524</u>	<u>280,169</u>	<u>98,887</u>	<u>17,846,506</u>
Fund balances at end of year	<u>\$ 2,086,813</u>	<u>\$ 3,409,982</u>	<u>\$ 195,090</u>	<u>\$ 188,159</u>	<u>\$ 17,628,796</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2015**

	Parks and Recreation Fund	Public Improvements Fund	Total Nonmajor Capital Projects Funds
Revenues:			
Restricted intergovernmental	\$ 263,676	\$ 491,216	\$ 754,892
Investment earnings	4,505	-	4,505
Donations	16,200	-	16,200
Total revenues	<u>284,381</u>	<u>491,216</u>	<u>775,597</u>
Expenditures:			
Public safety	-	521,188	521,188
Cultural and recreational	2,306,286	-	2,306,286
Total expenditures	<u>2,306,286</u>	<u>521,188</u>	<u>2,827,474</u>
Excess of expenditures over revenues	<u>(2,021,905)</u>	<u>(29,972)</u>	<u>(2,051,877)</u>
Other financing sources (uses):			
Transfers from other funds	594,878	30,000	624,878
Transfers to other funds	(242,100)	-	(242,100)
Issuance of installment obligations	200,000	-	200,000
Total other financing sources	<u>552,778</u>	<u>30,000</u>	<u>582,778</u>
Net change in fund balances	(1,469,127)	28	(1,469,099)
Fund balances at beginning of year	<u>3,450,126</u>	<u>23,980</u>	<u>3,474,106</u>
Fund balances at end of year	<u>\$ 1,980,999</u>	<u>\$ 24,008</u>	<u>\$ 2,005,007</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**June 30, 2015**

	Law Enforcement Officers' Pension Trust Fund	Other Postemployment Benefits	Total Pension Trust Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 897,956	\$ -	\$ 897,956
Investments:			
North Carolina Capital Management Trust, Cash Portfolio	-	775,280	775,280
North Carolina Capital Management Trust, Term Portfolio	50,822	-	50,822
U.S. Government Agencies	151,489	-	151,489
Other receivables	<u>339</u>	<u>-</u>	<u>339</u>
Total assets	<u>1,100,606</u>	<u>775,280</u>	<u>1,875,886</u>
<b>LIABILITIES</b>			
Accounts payable	-	675	675
Due to General Fund	<u>-</u>	<u>1,746</u>	<u>1,746</u>
Total liabilities	<u>-</u>	<u>2,421</u>	<u>2,421</u>
<b>NET POSITION</b>			
Restricted for pension and other postemployment benefits	<u>\$ 1,100,606</u>	<u>\$ 772,859</u>	<u>\$ 1,873,465</u>



**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2015**

	Law Enforcement Officers' Pension Trust Fund	Other Postemployment Benefits Trust Fund	Total Pension Trust Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Additions:			
Contributions:			
Employer	\$ 250,000	\$ 1,815,490	\$ 2,065,490
Plan members	-	353,148	353,148
Total contributions	<u>250,000</u>	<u>2,168,638</u>	<u>2,418,638</u>
Investment earnings	<u>3,813</u>	<u>54</u>	<u>3,867</u>
Total additions	<u>253,813</u>	<u>2,168,692</u>	<u>2,422,505</u>
Deductions:			
Benefits	279,725	1,553,619	1,833,344
Administrative expense	-	191,063	191,063
Total deductions	<u>279,725</u>	<u>1,744,682</u>	<u>2,024,407</u>
Change in net position	(25,912)	424,010	398,098
Net position at beginning of year	<u>1,126,518</u>	<u>348,849</u>	<u>1,475,367</u>
Net position at end of year	<u>\$ 1,100,606</u>	<u>\$ 772,859</u>	<u>\$ 1,873,465</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2015**

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2015</u>
<b>CHDO Proceeds Fund</b>				
Assets:				
Cash and cash equivalents	\$ 230,707	\$ 20,483	\$ 7,044	\$ 244,146
Investments:				
North Carolina Capital Management Trust, Term Portfolio	18,736	15	4,933	13,818
U.S. Government Agencies	55,630	445	14,886	41,189
Other receivables	<u>110</u>	<u>92</u>	<u>110</u>	<u>92</u>
Total assets	<u>\$ 305,183</u>	<u>\$ 21,035</u>	<u>\$ 26,973</u>	<u>\$ 299,245</u>
Liabilities:				
Accounts payable	\$ -	\$ 7,044	\$ 7,044	\$ -
Escrow funds and deposits	<u>305,183</u>	<u>1,237</u>	<u>7,175</u>	<u>299,245</u>
Total liabilities	<u>\$ 305,183</u>	<u>\$ 8,281</u>	<u>\$ 14,219</u>	<u>\$ 299,245</u>
<b>Law Enforcement Seizure Fund</b>				
Assets:				
Cash and cash equivalents	<u>\$ 212,827</u>	<u>\$ 29,812</u>	<u>\$ 4,462</u>	<u>\$ 238,177</u>
Liabilities:				
Escrow funds and deposits	<u>\$ 212,827</u>	<u>\$ 29,812</u>	<u>\$ 4,462</u>	<u>\$ 238,177</u>
<b>Totals - All Agency Funds</b>				
Assets:				
Cash and cash equivalents	\$ 443,534	\$ 50,295	\$ 11,506	\$ 482,323
Investments:				
North Carolina Capital Management Trust, Term Portfolio	18,736	15	4,933	13,818
U.S. Government Agencies	55,630	445	14,886	41,189
Other receivables	<u>110</u>	<u>92</u>	<u>110</u>	<u>92</u>
Total assets	<u>\$ 518,010</u>	<u>\$ 50,847</u>	<u>\$ 31,435</u>	<u>\$ 537,422</u>
Liabilities:				
Accounts payable	\$ -	\$ 7,044	\$ 7,044	\$ -
Escrow funds and deposits	<u>518,010</u>	<u>31,049</u>	<u>11,637</u>	<u>537,422</u>
Total liabilities	<u>\$ 518,010</u>	<u>\$ 38,093</u>	<u>\$ 18,681</u>	<u>\$ 537,422</u>

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**GENERAL FUND TAB (FRONT)**

**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, 2015  
With Comparative Actual Amounts for Year Ended June 30, 2014**

	2015		Variance Positive (Negative)	2014 Actual
	Budget	Actual		
<b>Revenues:</b>				
<b>Ad valorem taxes:</b>				
Current year	\$ 52,755,882	\$ 53,369,501	\$ 613,619	\$ 51,912,712
Prior years	610,000	332,471	(277,529)	675,922
Penalties and interest	181,000	290,052	109,052	258,936
Total	<u>53,546,882</u>	<u>53,992,024</u>	<u>445,142</u>	<u>52,847,570</u>
<b>Other taxes:</b>				
Local option sales tax	19,374,912	21,216,765	1,841,853	19,168,840
Franchise tax	6,464,780	8,174,142	1,709,362	6,120,923
Video programming sales tax	1,511,855	1,442,808	(69,047)	1,397,010
Rental vehicle tax	173,400	267,219	93,819	224,043
Total	<u>27,524,947</u>	<u>31,100,934</u>	<u>3,575,987</u>	<u>26,910,816</u>
<b>Unrestricted intergovernmental:</b>				
Beer and wine	465,090	533,087	67,997	479,813
ABC revenue	918,000	1,213,935	295,935	1,255,592
Court fees	47,000	35,873	(11,127)	36,476
Total	<u>1,430,090</u>	<u>1,782,895</u>	<u>352,805</u>	<u>1,771,881</u>
<b>Restricted intergovernmental:</b>				
Powell bill	2,852,838	2,929,919	77,081	2,889,182
PEG channel support	30,000	28,419	(1,581)	31,846
<b>Categorical grants:</b>				
Transportation	-	1,504,615	1,504,615	(7,300)
Hurricane disaster assistance	-	(5,446)	(5,446)	-
Other	258,964	202,261	(56,703)	222,323
Total	<u>3,141,802</u>	<u>4,659,768</u>	<u>1,517,966</u>	<u>3,136,051</u>
<b>Licenses and permits:</b>				
Privilege licenses	1,738,406	2,287,635	549,229	2,346,737
Motor vehicle licenses	397,753	411,726	13,973	515,291
Other permits and fees	196,300	263,108	66,808	230,707
Total	<u>2,332,459</u>	<u>2,962,469</u>	<u>630,010</u>	<u>3,092,735</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, 2015  
With Comparative Actual Amounts for Year Ended June 30, 2014**

	2015		Variance Positive (Negative)	2014 Actual
	Budget	Actual		
Revenues: (continued)				
Sales and services:				
Recreation department sales and service	\$ 699,736	\$ 857,780	\$ 158,044	\$ 774,576
Other departmental charges	1,683,108	1,592,938	(90,170)	1,742,790
Total	<u>2,382,844</u>	<u>2,450,718</u>	<u>67,874</u>	<u>2,517,366</u>
Fines and forfeits:				
Fire code violations	7,500	8,000	500	4,300
False alarm citations	75,000	147,964	72,964	169,042
Civil citations	51,200	50,200	(1,000)	80,370
Total	<u>133,700</u>	<u>206,164</u>	<u>72,464</u>	<u>253,712</u>
Interest earnings:				
Investment earnings	100,143	157,524	57,381	179,217
Interest on liens	-	2,937	2,937	2,255
Total	<u>100,143</u>	<u>160,461</u>	<u>60,318</u>	<u>181,472</u>
Miscellaneous:				
Sale of real estate, equipment and material	-	52,490	52,490	150
Rents	51,600	190,588	138,988	184,424
Other	107,750	286,310	178,560	203,106
Total	<u>159,350</u>	<u>529,388</u>	<u>370,038</u>	<u>387,680</u>
 Total revenues	 <u>90,752,217</u>	 <u>97,844,821</u>	 <u>7,092,604</u>	 <u>91,099,283</u>
Expenditures:				
General government:				
City Council and Clerk		422,391		361,523
City Manager		1,360,590		1,253,142
City Attorney		815,091		756,153
Human Resource Management		717,985		677,101
Finance		2,053,260		1,766,266
Information Technology Services		2,021,597		2,071,672
Contributions to other agencies		1,466,311		989,182
Nondepartmental		3,043,764		3,113,694
Total	<u>14,265,674</u>	<u>11,900,989</u>	<u>2,364,685</u>	<u>10,988,733</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, 2015  
With Comparative Actual Amounts for Year Ended June 30, 2014**

	2015		Variance Positive (Negative)	2014 Actual
	Budget	Actual		
Expenditures: (continued)				
Public safety:				
Police		\$ 26,807,757		\$ 25,983,207
Fire		16,102,636		15,072,451
Total	<u>\$ 43,761,371</u>	<u>42,910,393</u>	<u>\$ 850,978</u>	<u>41,055,658</u>
Transportation:				
Development Services		1,420,311		1,403,325
Public Services		4,651,794		4,487,482
Traffic engineering		3,311,475		3,358,948
Streets		2,000,790		1,940,529
Storm water management fee		2,073,600		1,912,915
Total	<u>14,402,423</u>	<u>13,457,970</u>	<u>944,453</u>	<u>13,103,199</u>
Cultural and recreational:				
Community Services		1,216,274		1,182,550
Parks and recreation		5,997,931		5,415,743
Total	<u>7,661,723</u>	<u>7,214,205</u>	<u>447,518</u>	<u>6,598,293</u>
Transit system:				
Cape Fear Public Transportation Authority	<u>1,442,822</u>	<u>1,442,822</u>	<u>-</u>	<u>1,285,000</u>
Total expenditures	<u>81,534,013</u>	<u>76,926,379</u>	<u>4,607,634</u>	<u>73,030,883</u>
Excess of revenues over expenditures	<u>9,218,204</u>	<u>20,918,442</u>	<u>11,700,238</u>	<u>18,068,400</u>
Other financing sources (uses):				
Operating transfer - in:				
Debt Service Fund	416,423	416,423	-	-
Parks & Recreation Fund	80,000	80,000	-	-
Special Purpose Fund	-	-	-	48,912
Building Improvements Fund	-	-	-	100,000
Total operating transfers - in	<u>496,423</u>	<u>496,423</u>	<u>-</u>	<u>148,912</u>
Operating transfers - out:				
Debt Service Fund	(9,334,832)	(9,334,832)	-	(9,334,832)
Special Purpose Fund	(732,829)	(703,038)	29,791	(707,114)
CDBG/Home Administration Fund	(275,723)	(181,548)	94,175	(165,778)
Streets and Sidewalks Fund	(403,731)	(403,731)	-	(456,232)
Parks and Recreation Fund	(345,355)	(345,355)	-	-
Building Improvements Fund	(330,000)	(330,000)	-	(2,733,717)



**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2015  
With Comparative Actual Amounts for Year Ended June 30, 2014**

	2015		Variance	2014
	Budget	Actual	Positive (Negative)	Actual
Other financing sources (uses): (continued)				
Operating transfers - out: (continued)				
LF-Rehabilitation	\$ (100,000)	\$ (100,000)	\$ -	\$ -
Public Improvements Fund	(30,000)	(30,000)	-	(6,250)
Solid Waste Management Fund	-	-	-	(1,775,000)
Personal Computer Replacement Fund	<u>(480,000)</u>	<u>(480,000)</u>	-	<u>(480,000)</u>
Total operating transfers - out	<u>(12,032,470)</u>	<u>(11,908,504)</u>	<u>123,966</u>	<u>(15,658,923)</u>
Appropriated fund balance	<u>2,317,843</u>	<u>-</u>	<u>(2,317,843)</u>	<u>-</u>
Total other financing uses	<u>(9,218,204)</u>	<u>(11,412,081)</u>	<u>(2,193,877)</u>	<u>(15,510,011)</u>
Net change in fund balance	<u>\$ -</u>	9,506,361	<u>\$ 9,506,361</u>	2,558,389
Fund balance at beginning of year		46,034,737		43,457,091
Change in reserve for inventories		<u>66,056</u>		<u>19,257</u>
Fund balance at end of year		<u>\$ 55,607,154</u>		<u>\$ 46,034,737</u>
A portion of a legally budgeted CDBG/HOME Grant and Administration Fund is consolidated into the General Fund for reporting purposes:				
Transfer from General Fund		181,548		165,778
General government expenditures		(56,876)		(73,044)
Economic and physical development expenditures		(124,672)		(92,734)
Fund balance at beginning of year		<u>-</u>		<u>-</u>
Fund balance at end of year		<u>\$ 55,607,154</u>		<u>\$ 46,034,737</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, 2015**

	Grant Project Authorization	Actual Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
<b>Revenues:</b>					
<b>Taxes:</b>					
Room occupancy tax	\$ 26,268,749	\$ 23,470,483	\$ 3,080,208	\$ 26,550,691	\$ 281,942
<b>Restricted intergovernmental:</b>					
Federal grants	4,459,817	3,960,221	515,353	4,475,574	15,757
State grants	2,716,252	1,390,034	709,403	2,099,437	(616,815)
Other governments	1,433,305	1,070,235	319,064	1,389,299	(44,006)
Total restricted intergovernmental	8,609,374	6,420,490	1,543,820	7,964,310	(645,064)
<b>Investment earnings:</b>					
Investment earnings	338,882	1,911,435	24,114	1,935,549	1,596,667
Net decrease in fair value of investments	-	(42,455)	-	(42,455)	(42,455)
Total investment earnings	338,882	1,868,980	24,114	1,893,094	1,554,212
Donations	285,112	181,182	17,520	198,702	(86,410)
<b>Miscellaneous:</b>					
Red light traffic cameras	6,009,372	5,041,346	979,721	6,021,067	11,695
Other program income	514,387	542,078	6,466	548,544	34,157
Sale of property	25,234	48,704	-	48,704	23,470
Total miscellaneous	6,548,993	5,632,128	986,187	6,618,315	69,322
Total revenues	42,051,110	37,573,263	5,651,849	43,225,112	1,174,002
<b>Expenditures:</b>					
<b>Environmental protection projects:</b>					
Community waste reduction / recycle	30,000	-	30,000	30,000	-
<b>Public safety projects:</b>					
Regional crime lab	372,060	6,205	92,343	98,548	273,512
Bulletproof vest partnership	27,976	21,594	6,110	27,704	272
Gang resistance and intervention	375,279	273,747	-	273,747	101,532
Santa cop program	1,125	750	-	750	375
SABLE-helicopter unit	1,026,301	770,263	109,152	879,415	146,886
Federal forfeiture - SABLE	1,314,959	1,084,526	39,194	1,123,720	191,239
Domestic enforcement Wilmington	234,864	171,623	575	172,198	62,666
Firefighter assistance - FEMA	25,400	22,704	2,691	25,395	5
Strategy to address gangs	71,720	-	949	949	70,771
Second chance reentry	600,000	-	62,759	62,759	537,241
Federal forfeiture	1,708,243	1,534,898	143,224	1,678,122	30,121
North Carolina drug tax	582,844	531,709	41,701	573,410	9,434
Court judgments	14,451	14,450	-	14,450	1
Total public safety	6,355,222	4,432,469	498,698	4,931,167	1,424,055

**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, 2015**

	Grant Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Totals to Date	
Expenditures: (continued)					
Transportation projects:					
Metropolitan planning	\$ 1,812,229	\$ 663,634	\$ 828,191	\$ 1,491,825	\$ 320,404
Red light traffic cameras	<u>8,547,705</u>	<u>6,977,605</u>	<u>1,322,637</u>	<u>8,300,242</u>	<u>247,463</u>
Total transportation	<u>10,359,934</u>	<u>7,641,239</u>	<u>2,150,828</u>	<u>9,792,067</u>	<u>567,867</u>
Economic and physical development projects:					
Homeless plan (10 year)	418,619	360,120	50,000	410,120	8,499
Historic preservation education	43,617	29,850	249	30,099	13,518
Tree mitigation	183,075	130,051	-	130,051	53,024
Annual housing summit	21,325	11,906	7,500	19,406	1,919
Rhodes Armed Forces Center	110,000	107,546	-	107,546	2,454
Brownfields program	800,000	373,201	157,064	530,265	269,735
Wilmington waterfront plan study	180,000	-	180,000	180,000	-
Affordable housing program	1,182,157	1,155,942	-	1,155,942	26,215
Homeownership services	148,226	98,391	16,556	114,947	33,279
UDAG income projects	1,280,639	1,198,154	5,690	1,203,844	76,795
Trees forever	48,405	6,995	8,454	15,449	32,956
Trolley station	3,716	2,123	-	2,123	1,593
Government information channel	<u>50,000</u>	<u>47,510</u>	<u>2,490</u>	<u>50,000</u>	<u>-</u>
Total economic and physical development	<u>4,469,779</u>	<u>3,521,789</u>	<u>428,003</u>	<u>3,949,792</u>	<u>519,987</u>
Cultural and recreational projects:					
Dog park development	35,490	24,120	-	24,120	11,370
Downtown business alliance	44,609	33,507	4,550	38,057	6,552
Boating infrastructure	114,098	82,515	-	82,515	31,583
Market place downtown	8,658	1,771	-	1,771	6,887
Rehder Garden	6,770	1,089	-	1,089	5,681
Community enrichment initiative	1,325	-	-	-	1,325
Community enrichment culinary	4,950	-	4,945	4,945	5
July Fourth celebration	5,000	3,566	-	3,566	1,434
Nautical festival	51,375	48,466	-	48,466	2,909
Bicycle advisory	<u>7,489</u>	<u>5,991</u>	<u>169</u>	<u>6,160</u>	<u>1,329</u>
Total cultural and recreational	<u>279,764</u>	<u>201,025</u>	<u>9,664</u>	<u>210,689</u>	<u>69,075</u>
Transit system:					
Metropolitan Planning	<u>169,890</u>	<u>56,083</u>	<u>77,314</u>	<u>133,397</u>	<u>36,493</u>
Total expenditures	<u>21,664,589</u>	<u>15,852,605</u>	<u>3,194,507</u>	<u>19,047,112</u>	<u>2,617,477</u>
Excess of revenues over expenditures	<u>20,386,521</u>	<u>21,720,658</u>	<u>2,457,342</u>	<u>24,178,000</u>	<u>3,791,479</u>
Other financing sources (uses):					
Operating transfers - in:					
UDAG Loan Fund	759,754	759,754	-	759,754	-
Community Development Fund	296,780	297,120	-	297,120	340
GF-HOP Loan Fund	1,086,000	1,086,000	-	1,086,000	-
Economic Development Loan Fund	268,353	268,353	-	268,353	-

**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, 2015**

	Grant Project Authorization	Actual Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Other financing sources (uses): (continued)					
Operating transfers - in: (continued)					
Rental Rehabilitation Fund	\$ 438,000	\$ 438,000	\$ -	\$ 438,000	\$ -
Solid Waste Fund	5,000	-	5,000	5,000	-
Storm Water Management Fund	-	63	-	63	63
Building Improvements Fund	9,817	9,817	-	9,817	-
General Fund	<u>3,755,814</u>	<u>2,991,147</u>	<u>703,038</u>	<u>3,694,185</u>	<u>(61,629)</u>
Total operating transfers - in	<u>6,619,518</u>	<u>5,850,254</u>	<u>708,038</u>	<u>6,558,292</u>	<u>(61,226)</u>
Operating transfers - out:					
General Fund	(64,912)	(64,912)	-	(64,912)	-
Convention Center Fund	(26,225,300)	(20,459,578)	(5,065,722)	(25,525,300)	700,000
Building Improvements Fund	(43,449)	(43,449)	-	(43,449)	-
General Fund HOP Loan Fund	(1,680)	-	(1,679)	(1,679)	1
UDAG Loan Fund	(117,077)	(117,077)	-	(117,077)	-
Home Investment Partnership Fund	(524,059)	(524,044)	-	(524,044)	15
Rehabilitation Loan Fund	(20,022)	-	(20,021)	(20,021)	1
Public Improvements Fund	<u>(9,540)</u>	<u>(9,539)</u>	<u>-</u>	<u>(9,539)</u>	<u>1</u>
Total operating transfers - out	<u>(27,006,039)</u>	<u>(21,218,599)</u>	<u>(5,087,422)</u>	<u>(26,306,021)</u>	<u>700,018</u>
Total other financing uses	<u>(20,386,521)</u>	<u>(15,368,345)</u>	<u>(4,379,384)</u>	<u>(19,747,729)</u>	<u>638,792</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 6,352,313</u>	<u>(1,922,042)</u>	<u>\$ 4,430,271</u>	<u>\$ 4,430,271</u>
Fund balance at beginning of year			<u>6,352,313</u>		
Fund balance at end of year			<u>\$ 4,430,271</u>		
A legally budgeted Convention Center Fund is consolidated into the Special Purpose Fund for reporting purposes:					
Sales and services			3,668,968		
Investment earnings			633		
Transfer from Special Purpose Fund			5,065,722		
Economic and physical development expenditures			(4,242,824)		
Debt service:					
Principal retirement			(1,535,000)		
Interest and other charges			(2,695,883)		
Fund balance at beginning of year			4,915,989		
An unbudgeted UDAG Loan Fund is consolidated into the Special Purpose Fund for reporting purposes:					
Economic and physical development expenditures			(20,640)		
Fund balance at beginning of year			<u>98,467</u>		
Fund balance at end of year			<u>\$ 9,685,703</u>		

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**From Inception and Year Ended June 30, 2015**

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
<b>Revenues:</b>					
<b>Sales and services:</b>					
Convention center	\$ 10,458,347	\$ 8,023,728	\$ 3,387,176	\$ 11,410,904	\$ 952,557
Parking deck	<u>672,101</u>	<u>531,687</u>	<u>281,792</u>	<u>813,479</u>	<u>141,378</u>
Total sales and services	11,130,448	8,555,415	3,668,968	12,224,383	1,093,935
Investment earnings	120,000	120,914	633	121,547	1,547
Net decrease in fair value of investments	<u>-</u>	<u>(1,365)</u>	<u>-</u>	<u>(1,365)</u>	<u>(1,365)</u>
Total revenues	<u>11,250,448</u>	<u>8,674,964</u>	<u>3,669,601</u>	<u>12,344,565</u>	<u>1,094,117</u>
<b>Expenditures:</b>					
<b>Economic and physical development project:</b>					
Convention Center operations	16,841,263	12,764,573	3,942,487	16,707,060	134,203
Parking deck operations	<u>684,131</u>	<u>380,216</u>	<u>300,337</u>	<u>680,553</u>	<u>3,578</u>
Total economic and physical development	<u>17,525,394</u>	<u>13,144,789</u>	<u>4,242,824</u>	<u>17,387,613</u>	<u>137,781</u>
<b>Debt service:</b>					
Principal retirement	7,320,000	5,785,000	1,535,000	7,320,000	-
Interest and other charges	20,094,739	17,392,600	2,695,883	20,088,483	6,256
Reserved for debt service	<u>4,639,451</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,639,451</u>
Total debt service	<u>32,054,190</u>	<u>23,177,600</u>	<u>4,230,883</u>	<u>27,408,483</u>	<u>4,645,707</u>
Total expenditures	<u>49,579,584</u>	<u>36,322,389</u>	<u>8,473,707</u>	<u>44,796,096</u>	<u>4,783,488</u>
Excess of expenditures over revenues	<u>(38,329,136)</u>	<u>(27,647,425)</u>	<u>(4,804,106)</u>	<u>(32,451,531)</u>	<u>5,877,605</u>
<b>Other financing sources (uses):</b>					
<b>Operating transfers - in:</b>					
Special Purpose Fund	26,225,300	20,459,578	5,065,722	25,525,300	(700,000)
Building Improvements Fund	<u>6,030,337</u>	<u>6,030,337</u>	<u>-</u>	<u>6,030,337</u>	<u>-</u>
Total operating transfers - in	32,255,637	26,489,915	5,065,722	31,555,637	(700,000)
Issuance of installment obligations	5,995,949	5,995,949	-	5,995,949	-
Issuance of refunding installment obligations	8,910,000	8,910,000	-	8,910,000	-
Payment to refund outstanding installment obligations	<u>(8,832,450)</u>	<u>(8,832,450)</u>	<u>-</u>	<u>(8,832,450)</u>	<u>-</u>
Total other financing sources	<u>38,329,136</u>	<u>32,563,414</u>	<u>5,065,722</u>	<u>37,629,136</u>	<u>(700,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 4,915,989</u>	261,616	<u>\$ 5,177,605</u>	<u>\$ 5,177,605</u>
Fund balance at beginning of year			<u>4,915,989</u>		
Fund balance at end of year			<u>\$ 5,177,605</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, 2015**

	Grant Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
<b>Restricted intergovernmental:</b>					
Federal grants	\$ 14,014,100	\$ 12,512,603	\$ 518,859	\$ 13,031,462	\$ (982,638)
<b>Miscellaneous:</b>					
Sale of property	4,080	27,080	-	27,080	23,000
Insurance reimbursement	1,800	1,807	-	1,807	7
Refunds	467,308	453,858	-	453,858	(13,450)
Total miscellaneous	473,188	482,745	-	482,745	9,557
Total revenues	14,487,288	12,995,348	518,859	13,514,207	(973,081)
<b>Expenditures:</b>					
<b>Economic and physical development projects:</b>					
Acquisition		541,000	-	541,000	
Public facilities		2,128,056	60,686	2,188,742	
Disposition		23,362	50	23,412	
Demolition		155,706	2,242	157,948	
Domestic Violence		316,300	32,151	348,451	
Shelter for homeless		319,500	-	319,500	
Community Boys Club		150,847	-	150,847	
Community Land Trust		61,997	-	61,997	
Shaw-Speaks Center		14,852	-	14,852	
Lot cleaning		20,000	-	20,000	
Volunteers of America		157,145	-	157,145	
Coastal Horizon Center		30,117	-	30,117	
Girls, Inc.		32,000	-	32,000	
Family Services		195,849	-	195,849	
Cop program		30,000	-	30,000	
Coalition of Success		13,500	-	13,500	
Head Start of Wilmington		57,996	-	57,996	
Cure AIDS of Wilmington		10,000	-	10,000	
Mercy House shelter		5,000	-	5,000	
Dreams of Wilmington		100,000	-	100,000	
Food Bank of Coastal Carolina		10,000	-	10,000	
Bottom Neighborhood Association		19,639	-	19,639	
Brigade Boys and Girls Club		155,000	-	155,000	
Leading Into New Communities		324,261	10,597	334,858	
Amigos International		8,025	-	8,025	
First Fruit Ministries		43,924	21,535	65,459	
Housing counseling		34,910	-	34,910	
Carousel Center		10,000	-	10,000	
Wilmington interfaith network		10,000	-	10,000	
Joint Project		588,134	114,107	702,241	
YWCA - Kids Making It		25,000	-	25,000	
Salvation Army		30,000	-	30,000	
Relocation		106,637	-	106,637	
Energy repairs/housing		358,433	45,127	403,560	
Capacity Building		34,926	-	34,926	



**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, 2015**

	Grant Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Expenditures: (continued)					
Economic and physical development projects: (continued)					
Small Business Development		\$ 55,458	\$ -	\$ 55,458	
North Fourth Street Revitalization		78,645	-	78,645	
Castle Street		11,541	-	11,541	
Business training		17,883	-	17,883	
Economic development		15,300	-	15,300	
Charges for services		3,176,000	-	3,176,000	
Equipment/administration		18,001	-	18,001	
Code enforcement		228,000	-	228,000	
Planning		10,000	619	10,619	
<b>Total expenditures</b>	<b>\$ 10,513,101</b>	<b>9,732,944</b>	<b>287,114</b>	<b>10,020,058</b>	<b>\$ 493,043</b>
<b>Excess of revenues over expenditures</b>	<b>3,974,187</b>	<b>3,262,404</b>	<b>231,745</b>	<b>3,494,149</b>	<b>(480,038)</b>
Other financing sources (uses):					
Operating transfers - in:					
Rental Rehabilitation Loan Fund	161,823	164,922	5,441	170,363	8,540
Commercial Loan Fund	112,697	111,146	1,686	112,832	135
Rehabilitation Loan Fund	485,366	185,366	300,000	485,366	-
General Fund HOP Loan Fund	27,300	27,300	-	27,300	-
<b>Total operating transfers - in</b>	<b>787,186</b>	<b>488,734</b>	<b>307,127</b>	<b>795,861</b>	<b>8,675</b>
Operating transfers - out:					
CDBG/HOME Administration Fund	(2,433,709)	(2,018,000)	(369,470)	(2,387,470)	46,239
Rental Rehabilitation Loan Fund	(99,550)	(99,550)	-	(99,550)	-
Commercial Loan Fund	(627,500)	(527,500)	(7,444)	(534,944)	92,556
Rehabilitation Loan Fund	(40,000)	(36,871)	-	(36,871)	3,129
CDBG HOP Loan Fund	(1,467,630)	(976,245)	(161,958)	(1,138,203)	329,427
Streets and Sidewalks Fund	(92,984)	(92,972)	-	(92,972)	12
<b>Total operating transfers - out</b>	<b>(4,761,373)</b>	<b>(3,751,138)</b>	<b>(538,872)</b>	<b>(4,290,010)</b>	<b>471,363</b>
<b>Total other financing uses</b>	<b>(3,974,187)</b>	<b>(3,262,404)</b>	<b>(231,745)</b>	<b>(3,494,149)</b>	<b>480,038</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>	<b>\$ -</b>
Fund balance at beginning of year			-		
Fund balance at end of year			\$ -		
A portion of a legally budgeted CDBG/HOME Grant and Administration Fund is consolidated into the Community Development Fund for reporting purposes:					
Transfer from Community Development Fund			369,470		
General government expenditures			(95,534)		
Economic and physical development expenditures			(273,936)		
Fund balance at beginning of year			-		
Fund balance at end of year			\$ -		

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2015  
With Comparative Actual Amounts for Year Ended June 30, 2014**

	2015		Variance Positive (Negative)	2014 Actual
	Budget	Actual		
Expenditures:				
General government:				
Finance		\$ 169,699		\$ 167,378
Economic and physical development:				
Economic and community development		448,184		463,484
Total expenditures	<u>\$ 758,297</u>	<u>617,883</u>	<u>\$ 140,414</u>	<u>630,862</u>
Other financing sources:				
Operating transfers-in:				
General Fund	275,723	181,548	(94,175)	165,778
Community Development Fund	415,709	369,470	(46,239)	405,000
Home Investment Partnership Fund	<u>66,865</u>	<u>66,865</u>	<u>-</u>	<u>60,084</u>
Total other financing sources	<u>758,297</u>	<u>617,883</u>	<u>(140,414)</u>	<u>630,862</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
Fund balance at beginning of year		<u>-</u>		<u>-</u>
Fund balance at end of year		<u>\$ -</u>		<u>\$ -</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**From Inception and Year Ended June 30, 2015**

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental:					
Federal grants	\$ 9,176,721	\$ 7,368,725	\$ 718,055	\$ 8,086,780	\$ (1,089,941)
Miscellaneous	218,842	155,630	-	155,630	(63,212)
Total revenues	<u>9,395,563</u>	<u>7,524,355</u>	<u>718,055</u>	<u>8,242,410</u>	<u>(1,153,153)</u>
Expenditures:					
Economic and physical development projects:					
HUD reimbursement		181,034	-	181,034	
Community Development Housing Organizations		1,827,591	-	1,827,591	
Tenant Based Assistance		364,427	-	364,427	
Affordable Housing Infrastructure		63,300	13,910	77,210	
Homeless rental housing		90,000	-	90,000	
Charges for services		414,423	-	414,423	
Land trust administration		32,364	-	32,364	
Relocation assistance		54,375	-	54,375	
Total expenditures	<u>3,121,145</u>	<u>3,027,514</u>	<u>13,910</u>	<u>3,041,424</u>	<u>79,721</u>
Excess of revenues over expenditures	<u>6,274,418</u>	<u>4,496,841</u>	<u>704,145</u>	<u>5,200,986</u>	<u>(1,073,432)</u>
Other financing sources (uses):					
Operating transfers - in:					
Special Purpose Fund	82,460	274,842	-	274,842	192,382
General Fund HOP Loan Fund	79,150	79,150	-	79,150	-
Home Loan Fund	2,366,220	2,240,137	217,982	2,458,119	91,899
Total operating transfers - in	<u>2,527,830</u>	<u>2,594,129</u>	<u>217,982</u>	<u>2,812,111</u>	<u>284,281</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**From Inception and Year Ended June 30, 2015**

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Other financing sources (uses): (continued)					
Operating transfers - out:					
CDBG/HOME Administration Fund	\$ (366,949)	\$ (300,084)	\$ (66,865)	\$ (366,949)	\$ -
Home Loan Fund	<u>(8,435,299)</u>	<u>(6,790,886)</u>	<u>(855,262)</u>	<u>(7,646,148)</u>	<u>789,151</u>
Total operating transfers - out	<u>(8,802,248)</u>	<u>(7,090,970)</u>	<u>(922,127)</u>	<u>(8,013,097)</u>	<u>789,151</u>
Total other financing uses	<u>(6,274,418)</u>	<u>(4,496,841)</u>	<u>(704,145)</u>	<u>(5,200,986)</u>	<u>1,073,432</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance at beginning of year			<u>-</u>		
Fund balance at end of year			<u>\$ -</u>		
A portion of a legally budgeted CDBG/HOME Grant and Administration Fund is consolidated into the Home Investment Partnership Fund for reporting purposes:					
Transfer from Home Investment Partnership Fund			66,865		
General government expenditures			(17,289)		
Economic and physical development expenditures			(49,576)		
Fund balance at beginning of year			-		
An unbudgeted Home Loan Fund is consolidated into the Home Investment Partnership Fund for reporting purposes:					
Miscellaneous income			6,144		
Transfer from Home Investment Partnership Fund			855,262		
Transfer from Rehabilitation Loan Fund			1,000		
Economic and physical development expenditures			(459,093)		
Transfer to Home Investment Partnership Fund			(217,982)		
Transfer to Rehabilitation Loan Fund			(2,552)		
Fund balance at beginning of year			<u>7,309,072</u>		
Fund balance at end of year			<u>\$ 7,491,851</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, 2015**

	Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
Restricted intergovernmental	\$ 13,029,401	\$ 8,355,888	\$ 223,788	\$ 8,579,676	\$ (4,449,725)
Investment earnings	1,682,908	1,899,303	8,919	1,908,222	225,314
Net decrease in fair value of investments	-	(27,084)	-	(27,084)	(27,084)
Donations	372,090	252,260	341,191	593,451	221,361
Miscellaneous	272,023	272,024	-	272,024	1
<b>Total revenues</b>	<b>15,356,422</b>	<b>10,752,391</b>	<b>573,898</b>	<b>11,326,289</b>	<b>(4,030,133)</b>
<b>Expenditures:</b>					
<b>Transportation:</b>					
Water Street/Riverfront improvements	1,443,894	199,345	273,468	472,813	971,081
Water Street/Riverfront stabilization	-	-	9,775	9,775	(9,775)
Bridge repairs 2004-05	1,068,192	330,464	213,741	544,205	523,987
Street rehabilitation 2004-05	18,020,655	4,629,133	3,160,259	7,789,392	10,231,263
Neighborhood traffic management	1,400,000	1,343,634	4,000	1,347,634	52,366
Masonboro/Pine Grove intersection	925,330	910,572	-	910,572	14,758
Eastwood Road path	29,214	-	-	-	29,214
Independence Boulevard phase III	3,309,258	-	-	-	3,309,258
North downtown streetscape	6,700,822	6,688,326	-	6,688,326	12,496
North 3rd Street improvements	12,541,699	12,018,302	(337)	12,017,965	523,734
Market/Water Streets bulkhead	1,380,641	1,380,641	-	1,380,641	-
Monkey Junction Annexation	652,663	652,663	-	652,663	-
3rd & Ann Street pedestrian improvements	76,500	60,034	-	60,034	16,466
Independence/Park pedestrian crossing	60,046	60,046	-	60,046	-
Bradley Creek/Safe Routes to School	364,746	292,011	3,807	295,818	68,928
Princess Place/17th to 25th Streets	177,000	1,330	149,890	151,220	25,780
Market Street sidewalks	16,971	-	1,568	1,568	15,403
Downtown street improvements	2,067,999	-	-	-	2,067,999
Pocket Park shoreline stabilization	564,200	539,550	11,836	551,386	12,814
Market Street H-piles stabilization	1,050,338	781,348	18,200	799,548	250,790
North/South 17th Street	1,003,600	26,300	15,989	42,289	961,311
Sign inventory and assessment	90,000	469	-	469	89,531
Way finding signage	72,000	-	-	-	72,000
Front/Castle pedestrian improvements	29,500	-	-	-	29,500
College/Peachtree pedestrian crossing	24,409	24,409	(3,698)	20,711	3,698
College/Oleander pedestrian crossing	100	-	-	-	100
Pine Valley street/drainage rehabilitation	106,000	74,411	12,035	86,446	19,554
Cross City Trail III streets rehabilitation	884,010	-	836,826	836,826	47,184
Wrightsville/Greenville improvements	425,500	9,456	27,054	36,510	388,990
Park Avenue multi-use path	779,200	9,176	147,874	157,050	622,150
Military Cutoff/Eastwood multi-use path	296,203	-	124	124	296,079
Hinton Avenue multi-use path	367,091	-	127	127	366,964
Hooker Road multi-use path	1,015,808	-	127	127	1,015,681
5th and Wooster pedestrian crossing	118,734	-	127	127	118,607



**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, 2015**

	Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Expenditures: (continued)					
Transportation: (continued)					
Kerr Avenue bike lane/sidewalks	\$ 787,078	\$ -	\$ -	\$ -	\$ 787,078
Gregory/Williston Streets	390,000	-	-	-	390,000
Greenville Loop rehabilitation	1,558,329	-	380	380	1,557,949
Audubon / Floral rehabilitation	2,437,000	-	38,123	38,123	2,398,877
Love Grove emergency access	150,000	-	-	-	150,000
Coastline Inn riverfront stabilization	992,550	-	3,650	3,650	988,900
Sidewalk gap improvements	15,000	-	13,645	13,645	1,355
North 3rd Street bridge	459,854	-	71,744	71,744	388,110
Shipyards Boulevard bus pullout	300,000	-	-	-	300,000
Raleigh Street extension	600,000	-	600,000	600,000	-
Public transportation	2,000,000	-	-	-	2,000,000
Eastwood Road access management	4,900,000	-	-	-	4,900,000
Carolina Beach Road streetscape	4,300,000	-	-	-	4,300,000
North Front Street streetscape	1,700,000	-	-	-	1,700,000
Dawson/Wooster Streets improvements	1,100,000	-	-	-	1,100,000
Love Grove access	6,100,000	-	-	-	6,100,000
Hurst Drive extension	4,300,000	-	-	-	4,300,000
Pine Grove intersection improvements	2,500,000	-	-	-	2,500,000
Oleander/Pine Grove realignment	2,100,000	-	-	-	2,100,000
Racine/New Center Drive turn lane	150,000	-	-	-	150,000
Wrightsville/Wallace Avenue roundabout	1,500,000	-	-	-	1,500,000
Pine Grove/Greenville Loop roundabout	1,500,000	-	-	-	1,500,000
Pine Grove/Holly Tree roundabout	1,500,000	-	-	-	1,500,000
Contingency - roadway projects	1,500,000	-	-	-	1,500,000
Oleander/Hawthorn to 42nd Street	635,330	-	-	-	635,330
Wrightsville/Castle/Independence	174,757	-	-	-	174,757
Oleander/Wooster/Mimosa	224,060	-	-	-	224,060
Dawson/Wrightsville/Oleander	42,410	-	2,078	2,078	40,332
Wrightsville/College/Hawthorn	1,139,589	-	-	-	1,139,589
Wrightsville/44th/Independence	989,616	-	-	-	989,616
17th Street sidewalk/Wooster	235,794	-	-	-	235,794
Oleander/Pine Grove/College	177,786	-	-	-	177,786
23rd Street sidewalk/Princess Place	48,939	-	-	-	48,939
Delaney sidewalk improvements	173,829	-	-	-	173,829
McClelland sidewalk improvements	589,527	-	-	-	589,527
Fairlawn sidewalk improvements	842,478	-	-	-	842,478
Clover sidewalk improvements	410,747	-	-	-	410,747
Gleason sidewalk improvements	449,231	-	-	-	449,231
Kerr/Wilshire crosswalk	35,000	-	-	-	35,000
16th Street/Dawson crosswalk	75,000	-	-	-	75,000
College/Wilshire crosswalk	35,000	-	-	-	35,000
8th Street/Dawson crosswalk	50,000	-	-	-	50,000

**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, 2015**

	Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Expenditures: (continued)					
Transportation: (continued)					
8th Street/Wooster crosswalk	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000
17th Street/Dawson crosswalk	75,000	-	-	-	75,000
Holly Tree/College crosswalk	125,000	-	-	-	125,000
Greenville Loop/College/Park	6,858,057	-	-	-	6,858,057
Kerr Avenue trail	907,439	-	-	-	907,439
Central College trail	1,473,269	-	-	-	1,473,269
Masonboro Loop multiuse path	2,982,142	-	-	-	2,982,142
Contingency - bike/pedestrian	1,202,000	-	-	-	1,202,000
Multi-Modal facility	315,128	-	-	-	315,128
Marstellar CSX railroad crossing	15,000	14,925	-	14,925	75
Wooster Street sidewalks	226,000	12,652	835	13,487	212,513
Randall Parkway widening	9,719,879	9,078,324	103,760	9,182,084	537,795
Sidewalk rehabilitation and repairs	2,120,947	1,449,594	229,687	1,679,281	441,666
Pedestrian/Bike improvements	<u>1,727,285</u>	<u>1,019,059</u>	<u>-</u>	<u>1,019,059</u>	<u>708,226</u>
Total transportation	<u>134,028,373</u>	<u>41,606,174</u>	<u>5,946,694</u>	<u>47,552,868</u>	<u>86,475,505</u>
Cultural and recreational:					
Water Street/Riverfront improvements	96,357	16,550	36,282	52,832	43,525
Riverwalk North convention center	2,594,625	2,587,995	-	2,587,995	6,630
Riverwalk North marina	8,438,098	7,388,357	741,053	8,129,410	308,688
Market/Water Streets bulkhead	128,596	-	95	95	128,501
Independence/Park Avenue-Gary Shell Cross City Trail	70,089	70,089	-	70,089	-
Riverfront Assessment	2,304,918	256,473	478	256,951	2,047,967
Randall Parkway-Gary Shell Cross City Trail	200,000	200,000	-	200,000	-
Brooks Building riverwalk improvements	<u>689,311</u>	<u>74,850</u>	<u>82,162</u>	<u>157,012</u>	<u>532,299</u>
Total cultural and recreational	<u>14,521,994</u>	<u>10,594,314</u>	<u>860,070</u>	<u>11,454,384</u>	<u>3,067,610</u>
Transit system:					
Transit capital grant match	<u>535,872</u>	<u>151,346</u>	<u>157,938</u>	<u>309,284</u>	<u>226,588</u>
Total expenditures	<u>149,086,239</u>	<u>52,351,834</u>	<u>6,964,702</u>	<u>59,316,536</u>	<u>89,769,703</u>
Excess of expenditures over revenues	<u>(133,729,817)</u>	<u>(41,599,443)</u>	<u>(6,390,804)</u>	<u>(47,990,247)</u>	<u>85,739,570</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**From Inception and Year Ended June 30, 2015**

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Other financing sources (uses):					
Operating transfers - in:					
General Fund	\$ 10,051,271	\$ 9,762,830	\$ 403,731	\$ 10,166,561	\$ 115,290
Debt Service fund	17,809,133	3,008,705	1,605,752	4,614,457	(13,194,676)
Building Improvements Fund	911,400	399,500	511,900	911,400	-
Public Improvements Fund	81,729	81,729	-	81,729	-
Storm Water Capital Project Fund	213,970	213,970	-	213,970	-
Total operating transfers - in	<u>29,067,503</u>	<u>13,466,734</u>	<u>2,521,383</u>	<u>15,988,117</u>	<u>(13,079,386)</u>
Operating transfers - out:					
Parks and Recreation Fund	(140,000)	(140,000)	-	(140,000)	-
Building Improvements Fund	<u>(1,445,023)</u>	<u>(1,445,023)</u>	-	<u>(1,445,023)</u>	-
Total operating transfers - out	<u>(1,585,023)</u>	<u>(1,585,023)</u>	-	<u>(1,585,023)</u>	-
Issuance of bonds	65,689,024	18,379,768	-	18,379,768	(47,309,256)
Issuance of installment obligations	38,524,450	14,183,000	10,448,717	24,631,717	(13,892,733)
Issuance of other long-term obligations	200,000	200,000	-	200,000	-
Premium on bonds	426,199	426,198	-	426,198	(1)
Premium on installment obligations	1,407,664	177,422	1,230,241	1,407,663	(1)
Total other financing sources	<u>133,729,817</u>	<u>45,248,099</u>	<u>14,200,341</u>	<u>59,448,440</u>	<u>(74,281,377)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 3,648,656</u>	7,809,537	<u>\$ 11,458,193</u>	<u>\$ 11,458,193</u>
Fund balance at beginning of year			<u>3,648,656</u>		
Fund balance at end of year			<u>\$ 11,458,193</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, 2015**

	Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
Restricted intergovernmental	\$ 10,298,813	\$ 8,662,692	\$ 263,676	\$ 8,926,368	\$ (1,372,445)
Investment earnings	427,014	493,290	4,505	497,795	70,781
Net decrease in fair value of investments	-	(6,243)	-	(6,243)	(6,243)
Donations	939,589	1,170,294	16,200	1,186,494	246,905
<b>Total revenues</b>	<b>11,665,416</b>	<b>10,320,033</b>	<b>284,381</b>	<b>10,604,414</b>	<b>(1,061,002)</b>
<b>Expenditures:</b>					
<b>Cultural and recreational:</b>					
Water Street/Riverfront parks	-	-	5,113	5,113	(5,113)
Park facility improvements 2004-05	1,691,527	1,233,906	241,777	1,475,683	215,844
Recreation master plan	60,674	23,223	-	23,223	37,451
Alderman preserve	300,000	223,469	-	223,469	76,531
Olsen Park Phase I	8,784,990	8,758,056	-	8,758,056	26,934
Greenfield Park amphitheater	1,248,429	1,247,943	-	1,247,943	486
Cross city trail system	8,791,985	6,412,856	979,737	7,392,593	1,399,392
10th & Fanning park development	75,000	2,335	-	2,335	72,665
Tennis complex	1,957,755	1,706,651	56,800	1,763,451	194,304
Park land purchase	86,171	86,170	-	86,170	1
Dram tree boat ramp	935,373	933,086	-	933,086	2,287
Legion Stadium turf improvements	979,396	842,634	-	842,634	136,762
Inland Greens acquisition	2,696,503	744,427	896,133	1,640,560	1,055,943
MLK Center improvements	30,000	11,751	17,749	29,500	500
Seagate Park	117,194	113,962	1,568	115,530	1,664
Portia Mills Hines Park	25,000	15,097	-	15,097	9,903
Baseball Stadium	312,390	312,389	-	312,389	1
Boating dock repair/replace	75,000	73,023	-	73,023	1,977
Smith Creek kayak launch	232,435	-	-	-	232,435
Tree mitigation plantings	154,000	108,294	42,146	150,440	3,560
Buck Hardee Field improvements	53,333	-	53,333	53,333	-
Greenfield Walkway/Dock	380,000	-	9,180	9,180	370,820
Riverfront Park improvements	320,476	67,741	-	67,741	252,735
Land acquisition and economic development	170,000	15,288	2,750	18,038	151,962
Riverwalk signage	150,000	146,659	-	146,659	3,341
<b>Total expenditures</b>	<b>29,627,631</b>	<b>23,078,960</b>	<b>2,306,286</b>	<b>25,385,246</b>	<b>4,242,385</b>
<b>Excess of expenditures over revenues</b>	<b>(17,962,215)</b>	<b>(12,758,927)</b>	<b>(2,021,905)</b>	<b>(14,780,832)</b>	<b>3,181,383</b>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**From Inception and Year Ended June 30, 2015**

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Other financing sources (uses):					
Operating transfers - in:					
General Fund	\$ 4,272,884	\$ 3,898,914	\$ 345,355	\$ 4,244,269	\$ (28,615)
Debt Service Fund	323,554	130,000	116,000	246,000	(77,554)
Streets and Sidewalks Fund	140,000	140,000	-	140,000	-
Building Improvements Fund	26,666	26,666	-	26,666	-
Storm Water Capital Project Fund	<u>533,523</u>	<u>400,000</u>	<u>133,523</u>	<u>533,523</u>	<u>-</u>
Total operating transfers - in	<u>5,296,627</u>	<u>4,595,580</u>	<u>594,878</u>	<u>5,190,458</u>	<u>(106,169)</u>
Operating transfers - out:					
General Fund	(330,000)	(250,000)	(80,000)	(330,000)	-
Building Improvements Fund	(221,260)	(221,260)	-	(221,260)	-
Golf Capital Projects Fund	<u>(972,282)</u>	<u>(810,182)</u>	<u>(162,100)</u>	<u>(972,282)</u>	<u>-</u>
Total operating transfers - out	<u>(1,523,542)</u>	<u>(1,281,442)</u>	<u>(242,100)</u>	<u>(1,523,542)</u>	<u>-</u>
Issuance of installment obligations	1,294,216	-	200,000	200,000	(1,094,216)
Issuance of other long-term obligations	12,483,229	12,483,230	-	12,483,230	1
Premium on other long-term obligations	<u>411,685</u>	<u>411,685</u>	<u>-</u>	<u>411,685</u>	<u>-</u>
Total other financing sources	<u>17,962,215</u>	<u>16,209,053</u>	<u>552,778</u>	<u>16,761,831</u>	<u>(1,200,384)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 3,450,126</u>	<u>(1,469,127)</u>	<u>\$ 1,980,999</u>	<u>\$ 1,980,999</u>
Fund balance at beginning of year			<u>3,450,126</u>		
Fund balance at end of year			<u>\$ 1,980,999</u>		

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**From Inception and Year Ended June 30, 2015**

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
<b>Revenues:</b>					
Restricted intergovernmental	\$ 88,892	\$ 92,809	\$ -	\$ 92,809	\$ 3,917
Investment earnings	243,510	353,571	7,861	361,432	117,922
Net decrease in fair value of investments	-	(41,023)	-	(41,023)	(41,023)
Sale of real estate	578,820	-	578,820	578,820	-
Rents	61,078	209,418	18,616	228,034	166,956
Miscellaneous	72,609	72,608	-	72,608	(1)
<b>Total revenues</b>	<b>1,044,909</b>	<b>687,383</b>	<b>605,297</b>	<b>1,292,680</b>	<b>247,771</b>
<b>Expenditures:</b>					
<b>General government:</b>					
Building improvements 2004-05	2,186,071	1,184,975	351,845	1,536,820	649,251
ITS infrastructure improvements	319,057	295,146	-	295,146	23,911
City Hall improvements	619,692	426,875	64,100	490,975	128,717
Northern warehouse purchase	1,797,078	1,773,329	3,479	1,776,808	20,270
Underground railroad kiosk	25,000	15,109	-	15,109	9,891
Environmental assessments	557,876	541,354	-	541,354	16,522
Naviline Select	152,000	134,183	-	134,183	17,817
Council chambers security	50,000	22,400	-	22,400	27,600
Northern riverfront project	4,100,000	3,868,042	219,370	4,087,412	12,588
Godwin Stadium renovations	380,000	355,707	-	355,707	24,293
Administration building	1,000,000	-	-	-	1,000,000
Enterprise backup system	150,000	-	-	-	150,000
Microsoft enterprise agreement	300,000	-	281,738	281,738	18,262
City council chambers	679,267	657,589	21,465	679,054	213
Building security	243,108	226,085	12,375	238,460	4,648
ADA compliance	3,892,426	2,599,391	134,695	2,734,086	1,158,340
<b>Total general government</b>	<b>16,451,575</b>	<b>12,100,185</b>	<b>1,089,067</b>	<b>13,189,252</b>	<b>3,262,323</b>
<b>Public safety:</b>					
800 MHZ radio upgrades	2,000,000	1,999,159	-	1,999,159	841
Empie fire station replacement	2,603,851	2,603,850	-	2,603,850	1
Firing range & training facility	2,131,136	8,721	-	8,721	2,122,415
Cinema Drive fire station	4,915,871	962,411	2,931,430	3,893,841	1,022,030
Shipyards fire station #5	4,571,337	642,342	-	642,342	3,928,995
<b>Total public safety</b>	<b>16,222,195</b>	<b>6,216,483</b>	<b>2,931,430</b>	<b>9,147,913</b>	<b>7,074,282</b>
<b>Transportation:</b>					
Water Street/Riverfront ADA	-	-	2,831	2,831	(2,831)
Multi-modal facility study	1,449,442	979,380	-	979,380	470,062
<b>Total transportation</b>	<b>1,449,442</b>	<b>979,380</b>	<b>2,831</b>	<b>982,211</b>	<b>467,231</b>

(Continued)

**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, 2015**

	Project Authorization	Actual Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Expenditures: (continued)					
Economic and physical development:					
Land acquisition and economic development	\$ 4,612,320	\$ 3,803,500	\$ -	\$ 3,803,500	\$ 808,820
Cultural and recreational:					
Hilton riverwalk bulkhead	4,135,133	4,113,694	-	4,113,694	21,439
Downtown restroom facility	85,183	75,033	-	75,033	10,150
Riverwalk Governor's Landing	412,000	402,040	-	402,040	9,960
Parks and recreation software	50,000	47,609	-	47,609	2,391
Community Arts Center	<u>2,253,541</u>	<u>2,235,211</u>	-	<u>2,235,211</u>	<u>18,330</u>
Total cultural and recreational	<u>6,935,857</u>	<u>6,873,587</u>	-	<u>6,873,587</u>	<u>62,270</u>
Total expenditures	<u>45,671,389</u>	<u>29,973,135</u>	<u>4,023,328</u>	<u>33,996,463</u>	<u>11,674,926</u>
Excess of expenditures over revenues	<u>(44,626,480)</u>	<u>(29,285,752)</u>	<u>(3,418,031)</u>	<u>(32,703,783)</u>	<u>11,922,697</u>
Other financing sources (uses):					
Operating transfers - in:					
General Fund	16,325,575	16,105,730	330,000	16,435,730	110,155
Debt Service Fund	353,800	142,800	149,000	291,800	(62,000)
Streets and Sidewalks Fund	2,045,023	2,045,023	-	2,045,023	-
Parks & Recreation Fund	581,994	581,994	-	581,994	-
Public Improvements Fund	117,212	117,212	-	117,212	-
Storm Water Capital Project Fund	<u>80,609</u>	<u>80,609</u>	-	<u>80,609</u>	-
Total operating transfers - in	<u>19,504,213</u>	<u>19,073,368</u>	<u>479,000</u>	<u>19,552,368</u>	<u>48,155</u>
Operating transfers - out:					
General Fund	(500,000)	(500,000)	-	(500,000)	-
Special Purpose Fund	(9,817)	(9,817)	-	(9,817)	-
Streets and Sidewalks Fund	(911,400)	(399,500)	(511,900)	(911,400)	-
Parks and Recreation Fund	<u>(26,666)</u>	<u>(26,666)</u>	-	<u>(26,666)</u>	-
Total operating transfers - out	<u>(1,447,883)</u>	<u>(935,983)</u>	<u>(511,900)</u>	<u>(1,447,883)</u>	-
Issuance of bonds	-	477	-	477	477
Issuance of installment obligations	18,741,981	6,312,000	7,913,940	14,225,940	(4,516,041)
Issuance of other long-term obligations	<u>7,828,169</u>	<u>7,828,169</u>	-	<u>7,828,169</u>	-
Total other financing sources	<u>44,626,480</u>	<u>32,278,031</u>	<u>7,881,040</u>	<u>40,159,071</u>	<u>(4,467,409)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 2,992,279</u>	<u>4,463,009</u>	<u>\$ 7,455,288</u>	<u>\$ 7,455,288</u>
Fund balance at beginning of year			<u>2,992,279</u>		
Fund balance at end of year			<u>\$ 7,455,288</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, 2015**

	Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
Restricted intergovernmental	\$ 706,108	\$ 104,401	\$ 491,216	\$ 595,617	\$ (110,491)
Investment earnings	84,796	84,796	-	84,796	-
Miscellaneous	-	17,749	-	17,749	17,749
Total revenues	<u>790,904</u>	<u>206,946</u>	<u>491,216</u>	<u>698,162</u>	<u>(92,742)</u>
<b>Expenditures:</b>					
<b>General government:</b>					
Building improvements 2004-05	77,873	77,873	-	77,873	-
ADA compliance	<u>348,423</u>	<u>346,206</u>	-	<u>346,206</u>	<u>2,217</u>
Total general government	<u>426,296</u>	<u>424,079</u>	-	<u>424,079</u>	<u>2,217</u>
<b>Public safety:</b>					
Port security equipment 2010-11	401,300	-	401,300	401,300	-
Firefighters Assistance (FEMA)	104,081	103,848	-	103,848	233
Governors Crime Commission - Operation Eagle Eyes	25,000	24,720	(112)	24,608	392
JAG - SABLE wiring / NHC	80,393	-	-	-	80,393
Port security - WFD foam	120,000	-	120,000	120,000	-
HAZMAT RRT 2 equipment	<u>27,400</u>	-	-	-	<u>27,400</u>
Total public safety	<u>758,174</u>	<u>128,568</u>	<u>521,188</u>	<u>649,756</u>	<u>108,418</u>
<b>Transportation:</b>					
Masonboro/Pine Grove intersection	10,800	10,800	-	10,800	-
Eastwood Road path	7,786	-	-	-	7,786
Pedestrian/bike improvements	<u>548</u>	<u>548</u>	-	<u>548</u>	-
Total transportation	<u>19,134</u>	<u>11,348</u>	-	<u>11,348</u>	<u>7,786</u>
<b>Cultural and recreational:</b>					
Hilton riverwalk bulkhead	<u>186,733</u>	<u>178,057</u>	-	<u>178,057</u>	<u>8,676</u>
Total expenditures	<u>1,390,337</u>	<u>742,052</u>	<u>521,188</u>	<u>1,263,240</u>	<u>127,097</u>
Excess of expenditures over revenues	(599,433)	(535,106)	(29,972)	(565,078)	34,355



**CITY OF WILMINGTON, NORTH CAROLINA**

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

**From Inception and Year Ended June 30, 2015**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Totals to Date</u>	<u>Variance Positive (Negative)</u>
Other financing sources:					
Operating transfers - in:					
General Fund	\$ 599,433	\$ 559,086	\$ 30,000	\$ 589,086	\$ (10,347)
Net change in fund balance	<u>\$ -</u>	<u>\$ 23,980</u>	28	<u>\$ 24,008</u>	<u>\$ 24,008</u>
Fund balance at beginning of year			<u>23,980</u>		
Fund balance at end of year			<u>\$ 24,008</u>		

**DEBT SERVICE FUND TAB (FRONT)**

**DEBT SERVICE FUND TAB (BACK)**

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2015  
With Comparative Actual Amounts for Year Ended June 30, 2014**

	2015		Variance Positive (Negative)	2014 Actual
	Budget	Actual		
Revenues:				
Ad valorem taxes				
Current year	\$ 6,387,361	\$ 6,504,424	\$ 117,063	\$ 6,488,524
Prior years	-	34,167	34,167	67,027
Total ad valorem taxes	6,387,361	6,538,591	151,230	6,555,551
Restricted intergovernmental revenues	4,470,310	4,433,142	(37,168)	5,116,337
Investment earnings	15,367	29,351	13,984	40,018
Total revenues	10,873,038	11,001,084	128,046	11,711,906
Expenditures:				
Debt service:				
Principal retirement		10,648,558		11,425,558
Interest and other charges		5,652,438		6,151,192
Total expenditures	17,998,304	16,300,996	1,697,308	17,576,750
Excess of expenditures over revenues	(7,125,266)	(5,299,912)	1,825,354	(5,864,844)
Other financing sources (uses):				
Operating transfer-in:				
General Fund	9,334,832	9,334,832	-	9,334,832
Operating transfers-out:				
General Fund	(416,423)	(416,423)	-	-
Streets and Sidewalks Fund	(1,605,752)	(1,605,752)	-	(1,494,553)
Parks and Recreation Fund	(116,000)	(116,000)	-	(90,000)
Building Improvements Fund	(149,000)	(149,000)	-	(56,200)
Parking Facilities Fund	(254,337)	(254,337)	-	(260,954)
Total operating transfers-out	(2,541,512)	(2,541,512)	-	(1,901,707)
Issuance of refunding installment obligations	23,195,000	23,195,000	-	-
Premium on refunding installment obligations	2,400,579	2,400,578	(1)	-
Payment to refund outstanding installment obligations	(25,267,633)	(25,267,632)	1	-
Appropriated fund balance	4,000	-	(4,000)	-
Total other financing sources	7,125,266	7,121,266	(4,000)	7,433,125
Net change in fund balance	\$ -	1,821,354	\$ 1,821,354	1,568,281
Fund balance at beginning of year		7,967,199		6,398,918
Fund balance at end of year		\$ 9,788,553		\$ 7,967,199

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**ENTERPRISE FUNDS TAB (FRONT)**

**ENTERPRISE FUNDS TAB (BACK)**

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2015  
With Comparative Actual Amounts for Year Ended June 30, 2014**

	2015		Variance Positive (Negative)	2014 Actual
	Budget	Actual		
Revenues:				
Operating revenues:				
Charges for services:				
Refuse collection	\$ 8,835,966	\$ 8,774,732	\$ (61,234)	\$ 8,407,329
Recycling	20,000	28,492	8,492	26,101
Other operating revenues	788,400	1,275,648	487,248	148,771
Total operating revenues	9,644,366	10,078,872	434,506	8,582,201
Nonoperating revenues:				
Restricted intergovernmental	58,972	72,127	13,155	97,018
Investment earnings	8,414	13,456	5,042	20,982
Total nonoperating revenues	67,386	85,583	18,197	118,000
Total revenues	9,711,752	10,164,455	452,703	8,700,201
Expenditures:				
Operating expenditures:				
Administration		415,056		409,872
Customer refuse		3,702,913		3,706,817
Recycling		623,273		651,238
Yard waste		2,743,772		3,313,273
Downtown collection		972,557		897,084
Bulk/metal collections		532,396		498,880
Other operating expenditures		703,180		683,635
Total operating expenditures	10,022,638	9,693,147	329,491	10,160,799
Nonoperating expenditures:				
Interest and other charges		9,120		10,669
Principal payments on other long-term obligations		190,000		189,150
Total nonoperating expenditures	199,120	199,120	-	199,819
Total expenditures	10,221,758	9,892,267	329,491	10,360,618
Excess (deficiency) of revenues over (under) expenditures	(510,006)	272,188	782,194	(1,660,417)



**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2015  
With Comparative Actual Amounts for Year Ended June 30, 2014**

	2015		Variance	2014
	Budget	Actual	Positive (Negative)	Actual
Other financing sources (uses):				
Operating transfer - in:				
General Fund	\$ -	\$ -	\$ -	\$ 1,775,000
Operating transfer - out:				
Special Purpose Fund	(5,000)	(5,000)	-	-
Appropriated fund balance	<u>515,006</u>	<u>-</u>	<u>(515,006)</u>	<u>-</u>
Total other financing sources (uses)	<u>510,006</u>	<u>(5,000)</u>	<u>(515,006)</u>	<u>1,775,000</u>
Net change in fund balance	<u>\$ -</u>	267,188	<u>\$ 267,188</u>	114,583
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Vacation and sick leave accrual		(5,641)		(20,145)
Other postemployment benefits accrual		(137,267)		(250,642)
Deferred outflows of resources for contributions made to pension plan in current fiscal year		176,245		-
Pension expense		(16,184)		-
Depreciation		(5,086)		(3,732)
Capital asset expenditures		-		13,535
Investment earnings accrual		-		(1,317)
Interest expense accrual		203		(679)
Principal payments on other long-term obligations		<u>190,000</u>		<u>189,150</u>
Change in net position		<u>\$ 469,458</u>		<u>\$ 40,753</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2015**

**With Comparative Actual Amounts for Year Ended June 30, 2014**

	2015		Variance	2014
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Operating revenues:				
Charges for services:				
Utility fees	\$ 6,482,279	\$ 7,368,385	\$ 886,106	\$ 6,897,531
City streets	2,073,600	2,073,600	-	1,912,915
Fines and forfeitures	-	-	-	100
Other operating revenues	<u>57,000</u>	<u>72,501</u>	<u>15,501</u>	<u>85,623</u>
Total operating revenues	<u>8,612,879</u>	<u>9,514,486</u>	<u>901,607</u>	<u>8,896,169</u>
Nonoperating revenues:				
Facility fees	-	18,501	18,501	-
Restricted intergovernmental	-	34,709	34,709	-
Investment earnings	<u>25,039</u>	<u>33,642</u>	<u>8,603</u>	<u>47,943</u>
Total nonoperating revenue	<u>25,039</u>	<u>86,852</u>	<u>61,813</u>	<u>47,943</u>
Total revenues	<u>8,637,918</u>	<u>9,601,338</u>	<u>963,420</u>	<u>8,944,112</u>
Expenditures:				
Operating expenditures:				
Engineering		986,581		836,551
Operations		3,699,639		3,553,223
Other operating expenditures		<u>821,343</u>		<u>670,492</u>
Total operating expenditures	<u>6,260,591</u>	<u>5,507,563</u>	<u>753,028</u>	<u>5,060,266</u>
Nonoperating expenditures:				
Interest and fiscal charges		677,619		597,055
Principal payments on bonds		<u>595,000</u>		<u>575,000</u>
Total nonoperating expenditures	<u>2,153,493</u>	<u>1,272,619</u>	<u>880,874</u>	<u>1,172,055</u>
Total expenditures	<u>8,414,084</u>	<u>6,780,182</u>	<u>1,633,902</u>	<u>6,232,321</u>
Excess of revenues over expenditures	<u>223,834</u>	<u>2,821,156</u>	<u>2,597,322</u>	<u>2,711,791</u>
Other financing sources (uses):				
Operating transfers out:				
Storm Water Capital Projects Fund	(566,361)	(566,361)	-	(3,996,841)
Issuance of refunding installment obligation	680,000	680,000	-	-
Premium on refunding installment obligation	92,643	92,641	(2)	-
Issuance of refunding bonds	6,965,000	6,965,000	-	-
Premium on refunding bonds	702,660	702,660	-	-
Payment to refund outstanding installment obligation	(760,414)	(760,413)	1	-
Payment to refund outstanding bonds	(7,558,261)	(7,558,260)	1	-
Appropriated fund balance	<u>220,899</u>	<u>-</u>	<u>(220,899)</u>	<u>-</u>
Total other financing uses	<u>(223,834)</u>	<u>(444,733)</u>	<u>(220,899)</u>	<u>(3,996,841)</u>
Net change in fund balance	<u>\$ -</u>	<u>2,376,423</u>	<u>\$ 2,376,423</u>	<u>(1,285,050)</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, 2015  
With Comparative Actual Amounts for Year Ended June 30, 2014**

	2015		Variance Positive (Negative)	2014 Actual
	Budget	Actual		
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Vacation and sick leave accrual		\$ 17,460		\$ (4,278)
Other post employment benefits accrual		(87,745)		(179,719)
Deferred outflow of resources for contributions made to pension plan in current fiscal year		160,092		-
Pension expense		(14,116)		-
Change in inventory		(15,089)		(240)
Capital asset expenditures		-		34,340
Depreciation		(849,098)		(830,985)
Amortization		(2,294)		(2,294)
Other noncapital expenses - Storm Water Capital Projects Fund		(276,974)		-
Operating transfer - Storm Water Capital Projects Fund		566,361		3,996,841
Investment earnings accrual		-		(3,516)
Investment earnings - Storm Water Capital Projects Fund		4,501		-
Principal payments on revenue bonds		520,000		500,000
Principal payments on installment obligations		75,000		75,000
Payment to refund outstanding bonds		7,558,260		-
Payment to refund outstanding installment obligations		760,413		-
Issuance of refunding bonds		(8,440,301)		-
Interest expense adjustments		154,493		127,554
Capital contributions - others		756,373		49,500
Capital transfer - Parks and Recreation Capital Projects Fund		(133,523)		-
Loss on disposal of capital assets		(101,693)		(95,849)
Other		-		(15,000)
Change in net position		<u>\$ 3,028,543</u>		<u>\$ 2,186,504</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, 2015**

	Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
Investment earnings	\$ -	\$ 782,096	\$ 4,501	\$ 786,597	\$ 786,597
Net decrease in fair value of investments	-	(309)	-	(309)	(309)
Restricted intergovernmental	764,480	675,680	-	675,680	(88,800)
<b>Total revenues</b>	<b>764,480</b>	<b>1,457,467</b>	<b>4,501</b>	<b>1,461,968</b>	<b>697,488</b>
<b>Expenditures:</b>					
Water Street storm water improvements	-	-	3,918	3,918	(3,918)
Storm water inventory mapping	885,755	614,964	22,350	637,314	248,441
Lincoln outfall	421,474	16,310	312,200	328,510	92,964
Cedar Avenue/Sweetwater outfall	1,939,628	1,920,345	19,276	1,939,621	7
Storm drainage rehabilitation	2,340,972	1,501,064	24,960	1,526,024	814,948
Bradley Creek/Michelle Drive	5,137,102	697,020	2,266,118	2,963,138	2,173,964
Doctors branch bank stabilization	1,065,438	1,061,029	960	1,061,989	3,449
Cavalier Drive drainage	1,410,468	1,398,892	-	1,398,892	11,576
Wisteria/Clearbrook area	5,501,680	1,114,090	198,250	1,312,340	4,189,340
Cardinal Drive/George Trask	916,656	885,445	-	885,445	31,211
Hunters Trail culvert repair	225,315	225,288	-	225,288	27
Greenville Avenue/White Avenue	1,213,500	152,153	14,351	166,504	1,046,996
Brookshire/Beasley drainage	3,855,000	267,512	484,954	752,466	3,102,534
Antelope Trail drainage improvements	368,412	336,174	16,175	352,349	16,063
Rogersville Road culvert replacement	451,311	63,602	348,484	412,086	39,225
Old McCumbers drainage improvements	75,000	3,557	17,835	21,392	53,608
Clear Run branch improvements	2,700,000	125,993	157,668	283,661	2,416,339
Cross City Trail storm water improvements	234,722	91,625	139,923	231,548	3,174
New Macumbers outfall	1,000,000	-	-	-	1,000,000
Red Berry drainage improvements	5,500	-	-	-	5,500
Eagles Nest drainage improvements	4,500	-	-	-	4,500
Mineral Springs 2002-03	558,758	558,651	-	558,651	107
Brenda Drive drainage	401,390	27,457	38,143	65,600	335,790
<b>Total expenditures</b>	<b>30,712,581</b>	<b>11,061,171</b>	<b>4,065,565</b>	<b>15,126,736</b>	<b>15,585,845</b>
<b>Excess of expenditures over revenues</b>	<b>(29,948,101)</b>	<b>(9,603,704)</b>	<b>(4,061,064)</b>	<b>(13,664,768)</b>	<b>16,283,333</b>
<b>Other financing sources (uses):</b>					
Operating transfers - in:					
Storm Water Management Fund	12,691,646	12,139,873	566,361	12,706,234	14,588

**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, 2015**

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Other financing sources (uses): (continued)					
Operating transfers - out:					
Streets and Sidewalks Fund	\$ (263,970)	\$ (263,970)	\$ -	\$ (263,970)	\$ -
Parks and Recreation Fund	(533,523)	(400,000)	(133,523)	(533,523)	-
Building Improvements Fund	<u>(80,609)</u>	<u>(80,609)</u>	<u>-</u>	<u>(80,609)</u>	<u>-</u>
Total operating transfers - out	<u>(878,102)</u>	<u>(744,579)</u>	<u>(133,523)</u>	<u>(878,102)</u>	<u>-</u>
Issuance of bonds	17,319,856	172,224	13,700,000	13,872,224	(3,447,632)
Premium on bonds	766,076	-	766,075	766,075	(1)
Issuance of other long-term obligations	<u>48,625</u>	<u>48,626</u>	<u>-</u>	<u>48,626</u>	<u>1</u>
Total other financing sources	<u>29,948,101</u>	<u>11,616,144</u>	<u>14,898,913</u>	<u>26,515,057</u>	<u>(3,433,044)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 2,012,440</u>	<u>\$ 10,837,849</u>	<u>\$ 12,850,289</u>	<u>\$ 12,850,289</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2015  
With Comparative Actual Amounts for Year Ended June 30, 2014**

	2015		Variance	2014
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Operating revenues:				
Charges for services:				
Parking fees	\$ 2,489,200	\$ 2,812,005	\$ 322,805	\$ 2,602,450
Parking violations	576,150	441,749	(134,401)	558,956
Other operating revenues	-	4,200	4,200	-
Total operating revenues	3,065,350	3,257,954	192,604	3,161,406
Nonoperating revenues:				
Interest earned	7,000	11,050	4,050	12,375
Total revenues	3,072,350	3,269,004	196,654	3,173,781
Expenditures:				
Operating expenditures:				
Street parking		985,148		707,421
Water Street deck		202,876		165,301
Second Street deck		300,482		309,295
Market Street deck		436,272		431,697
Second Street lot		235,348		208,223
Hannah Block lot		12,063		15,004
Total operating expenditures	2,537,282	2,172,189	365,093	1,836,941
Nonoperating expenditures:				
Interest and fiscal charges		358,236		341,593
Principal payments on installment obligations		344,500		357,500
Principal payments on other long-term obligations		166,667		166,667
Total nonoperating expenditures	870,836	869,403	1,433	865,760
Total expenditures	3,408,118	3,041,592	366,526	2,702,701
Excess (deficiency) of revenues over (under) expenditures	(335,768)	227,412	563,180	471,080

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2015**

**With Comparative Actual Amounts for Year Ended June 30, 2014**

	2015		Variance	2014
	Budget	Actual	Positive (Negative)	Actual
Other financing sources (uses):				
Operating transfers - in:				
Debt Service Fund	\$ 254,337	\$ 254,337	\$ -	\$ 260,954
Operating transfers - out:				
Parking Facilities Capital Projects Fund	(650,700)	(650,700)	-	(395,650)
Issuance of refunding installment obligations	2,177,344	2,177,343	(1)	-
Payment to refund outstanding other long-term obligation	(2,145,521)	(2,145,521)	-	-
Appropriated fund balance	<u>700,308</u>	<u>-</u>	<u>(700,308)</u>	<u>-</u>
Total other financing sources (uses)	<u>335,768</u>	<u>(364,541)</u>	<u>(700,309)</u>	<u>(134,696)</u>
Net change in fund balance	<u>\$ -</u>	<u>(137,129)</u>	<u>\$ (137,129)</u>	336,384
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Vacation and sick leave accrual		(3,050)		(1,749)
Capital asset expenditures		8,979		16,514
Deferred Revenues		-		(4,500)
Other postemployment benefits accrual		(50,787)		9,398
Pension expense		(590)		-
Deferred outflows of resources for contributions made to pension plan in current fiscal year		5,791		-
Depreciation		(629,721)		(690,487)
Other noncapital expenses - Parking Facilities Capital Projects Fund		(6,021)		(2,400)
Investment earnings accrual		-		(1,346)
Interest expense adjustment		41,534		42,772
Investment earnings - Parking Facilities Capital Projects Fund		3,431		6,753
Capital contributions from governmental funds		1,733		-
Operating transfer - Parking Facilities Capital Projects Fund		650,700		395,650
Principal payments on installment obligations		344,500		357,500
Principal payments on other long-term obligations		166,667		166,667
Issuance of refunding installment obligations		(2,177,343)		-
Payment to refund outstanding other long-term obligations		2,145,521		-
Interest expense accrual		<u>20,968</u>		<u>2,122</u>
Change in net position		<u>\$ 385,183</u>		<u>\$ 633,278</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, 2015**

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
<b>Revenues:</b>					
Investment earnings	\$ 47,400	\$ 70,998	\$ 3,431	\$ 74,429	\$ 27,029
Net decrease in fair value of investments	-	(7,157)	-	(7,157)	(7,157)
<b>Total revenues</b>	<b>47,400</b>	<b>63,841</b>	<b>3,431</b>	<b>67,272</b>	<b>19,872</b>
<b>Expenditures:</b>					
Second Street parking deck cameras	145,572	121,584	-	121,584	23,988
Hanna block parking lot	1,035,000	762,572	213,825	976,397	58,603
Second Street deck repair	1,037,150	156,154	184,976	341,130	696,020
Market Street parking deck lights	56,850	-	-	-	56,850
Parking facility equipment	280,710	22,914	121,469	144,383	136,327
Water Street parking deck	9,075,000	2,913,894	85,828	2,999,722	6,075,278
Market Street parking deck	9,281,328	9,277,552	-	9,277,552	3,776
<b>Total expenditures</b>	<b>20,911,610</b>	<b>13,254,670</b>	<b>606,098</b>	<b>13,860,768</b>	<b>7,050,842</b>
<b>Excess of expenditures over revenues</b>	<b>(20,864,210)</b>	<b>(13,190,829)</b>	<b>(602,667)</b>	<b>(13,793,496)</b>	<b>7,070,714</b>
<b>Other financing sources:</b>					
<b>Operating transfers - in:</b>					
Debt Service Fund	669,100	669,100	-	669,100	-
Parking Facilities Fund	2,544,710	1,894,010	650,700	2,544,710	-
<b>Total operating transfers - in</b>	<b>3,213,810</b>	<b>2,563,110</b>	<b>650,700</b>	<b>3,213,810</b>	<b>-</b>
Issuance of installment obligations	15,150,400	9,232,190	-	9,232,190	(5,918,210)
Issuance of other long-term obligations	2,500,000	2,500,000	-	2,500,000	-
<b>Total other financing sources</b>	<b>20,864,210</b>	<b>14,295,300</b>	<b>650,700</b>	<b>14,946,000</b>	<b>(5,918,210)</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ 1,104,471</b>	<b>\$ 48,033</b>	<b>\$ 1,152,504</b>	<b>\$ 1,152,504</b>



**CITY OF WILMINGTON, NORTH CAROLINA**

**Golf Fund**

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

**Year Ended June 30, 2015**

**With Comparative Actual Amounts for Year Ended June 30, 2014**

	2015			2014
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Operating revenues:				
Fees and coupons	\$ 552,300	\$ 579,194	\$ 26,894	\$ 531,806
Cart rentals	300,000	173,800	(126,200)	204,050
Concessions	150,000	114,008	(35,992)	122,363
Other operating revenues	<u>-</u>	<u>17,034</u>	<u>17,034</u>	<u>4,994</u>
Total operating revenues	1,002,300	884,036	(118,264)	863,213
Nonoperating revenues:				
Interest earned	<u>1,813</u>	<u>2,689</u>	<u>876</u>	<u>8,604</u>
Total revenues	<u>1,004,113</u>	<u>886,725</u>	<u>(117,388)</u>	<u>871,817</u>
Expenditures:				
Operating expenditures:				
Golf course		1,106,661		1,079,895
Other operating expenditures		<u>125,500</u>		<u>111,700</u>
Total operating expenditures	<u>1,377,697</u>	<u>1,232,161</u>	<u>145,536</u>	<u>1,191,595</u>
Excess of expenditures over revenues	<u>(373,584)</u>	<u>(345,436)</u>	<u>28,148</u>	<u>(319,778)</u>
Other financing sources (uses):				
Operating transfer - in:				
Golf Capital Projects Fund	42,481	42,481	-	-
Operating transfer - out:				
Golf Capital Projects Fund	-	-	-	(316,827)
Appropriated fund balance	<u>331,103</u>	<u>-</u>	<u>(331,103)</u>	<u>-</u>
Total other financing sources (uses):	<u>373,584</u>	<u>42,481</u>	<u>(331,103)</u>	<u>(316,827)</u>
Net change in fund balance	<u>\$ -</u>	<u>(302,955)</u>	<u>\$ (302,955)</u>	<u>(636,605)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Deferred revenues		7,776		(5,237)
Investment earnings accrual		-		(624)
Vacation and sick leave accrual		(11,858)		(12,803)
Other postemployment benefits accrual		(26,361)		(50,989)
Deferred outflows of resources for contributions made to pension plan in current fiscal year		31,671		-
Pension Expense		(2,824)		-
Change in inventory		(13,775)		7,990
Capital asset expenditures		-		5,490
Depreciation		(76,067)		(48,922)
Investment earnings - Golf Capital Projects Fund		723		787
Other noncapital expenses - Golf Capital Projects Fund		-		(2,534)
Operating transfer - Golf Capital Projects Fund		<u>119,619</u>		<u>1,127,009</u>
Change in net position		<u>\$ (274,051)</u>		<u>\$ 383,562</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**From Inception and Year Ended June 30, 2015**

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
<b>Revenues:</b>					
Investment earnings	\$ 24,585	\$ 25,434	\$ 723	\$ 26,157	\$ 1,572
Net decrease in fair value of investments	-	(1,572)	-	(1,572)	(1,572)
<b>Total revenues</b>	<b>24,585</b>	<b>23,862</b>	<b>723</b>	<b>24,585</b>	<b>-</b>
<b>Expenditures:</b>					
Club house improvements	212,920	212,919	-	212,919	1
Greens replacement	1,467,650	765,029	702,622	1,467,651	(1)
<b>Total expenditures</b>	<b>1,680,570</b>	<b>977,948</b>	<b>702,622</b>	<b>1,680,570</b>	<b>-</b>
Excess of expenditures over revenues	(1,655,985)	(954,086)	(701,899)	(1,655,985)	-
<b>Other financing sources (uses):</b>					
Operating transfers - in:					
Parks and Recreation Fund	972,282	810,182	162,100	972,282	-
Golf Fund	726,184	726,184	-	726,184	-
<b>Total operating transfers - in</b>	<b>1,698,466</b>	<b>1,536,366</b>	<b>162,100</b>	<b>1,698,466</b>	<b>-</b>
Operating transfers - out:					
Golf Fund	(42,481)	-	(42,481)	(42,481)	-
<b>Total other financing sources</b>	<b>1,655,985</b>	<b>1,536,366</b>	<b>119,619</b>	<b>1,655,985</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ 582,280</b>	<b>\$ (582,280)</b>	<b>\$ -</b>	<b>\$ -</b>

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**INTERNAL SERVICE FUNDS TAB (FRONT)**

**INTERNAL SERVICE FUNDS TAB (BACK)**

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**June 30, 2015**

	Equipment, Maintenance and Replacement Fund	Technology Replacement Fund	Total Internal Service Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 7,255,259	\$ 1,267,029	\$ 8,522,288
Other receivables	2,237	391	2,628
Due from component unit	152,054	-	152,054
Due from other governments	22,343	-	22,343
Inventory of materials and supplies	177,133	-	177,133
Prepays	<u>573,857</u>	<u>-</u>	<u>573,857</u>
Total current assets	<u>8,182,883</u>	<u>1,267,420</u>	<u>9,450,303</u>
Noncurrent assets:			
Capital assets:			
Furniture, fixtures, machinery and equipment	22,337,294	-	22,337,294
Less accumulated depreciation	<u>(15,284,231)</u>	<u>-</u>	<u>(15,284,231)</u>
Total capital assets, net of accumulated depreciation	<u>7,053,063</u>	<u>-</u>	<u>7,053,063</u>
Restricted net pension asset	<u>62,312</u>	<u>-</u>	<u>62,312</u>
Total assets	<u>15,298,258</u>	<u>1,267,420</u>	<u>16,565,678</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Contributions to pension plan in current fiscal year	<u>39,179</u>	<u>-</u>	<u>39,179</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	138,756	27,327	166,083
Accrued liabilities	76,313	-	76,313
Due to other funds	23,341	4,485	27,826
Current portion of long-term liabilities:			
Other long-term obligations	403,064	-	403,064
Accrued vacation and sick leave	<u>48,924</u>	<u>-</u>	<u>48,924</u>
Total current liabilities	<u>690,398</u>	<u>31,812</u>	<u>722,210</u>
Noncurrent liabilities:			
Other long-term obligations	2,460,000	-	2,460,000
Accrued vacation and sick leave	29,460	-	29,460
Accrued other postemployment benefits	<u>270,286</u>	<u>-</u>	<u>270,286</u>
Total noncurrent liabilities	<u>2,759,746</u>	<u>-</u>	<u>2,759,746</u>
Total liabilities	<u>3,450,144</u>	<u>31,812</u>	<u>3,481,956</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension deferrals	<u>152,794</u>	<u>-</u>	<u>152,794</u>
<b>NET POSITION</b>			
Net investment in capital assets	4,189,999	-	4,189,999
Unrestricted	<u>7,544,500</u>	<u>1,235,608</u>	<u>8,780,108</u>
Total net position	<u>\$ 11,734,499</u>	<u>\$ 1,235,608</u>	<u>\$ 12,970,107</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2015**

	Equipment, Maintenance and Replacement Fund	Technology Replacement Fund	Total Internal Service Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Operating revenues:			
Charges for services	\$ 1,997,406	\$ -	\$ 1,997,406
Charges for equipment replacement	3,357,561	524,876	3,882,437
Other operating revenues	<u>165,896</u>	<u>-</u>	<u>165,896</u>
Total operating revenues	<u>5,520,863</u>	<u>524,876</u>	<u>6,045,739</u>
Operating expenses:			
Salaries, employee benefits and other personnel costs	776,087	-	776,087
Materials and fuels consumed	16,006	-	16,006
Services	914,647	-	914,647
Utilities	5,231	-	5,231
Depreciation	1,639,776	-	1,639,776
Other operating expenses	<u>626,482</u>	<u>1,287,797</u>	<u>1,914,279</u>
Total operating expenses	<u>3,978,229</u>	<u>1,287,797</u>	<u>5,266,026</u>
Operating income (loss)	<u>1,542,634</u>	<u>(762,921)</u>	<u>779,713</u>
Nonoperating revenues (expenses):			
Investment earnings	20,898	4,917	25,815
Interest and other charges	(30,429)	-	(30,429)
Gain on disposal of capital assets	<u>1,058,083</u>	<u>-</u>	<u>1,058,083</u>
Total nonoperating revenues	<u>1,048,552</u>	<u>4,917</u>	<u>1,053,469</u>
Income (loss) before capital contributions and transfers	2,591,186	(758,004)	1,833,182
Capital contributions	127,047	-	127,047
Transfers from other funds	-	480,000	480,000
Transfers to other funds	<u>(1,112,691)</u>	<u>(74,686)</u>	<u>(1,187,377)</u>
Change in net position	<u>1,605,542</u>	<u>(352,690)</u>	<u>1,252,852</u>
Net position at beginning of year as previously stated	10,215,764	1,588,298	11,804,062
Restatement for accounting change (Note 8)	<u>(86,807)</u>	<u>-</u>	<u>(86,807)</u>
Net position at beginning of year as restated	<u>10,128,957</u>	<u>1,588,298</u>	<u>11,717,255</u>
Net position at end of year	<u>\$ 11,734,499</u>	<u>\$ 1,235,608</u>	<u>\$ 12,970,107</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2015**

	Equipment, Maintenance and Replacement Fund	Technology Replacement Fund	Total Internal Service Funds
Cash flows from operating activities:			
Receipts from customers and users	\$ 391,947	\$ -	\$ 391,947
Receipts from interfund services provided	5,187,169	524,876	5,712,045
Payments to suppliers	(1,885,606)	(1,360,388)	(3,245,994)
Payments to or on behalf of employees	(748,788)	-	(748,788)
Payments for interfund services used	<u>(9,995)</u>	<u>-</u>	<u>(9,995)</u>
Net cash provided by (used in) operating activities	<u>2,934,727</u>	<u>(835,512)</u>	<u>2,099,215</u>
Cash flows from noncapital financing activities:			
Due to other funds	23,341	4,485	27,826
Transfers from other funds	<u>-</u>	<u>480,000</u>	<u>480,000</u>
Net cash provided by noncapital financing activities	<u>23,341</u>	<u>484,485</u>	<u>507,826</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(6,146,369)	(99,752)	(6,246,121)
Proceeds from other long-term obligations	2,863,064	-	2,863,064
Interest and other charges	(18,574)	-	(18,574)
Proceeds from sale of capital assets	<u>1,067,043</u>	<u>-</u>	<u>1,067,043</u>
Net cash used in capital and related financing activities	<u>(2,234,836)</u>	<u>(99,752)</u>	<u>(2,334,588)</u>
Cash flows from investing activities:			
Investment earnings	<u>21,023</u>	<u>5,144</u>	<u>26,167</u>
Net increase (decrease) in cash and cash equivalents	744,255	(445,635)	298,620
Cash and cash equivalents at beginning of year	<u>6,511,004</u>	<u>1,712,664</u>	<u>8,223,668</u>
Cash and cash equivalents at end of year	<u>\$ 7,255,259</u>	<u>\$ 1,267,029</u>	<u>\$ 8,522,288</u>



**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2015**

	Equipment, Maintenance and Replacement Fund	Technology Replacement Fund	Total Internal Service Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 1,542,634	\$ (762,921)	\$ 779,713
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	1,639,776	-	1,639,776
Pension expense	3,675	-	3,675
Changes in assets and liabilities:			
Due from component unit	60,246	-	60,246
Due from other governments	(1,993)	-	(1,993)
Inventory of materials and supplies	(23,190)	-	(23,190)
Prepays	(223,380)	150	(223,230)
Accounts payable and accrued liabilities	(84,024)	(72,741)	(156,765)
Accrued vacation and sick leave	8,148	-	8,148
Deferred outflows of resources for pensions	(39,179)	-	(39,179)
Accrued other postemployment benefits	52,014	-	52,014
Net cash provided by (used in) operating activities	<u>\$ 2,934,727</u>	<u>\$ (835,512)</u>	<u>\$ 2,099,215</u>
 Noncash investing, capital and financing activities:			
Capital assets acquired on account	\$ (36,107)	\$ (25,066)	\$ (61,173)
Capital contributions from governmental funds	127,047	-	127,047
Donation of capital assets to governmental funds	<u>(1,112,691)</u>	<u>(74,686)</u>	<u>(1,187,377)</u>
Net effect of noncash activities	<u>\$ (1,021,751)</u>	<u>\$ (99,752)</u>	<u>\$ (1,121,503)</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2015**

**With Comparative Actual Amounts for Year Ended June 30, 2014**

	2015		Variance Positive (Negative)	2014 Actual
	Budget	Actual		
Revenues:				
Operating revenues:				
Charges for services	\$ 2,000,948	\$ 2,055,123	\$ 54,175	\$ 2,150,276
Charges for equipment replacement	3,433,416	3,357,561	(75,855)	2,918,538
Other operating revenues	-	132,378	132,378	27,024
Total operating revenues	<u>5,434,364</u>	<u>5,545,062</u>	<u>110,698</u>	<u>5,095,838</u>
Nonoperating revenues:				
Investment earnings	10,000	20,898	10,898	28,252
Sale of capital assets	<u>5,000</u>	<u>1,020,533</u>	<u>1,015,533</u>	<u>24,201</u>
Total nonoperating revenues	<u>15,000</u>	<u>1,041,431</u>	<u>1,026,431</u>	<u>52,453</u>
Total revenues	<u>5,449,364</u>	<u>6,586,493</u>	<u>1,137,129</u>	<u>5,148,291</u>
Expenditures:				
Operating expenditures:				
Garage operations		1,916,149		2,021,426
Capital and noncapital equipment		<u>6,451,070</u>		<u>1,848,895</u>
Total operating expenditures	<u>11,419,533</u>	<u>8,367,219</u>	<u>3,052,314</u>	<u>3,870,321</u>
Nonoperating expenditures:				
Interest and other charges		<u>18,574</u>		-
Total nonoperating expenditures	<u>552,143</u>	<u>18,574</u>	<u>533,569</u>	-
Total expenditures	<u>11,971,676</u>	<u>8,385,793</u>	<u>3,585,883</u>	<u>3,870,321</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,522,312)</u>	<u>(1,799,300)</u>	<u>4,723,012</u>	<u>1,277,970</u>
Other financing sources:				
Issuance of other long-term obligations	3,040,000	2,863,064	(176,936)	-
Appropriated fund balance	<u>3,482,312</u>	-	<u>(3,482,312)</u>	-
Total other financing sources	<u>6,522,312</u>	<u>2,863,064</u>	<u>(3,659,248)</u>	-
Net change in fund balance	<u>\$ -</u>	<u>1,063,764</u>	<u>\$ 1,063,764</u>	<u>1,277,970</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, 2015**

**With Comparative Actual Amounts for Year Ended June 30, 2014**

	2015		Variance Positive (Negative)	2014 Actual
	Budget	Actual		
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Vacation and sick leave accrual		\$ (8,148)		\$ (4,533)
Other postemployment benefits accrual		(52,014)		(60,392)
Deferred outflows of resources for contributions made to pension plan in current fiscal year		39,179		-
Pension Expense		(3,675)		-
Change in inventory		23,190		1,037
Capital asset expenditures		6,110,262		1,744,682
Depreciation		(1,639,776)		(1,186,591)
Investment earnings accrual		-		(2,058)
Proceeds from other long-term obligations		(2,863,064)		-
Interest expense accrual		(11,855)		-
Disposal of capital assets		(8,960)		-
Capital contributions		-		7,050
Capital contributions from governmental funds		127,047		7,412
Transfers of capital assets to governmental funds		(1,112,691)		-
Outside services		<u>(57,717)</u>		<u>(11,507)</u>
Change in net position		<u>\$ 1,605,542</u>		<u>\$ 1,773,070</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2015  
With Comparative Actual Amounts for Year Ended June 30, 2014**

	2015			
	Budget	Actual	Variance Positive (Negative)	2014 Actual
Revenues:				
Operating revenues:				
Charges for equipment replacement	\$ 524,876	\$ 524,876	\$ -	\$ 463,976
Nonoperating revenues:				
Investment earnings	-	4,917	4,917	5,686
Total revenues	524,876	529,793	4,917	469,662
Expenditures:				
Operating expenditures:				
Information technology operations		566,009		433,056
Capital and noncapital equipment		796,474		272,658
Total expenditures	1,673,962	1,362,483	311,479	705,714
Excess of expenditures over revenues	(1,149,086)	(832,690)	316,396	(236,052)
Other financing sources:				
Operating transfer-in:				
General Fund	480,000	480,000	-	480,000
Appropriated fund balance	669,086	-	(669,086)	-
Total other financing sources	1,149,086	480,000	(669,086)	480,000
Net change in fund balance	\$ -	(352,690)	\$ (352,690)	243,948
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Capital asset expenditures		74,686		32,115
Investment earnings accrual		-		(523)
Transfers of capital assets to governmental funds		(74,686)		(32,115)
Change in net position		\$ (352,690)		\$ 243,425

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

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

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**June, 30 2015**

Governmental funds capital assets:	
Land	\$ 55,825,022
Easements	11,749,815
Improvements other than buildings	56,073,609
Buildings, plant and structures	140,917,335
Furniture, fixtures, machinery and equipment	24,139,758
Computer software	1,423,071
Streets and drainage	213,035,107
Construction in progress	<u>11,335,134</u>
Total governmental funds capital assets	<u>\$ 514,498,851</u>
Investment in governmental funds capital assets by source:	
Prior years for which detail is not available	\$ 18,550,968
General Fund	14,039,258
Special Purpose Fund	6,027,305
Capital Project Funds	332,198,949
Accepted dedications	<u>143,682,371</u>
Total governmental funds capital assets	<u>\$ 514,498,851</u>

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



**CITY OF WILMINGTON, NORTH CAROLINA**

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

**June, 30 2015**

Function and Activity	<u>Land</u>	<u>Easements</u>	<u>Improvements other than Buildings</u>	<u>Buildings, Plant and Structures</u>
General government:				
City Manager	\$ -	\$ -	\$ -	\$ -
Finance	-	-	-	-
Information technology services	-	-	-	-
Development services	-	-	-	-
General government	<u>6,962,659</u>	<u>10,026</u>	<u>3,914,649</u>	<u>31,250,938</u>
Total general government	<u>6,962,659</u>	<u>10,026</u>	<u>3,914,649</u>	<u>31,250,938</u>
Public safety:				
Police	728,670	-	-	23,973,380
Fire	<u>3,788,391</u>	-	<u>479,279</u>	<u>17,908,853</u>
Total public safety	<u>4,517,061</u>	-	<u>479,279</u>	<u>41,882,233</u>
Transportation:				
Traffic engineering	37,638	-	-	45,758
Transportation planning	-	-	-	-
Streets and drainage	<u>33,541,588</u>	<u>11,695,539</u>	<u>7,331,802</u>	-
Total transportation	<u>33,579,226</u>	<u>11,695,539</u>	<u>7,331,802</u>	<u>45,758</u>
Cultural and recreational:				
Parks and recreation	<u>7,268,877</u>	<u>44,250</u>	<u>44,347,879</u>	<u>19,517,902</u>
Economic and physical development	<u>3,497,199</u>	-	-	<u>48,220,504</u>
Total governmental funds capital assets	<u>\$ 55,825,022</u>	<u>\$ 11,749,815</u>	<u>\$ 56,073,609</u>	<u>\$ 140,917,335</u>

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

Function and Activity	Furniture, Fixtures, Machinery and Equipment	Computer Software	Streets and Drainage	Construction in Progress	Total
General government:					
City Manager	\$ 98,486	\$ -	\$ -	\$ -	\$ 98,486
Finance	30,354	-	-	-	30,354
Information Technology Services	1,597,072	921,866	-	-	2,518,938
Development Services	165,981	13,120	-	-	179,101
General government	<u>691,271</u>	<u>-</u>	<u>-</u>	<u>219,370</u>	<u>43,048,913</u>
Total general government	<u>2,583,164</u>	<u>934,986</u>	<u>-</u>	<u>219,370</u>	<u>45,875,792</u>
Public safety:					
Police	7,103,839	166,518	-	107,624	32,080,031
Fire	<u>13,050,953</u>	<u>-</u>	<u>-</u>	<u>3,163,147</u>	<u>38,390,623</u>
Total public safety	<u>20,154,792</u>	<u>166,518</u>	<u>-</u>	<u>3,270,771</u>	<u>70,470,654</u>
Transportation:					
Traffic engineering	280,445	19,721	-	-	383,562
Transportation Planning	-	13,576	-	-	13,576
Streets and drainage	<u>291,534</u>	<u>218,773</u>	<u>213,035,107</u>	<u>2,321,121</u>	<u>268,435,464</u>
Total transportation	<u>571,979</u>	<u>252,070</u>	<u>213,035,107</u>	<u>2,321,121</u>	<u>268,832,602</u>
Cultural and recreational:					
Parks and recreation	<u>557,466</u>	<u>33,403</u>	<u>-</u>	<u>5,523,872</u>	<u>77,293,649</u>
Economic and physical development	<u>272,357</u>	<u>36,094</u>	<u>-</u>	<u>-</u>	<u>52,026,154</u>
Total governmental funds capital assets	<u>\$ 24,139,758</u>	<u>\$ 1,423,071</u>	<u>\$ 213,035,107</u>	<u>\$ 11,335,134</u>	<u>\$ 514,498,851</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June, 30 2015**

Function and Activity	July 1, 2014	Additions	Deductions
<b>General government:</b>			
City Manager	\$ 176,108	\$ -	\$ (77,622)
Finance	33,942	21,137	(24,725)
Information Technology Services	2,478,987	-	(34,736)
Development Services	121,896	-	-
General government buildings	<u>42,780,822</u>	<u>272,463</u>	<u>(30,812)</u>
Total general government	<u>45,591,755</u>	<u>293,600</u>	<u>(167,895)</u>
<b>Public safety:</b>			
Police	31,975,555	132,476	(28,000)
Fire	<u>34,106,131</u>	<u>3,713,148</u>	<u>(16,910)</u>
Total public safety	<u>66,081,686</u>	<u>3,845,624</u>	<u>(44,910)</u>
<b>Transportation:</b>			
Traffic engineering	356,938	48,450	(63,722)
Transportation planning	13,576	-	-
Streets and drainage	<u>263,025,300</u>	<u>5,853,786</u>	<u>(180,308)</u>
Total transportation	<u>263,395,814</u>	<u>5,902,236</u>	<u>(244,030)</u>
<b>Cultural and recreational:</b>			
Parks and recreation	<u>74,271,355</u>	<u>3,281,629</u>	<u>(266,770)</u>
Economic and physical development	<u>52,315,654</u>	<u>23,772</u>	<u>(311,539)</u>
<b>Total governmental funds capital assets</b>	<u>\$ 501,656,264</u>	<u>\$ 13,346,861</u>	<u>\$ (1,035,144)</u>

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

Function and Activity	Transfers	June 30, 2015
General government:		
City Manager	\$ -	\$ 98,486
Finance	-	30,354
Information Technology Services	74,687	2,518,938
Development Services	57,205	179,101
General government buildings	26,440	43,048,913
Total general government	<u>158,332</u>	<u>45,875,792</u>
Public safety:		
Police	-	32,080,031
Fire	588,254	38,390,623
Total public safety	<u>588,254</u>	<u>70,470,654</u>
Transportation:		
Traffic engineering	41,896	383,562
Transportation planning	-	13,576
Streets and drainage	(263,314)	268,435,464
Total transportation	<u>(221,418)</u>	<u>268,832,602</u>
Cultural and recreational:		
Parks and recreation	7,435	77,293,649
Economic and physical development	(1,733)	52,026,154
Total governmental funds capital assets	<u>\$ 530,870</u>	<u>\$ 514,498,851</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**June 30, 2015**

Fiscal Year	Uncollected Balance July 1, 2014	Additions	Collections and Credits	Uncollected Balance June 30, 2015
2014-2015	\$ -	\$ 60,699,959	\$ 59,873,924	\$ 826,035
2013-2014	944,269	-	471,857	472,412
2012-2013	367,441	-	82,412	285,029
prior years	<u>1,100,086</u>	<u>-</u>	<u>162,495</u>	<u>937,591</u>
	2,411,796	60,699,959	60,590,688	2,521,067
Less allowance for uncollectible taxes	<u>(1,471,730)</u>	<u>(115,042)</u>	<u>-</u>	<u>(1,586,772)</u>
Totals	<u>\$ 940,066</u>	<u>\$ 60,584,917</u>	<u>\$ 60,590,688</u>	<u>\$ 934,295</u>

Reconciliation of collections and credits:

New Hanover County tax office

remittances:

Taxes - ad valorem - current year - General Fund & Debt Service Fund \$ 60,240,562

Taxes - ad valorem - penalties and interest - General Fund 290,052

Total remittances 60,530,614

Other adjustments \* 350,126

Less penalties and interest (290,052)

Total collections and credits \$ 60,590,688

\* The source of this data, the New Hanover County Tax Office, has undergone a software conversion. At June 30, 2015, the software does not differentiate between discoveries, abatements and adjustments; therefore, this amount is presented as other adjustments.

**CITY OF WILMINGTON, NORTH CAROLINA**

**Analysis of Current Tax Levy**

**For the Fiscal Year Ended June 30, 2015**

	City - Wide			Total Levy	
	Property	Rate	Total	Property	Registered
	Valuation		Levy	excluding	Registered
			Registered	Motor	Motor
			Vehicles	Vehicles	Vehicles
Original levy:					
Property taxed at current year's rate	\$13,049,510,652	\$ 0.4600	\$60,027,749	\$57,161,885	\$2,865,864
Motor vehicles taxed at prior year's rate	221,406,217	0.4500	996,328	-	996,328
Penalties	-		99,190	99,190	-
<b>Total</b>	<b>13,270,916,869</b>		<b>61,123,267</b>	<b>57,261,075</b>	<b>3,862,192</b>
Discoveries: *					
Current year taxes	-		146,869	146,869	-
<b>Total</b>	<b>-</b>		<b>61,270,136</b>	<b>57,407,944</b>	<b>3,862,192</b>
Abatements *	-		-	-	-
Other adjustments *	(119,312,276)		(\$570,177)	(570,177)	-
<b>Total property valuation</b>	<b><u>\$13,151,604,593</u></b>				
Net levy			60,699,959	56,837,767	3,862,192
Uncollected taxes at June 30, 2015			826,035	823,686	2,349
Current year's taxes collected			<u>\$ 59,873,924</u>	<u>\$ 56,014,081</u>	<u>\$ 3,859,843</u>
Current levy collection percentage			<u>98.64%</u>	<u>98.55%</u>	<u>99.94%</u>

\* The source of this data, the New Hanover County Tax Office, has undergone a software conversion. At June 30, 2015, the software does not differentiate between discoveries, abatements and adjustments; therefore, the net change from original levy is presented as other adjustments.

**CITY OF WILMINGTON, NORTH CAROLINA**

**Schedule of Receipts and Expenditures -  
Room Occupancy Tax**

**From Inception and Year Ended June 30, 2015**

Receipts prior years	<u>\$ 23,470,483</u>
Receipts:	
July, 2014	285,830
August, 2014	425,856
September, 2014	241,448
October, 2014	251,772
November, 2014	204,632
December, 2014	147,507
January, 2015	144,189
February, 2015	170,209
March, 2015	240,112
April, 2015	279,599
May, 2015	340,319
June, 2015	<u>348,735</u>
Receipts current year	<u>3,080,208</u>
Receipts to date	<u><u>\$ 26,550,691</u></u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**From Inception and Year Ended June 30, 2015**

Disbursements prior years	<u>\$ 20,058,783</u>
Disbursements:	
Operating costs - Convention Center	282,209
Marketing	306,647
Debt service	1,649,828
Fiscal agent fees	<u>4,068</u>
Disbursements current year	<u>2,242,752</u>
Disbursements to date	<u><u>\$ 22,301,535</u></u>

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



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**STATISTICAL SECTION TAB (FRONT)**

**STATISTICAL SECTION TAB (BACK)**

## STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the readers understand how the city’s financial performance and well-being have changed over time.	188 - 201
Revenue Capacity These schedules contain information to help the reader assess the city’s most significant local revenue source, the property tax.	202 - 205
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.	206 - 212
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.	213
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.	214 - 219

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

**CITY OF WILMINGTON, NORTH CAROLINA**

**Net Position by Component**

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

	Fiscal Year			
	2006	2007	2008	2009
<b>Governmental activities:</b>				
Net investment in capital assets (1), (3)	\$ 171,115,671	\$ 181,747,430	\$ 181,571,647	\$ 187,569,283
Restricted	14,850,785	16,934,004	21,704,213	22,617,510
Unrestricted (4)	<u>57,353,717</u>	<u>53,473,106</u>	<u>57,751,482</u>	<u>47,802,268</u>
<b>Total governmental activities net assets</b>	<b><u>\$ 243,320,173</u></b>	<b><u>\$ 252,154,540</u></b>	<b><u>\$ 261,027,342</u></b>	<b><u>\$ 257,989,061</u></b>
<b>Business-type activities:</b>				
Net investment in capital assets (2), (3)	\$ 111,652,338	\$ 135,128,498	\$ 136,751,706	\$ 18,275,937
Restricted (2)	5,741,848	6,240,878	7,760,499	2,368,253
Unrestricted (2), (4)	<u>59,694,303</u>	<u>48,212,615</u>	<u>56,929,680</u>	<u>16,220,463</u>
<b>Total business-type activities net assets</b>	<b><u>\$ 177,088,489</u></b>	<b><u>\$ 189,581,991</u></b>	<b><u>\$ 201,441,885</u></b>	<b><u>\$ 36,864,653</u></b>
<b>Primary government:</b>				
Net investment in capital assets	\$ 282,768,009	\$ 316,875,928	\$ 318,323,353	\$ 205,845,220
Restricted	20,592,633	23,174,882	29,464,712	24,985,763
Unrestricted	<u>117,048,020</u>	<u>101,685,721</u>	<u>114,681,162</u>	<u>64,022,731</u>
<b>Total primary government net assets</b>	<b><u>\$ 420,408,662</u></b>	<b><u>\$ 441,736,531</u></b>	<b><u>\$ 462,469,227</u></b>	<b><u>\$ 294,853,714</u></b>

**Notes:**

- (1) Net investment in capital assets, a component of governmental activities net position is restated in fiscal year 2006 to reflect the retroactive reporting of all major general infrastructure assets purchased, constructed or donated in fiscal years ending after June 30, 1980 in accordance with GASB Statement No. 34.
- (2) In connection with the creation of the Cape Fear Public Utility Authority (CFPUA) in 2009, the operations of the water, sewer and ground water systems, business-type activities, were transferred to the CFPUA resulting in a decrease in net position of \$166,183,586.
- (3) Net investment in capital assets, a component of governmental activities net position is restated in fiscal year 2012 to eliminate unamortized bond issuance costs, other than prepaid bond insurance, pursuant to GASB Statement No. 65.
- (4) Unrestricted governmental and business-type activities net position is restated in fiscal year 2014 to record the City's proportionate share of the Local Governmental Employees' Retirement System's beginning net pension liability and the effects on net position of contributions made by the City during the measurement period (fiscal year ending June 30, 2014), pursuant to GASB Statement No. 68.

**TABLE 1**

Fiscal Year					
<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 188,091,906	\$ 196,686,945	\$ 194,247,449	\$ 200,558,434	\$ 212,542,837	\$ 208,606,209
25,903,793	38,931,386	36,203,247	35,729,753	40,472,965	39,505,449
<u>49,951,959</u>	<u>38,394,250</u>	<u>41,790,077</u>	<u>43,041,191</u>	<u>32,846,564</u>	<u>42,766,980</u>
<u>\$ 263,947,658</u>	<u>\$ 274,012,581</u>	<u>\$ 272,240,773</u>	<u>\$ 279,329,378</u>	<u>\$ 285,862,366</u>	<u>\$ 290,878,638</u>
\$ 20,982,210	\$ 22,487,707	\$ 30,255,544	\$ 28,826,675	\$ 31,426,724	\$ 22,323,528
2,378,156	2,378,156	2,368,578	2,104,545	2,005,412	1,938,140
<u>15,406,764</u>	<u>14,927,863</u>	<u>11,040,383</u>	<u>14,151,447</u>	<u>14,894,628</u>	<u>27,005,829</u>
<u>\$ 38,767,130</u>	<u>\$ 39,793,726</u>	<u>\$ 43,664,505</u>	<u>\$ 45,082,667</u>	<u>\$ 48,326,764</u>	<u>\$ 51,267,497</u>
\$ 209,074,116	\$ 219,174,652	\$ 224,502,993	\$ 229,385,109	\$ 243,969,561	\$ 230,929,737
28,281,949	41,309,542	38,571,825	37,834,298	42,478,377	41,443,589
<u>65,358,723</u>	<u>53,322,113</u>	<u>52,830,460</u>	<u>57,192,638</u>	<u>47,741,192</u>	<u>69,772,809</u>
<u>\$ 302,714,788</u>	<u>\$ 313,806,307</u>	<u>\$ 315,905,278</u>	<u>\$ 324,412,045</u>	<u>\$ 334,189,130</u>	<u>\$ 342,146,135</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Changes in Net Position**

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

	Fiscal Year			
	2006	2007	2008	2009
<b>Expenses</b>				
Governmental activities:				
General government	\$ 15,587,565	\$ 14,379,647	\$ 16,843,180	\$ 17,979,039
Public safety	32,353,256	35,864,890	41,557,316	43,127,730
Transportation	7,353,292	13,754,139	8,479,949	9,834,553
Economic and physical development	3,688,117	4,481,644	4,322,396	4,367,773
Environmental protection	-	-	7,459	-
Cultural and recreational	5,884,529	5,976,218	4,660,956	8,226,690
Transit system	827,836	1,103,344	1,237,043	1,149,733
Hurricane disaster recovery	396,542	-	-	-
Interest and other charges	3,563,334	3,425,526	3,692,957	10,206,138
Total governmental activities expenses	<u>69,654,471</u>	<u>78,985,408</u>	<u>80,801,256</u>	<u>94,891,656</u>
Business-type activities:				
Water and sewer (1)	24,423,115	28,480,953	28,340,892	-
Ground water utility (1)	4,310,438	4,417,676	4,369,353	-
Solid waste management	6,818,100	8,129,899	7,386,926	7,929,943
Storm water management	5,523,127	4,570,924	4,924,043	5,766,847
Parking facilities	2,398,299	2,009,319	2,328,314	2,468,358
Golf	908,034	908,037	1,012,558	1,108,490
Total business-type activities expenses	<u>44,381,113</u>	<u>48,516,808</u>	<u>48,362,086</u>	<u>17,273,638</u>
Total primary government expenses	<u>\$ 114,035,584</u>	<u>\$ 127,502,216</u>	<u>\$ 129,163,342</u>	<u>\$ 112,165,294</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 4,025,530	\$ 3,937,055	\$ 3,094,822	\$ 2,172,178
Public safety	675,317	976,645	1,027,819	1,036,796
Transportation	1,710,751	1,333,003	969,286	907,676
Economic and physical development	158,145	31,831	36,660	64,364
Environmental protection	-	-	-	-
Cultural and recreational	500,873	571,732	536,509	561,479
Operating grants and contributions	6,282,373	4,910,085	6,736,997	8,242,549
Capital grants and contributions	1,985,222	2,809,524	5,010,259	4,423,055
Total governmental activities program revenues	<u>15,338,211</u>	<u>14,569,875</u>	<u>17,412,352</u>	<u>17,408,097</u>
Business-type activities:				
Charges for services:				
Water and sewer (1)	27,493,488	29,820,501	30,303,159	-
Ground water utility (1)	4,393,099	4,824,661	5,005,979	-
Solid waste management	6,566,883	6,630,716	7,437,015	7,814,331
Storm water management	5,698,434	6,073,766	6,161,452	6,219,759
Parking facilities	1,866,433	1,820,003	2,408,489	2,606,508
Golf	946,886	1,063,172	1,192,758	1,093,880

**TABLE 2**

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 17,913,454	\$ 18,442,793	\$ 20,114,233	\$ 19,005,283	\$ 19,631,088	\$ 20,942,970
46,623,265	42,201,402	44,197,292	43,916,157	46,131,851	45,301,661
11,223,125	12,744,479	14,764,044	13,431,747	13,850,270	14,623,301
2,128,078	5,843,970	6,200,611	6,045,907	6,196,637	7,758,498
-	500	-	-	-	6,229
10,418,701	7,727,790	9,049,044	9,398,082	9,465,475	9,992,088
1,522,702	1,427,915	1,242,136	1,296,849	1,285,000	1,678,074
-	-	-	-	-	-
<u>9,462,791</u>	<u>9,994,715</u>	<u>9,974,724</u>	<u>9,008,791</u>	<u>8,399,202</u>	<u>7,868,677</u>
<u>99,292,116</u>	<u>98,383,564</u>	<u>105,542,084</u>	<u>102,102,816</u>	<u>104,959,523</u>	<u>108,171,498</u>
-	-	-	-	-	-
-	-	-	-	-	-
7,510,722	7,595,390	8,348,911	9,576,553	10,433,131	9,689,997
5,939,703	6,022,115	6,943,112	6,718,269	6,788,592	7,067,581
2,394,835	2,319,874	2,694,467	2,695,420	2,802,364	3,143,322
1,136,189	1,107,126	1,285,853	1,294,985	1,293,363	1,331,375
<u>16,981,449</u>	<u>17,044,505</u>	<u>19,272,343</u>	<u>20,285,227</u>	<u>21,317,450</u>	<u>21,232,275</u>
<u>\$ 116,273,565</u>	<u>\$ 115,428,069</u>	<u>\$ 124,814,427</u>	<u>\$ 122,388,043</u>	<u>\$ 126,276,973</u>	<u>\$ 129,403,773</u>
\$ 2,588,922	\$ 2,691,275	\$ 2,928,020	\$ 3,466,422	\$ 3,961,251	\$ 3,757,329
911,408	1,386,725	1,317,184	1,369,009	1,078,557	991,754
726,216	1,311,696	1,841,929	1,396,371	1,469,697	1,522,176
336,894	1,096,703	1,798,487	2,865,612	3,252,606	3,307,837
6,622	19,429	58,679	18,147	11,886	10,497
629,547	611,597	669,215	725,220	777,142	858,460
8,587,862	7,744,008	9,455,773	9,487,283	7,113,819	8,368,567
17,861,814	13,272,496	5,868,811	5,392,585	5,128,944	2,260,265
<u>31,649,285</u>	<u>28,133,929</u>	<u>23,938,098</u>	<u>24,720,649</u>	<u>22,793,902</u>	<u>21,076,885</u>
-	-	-	-	-	-
-	-	-	-	-	-
8,163,730	8,113,378	8,272,400	8,385,641	8,433,430	8,803,224
6,775,129	7,114,617	7,815,701	8,372,383	8,810,446	9,441,985
2,274,661	2,035,573	2,577,363	3,105,607	3,156,906	3,253,754
1,119,498	1,169,854	1,227,520	1,129,265	852,982	874,778



**CITY OF WILMINGTON, NORTH CAROLINA**

**Changes in Net Position (Continued)**

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

	Fiscal Year			
	2006	2007	2008	2009
<b>Program Revenues (continued)</b>				
Business-type activities (continued):				
Operating grants and contributions	\$ 162,349	\$ 90,412	\$ -	\$ -
Capital grants and contributions	2,779,844	5,126,467	3,523,179	601,799
Total business-type activities program revenues	<u>49,907,416</u>	<u>55,449,698</u>	<u>56,032,031</u>	<u>18,336,277</u>
Total primary government program revenues	<u>\$ 65,245,627</u>	<u>\$ 70,019,573</u>	<u>\$ 73,444,383</u>	<u>\$ 35,744,374</u>
Net (expense)/revenue				
Governmental activities	\$ (54,316,260)	\$ (64,415,533)	\$ (63,388,904)	\$ (77,483,559)
Business-type activities	<u>5,526,303</u>	<u>6,932,890</u>	<u>7,669,945</u>	<u>1,062,639</u>
Total primary government net expense	<u>\$ (48,789,957)</u>	<u>\$ (57,482,643)</u>	<u>\$ (55,718,959)</u>	<u>\$ (76,420,920)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes:				
Ad valorem taxes	\$ 41,072,872	\$ 42,601,818	\$ 41,489,000	\$ 46,423,441
Room occupancy tax	1,758,422	1,849,385	1,926,903	2,196,974
Local option sales tax	16,252,524	16,897,125	16,643,044	14,187,461
Franchise tax	4,829,914	5,314,491	6,278,700	6,053,968
Video programming sales tax	-	594,024	1,381,040	1,498,944
Rental vehicle tax	170,860	169,451	158,599	126,483
Unrestricted grants and contributions	1,646,134	1,502,289	1,489,503	1,513,778
Investment earnings	3,173,990	4,428,359	2,672,323	2,627,407
Net decrease in fair value of investments	-	-	-	-
Miscellaneous	444,088	515,283	704,191	800,487
Special item: Conveyance of assets and liabilities to the Cape Fear Public Utility Authority, net (1)	-	-	-	(983,665)
Transfers from (to) other funds	<u>(791,073)</u>	<u>(622,325)</u>	<u>(481,597)</u>	<u>-</u>
Total governmental activities	<u>68,557,731</u>	<u>73,249,900</u>	<u>72,261,706</u>	<u>74,445,278</u>
Business-type activities:				
Unrestricted grants and contributions	-	-	-	46,887
Investment earnings	3,138,187	4,934,347	3,708,352	491,543
Net decrease in fair value of investments	-	-	-	-
Miscellaneous	75,350	3,940	-	5,285
Special item: Cape Fear Public Utility Authority (1)	-	-	-	(166,183,586)
Transfers from (to) other funds	<u>791,073</u>	<u>622,325</u>	<u>481,597</u>	<u>-</u>
Total business-type activities	<u>4,004,610</u>	<u>5,560,612</u>	<u>4,189,949</u>	<u>(165,639,871)</u>
Total primary government	<u>\$ 72,562,341</u>	<u>\$ 78,810,512</u>	<u>\$ 76,451,655</u>	<u>\$ (91,194,593)</u>

**TABLE 2**

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ -	\$ -	\$ 72,977	\$ 161,026	\$ 97,018	\$ 106,836
343,665	110,232	451,260	137,394	49,500	774,874
<u>18,676,683</u>	<u>18,543,654</u>	<u>20,417,221</u>	<u>21,291,316</u>	<u>21,400,282</u>	<u>23,255,451</u>
<u>\$ 50,325,968</u>	<u>\$ 46,677,583</u>	<u>\$ 44,355,319</u>	<u>\$ 46,011,965</u>	<u>\$ 44,194,184</u>	<u>\$ 44,332,336</u>
\$ (67,642,831)	\$ (70,249,635)	\$ (81,603,986)	\$ (77,382,167)	\$ (82,165,621)	\$ (87,094,613)
<u>1,695,234</u>	<u>1,499,149</u>	<u>1,144,878</u>	<u>1,006,089</u>	<u>82,832</u>	<u>2,023,176</u>
<u>\$ (65,947,597)</u>	<u>\$ (68,750,486)</u>	<u>\$ (80,459,108)</u>	<u>\$ (76,376,078)</u>	<u>\$ (82,082,789)</u>	<u>\$ (85,071,437)</u>
\$ 46,827,896	\$ 52,445,946	\$ 52,713,699	\$ 57,152,307	\$ 58,981,967	\$ 60,524,844
2,087,618	2,274,826	2,470,357	2,582,709	2,771,391	3,080,208
13,655,742	14,409,320	16,543,702	17,384,331	19,168,840	21,216,765
6,480,873	6,303,686	5,993,214	5,985,128	6,120,923	8,174,142
1,519,216	1,470,975	1,425,834	1,404,639	1,397,010	1,442,808
163,536	190,568	209,722	233,079	224,043	267,219
1,209,643	1,539,418	1,778,549	1,804,127	1,943,781	1,949,695
700,500	385,103	368,432	342,649	346,850	263,771
-	-	-	(429,320)	-	-
906,404	658,109	969,485	612,071	589,940	1,794,794
-	-	-	-	-	-
<u>50,000</u>	<u>636,607</u>	<u>(2,640,816)</u>	<u>(729,380)</u>	<u>(2,846,136)</u>	<u>(279,647)</u>
<u>73,601,428</u>	<u>80,314,558</u>	<u>79,832,178</u>	<u>86,342,340</u>	<u>88,698,609</u>	<u>98,434,599</u>
69,493	69,282	-	-	-	-
187,750	94,772	81,825	85,108	90,641	69,492
-	-	-	(117,037)	-	-
-	-	3,260	-	224,488	1,364,753
-	-	-	-	-	-
<u>(50,000)</u>	<u>(636,607)</u>	<u>2,640,816</u>	<u>729,380</u>	<u>2,846,136</u>	<u>279,647</u>
<u>207,243</u>	<u>(472,553)</u>	<u>2,725,901</u>	<u>697,451</u>	<u>3,161,265</u>	<u>1,713,892</u>
<u>\$ 73,808,671</u>	<u>\$ 79,842,005</u>	<u>\$ 82,558,079</u>	<u>\$ 87,039,791</u>	<u>\$ 91,859,874</u>	<u>\$ 100,148,491</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Changes in Net Position (Continued)**

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

	Fiscal Year			
	2006	2007	2008	2009
<b>Change in Net Position</b>				
Governmental activities (2), (3)	\$ 14,241,471	\$ 8,834,367	\$ 8,872,802	\$ (3,038,281)
Business-type activities (2), (3)	<u>9,530,913</u>	<u>12,493,502</u>	<u>11,859,894</u>	<u>(164,577,232)</u>
Total primary government	<u>\$ 23,772,384</u>	<u>\$ 21,327,869</u>	<u>\$ 20,732,696</u>	<u>\$(167,615,513)</u>

**Notes:**

- (1) In connection with the creation of the Cape Fear Public Utility Authority (CFPUA) in 2009, the operation of the water, sewer and ground water operations, business-type activities, were transferred to the CFPUA resulting in a decrease in net position of \$983,665 in governmental activities and a decrease of \$166,183,586 in business-type activities.
- (2) In fiscal year 2013, pursuant to the implementation of GASB Statement No. 65, previously deferred issuance costs totaling \$2,156,946 were recognized as an adjustment to beginning net position in the current year. Of this amount, \$1,871,568 related to governmental activities and \$285,378 related to business-type activities.
- (3) In fiscal year 2015, pursuant to the implementation of GASB Statement No. 68, the City's proportionate share of the Local Governmental Employees' Retirement System's beginning net pension liability and the effects on net position of contributions made by the City during the measurement period (fiscal year ending June 30, 2014) totaling \$7,120,049 were recognized as an adjustment to beginning net position in the current year. Of this amount, \$6,323,714 related to governmental activities and \$796,335 related to business-type activities.

**TABLE 2**

Fiscal Year					
<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 5,958,597	\$ 10,064,923	\$ (1,771,808)	\$ 8,960,173	\$ 6,532,988	\$ 11,339,986
<u>1,902,477</u>	<u>1,026,596</u>	<u>3,870,779</u>	<u>1,703,540</u>	<u>3,244,097</u>	<u>3,737,068</u>
<u>\$ 7,861,074</u>	<u>\$ 11,091,519</u>	<u>\$ 2,098,971</u>	<u>\$ 10,663,713</u>	<u>\$ 9,777,085</u>	<u>\$ 15,077,054</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Fund Balances of Governmental Funds**

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

	Fiscal Year			
	2006	2007	2008	2009
General fund				
Reserved	\$ 8,194,268	\$ 10,155,466	\$ 10,390,938	\$ 7,391,627
Unreserved	<u>18,465,163</u>	<u>19,660,893</u>	<u>16,979,687</u>	<u>18,648,976</u>
Total general fund	<u>\$ 26,659,431</u>	<u>\$ 29,816,359</u>	<u>\$ 27,370,625</u>	<u>\$ 26,040,603</u>
All other governmental funds				
Reserved (1)	\$ 52,784,436	\$ 43,508,550	\$ 122,824,809	\$ 96,461,401
Unreserved (deficit), reported in				
Capital projects funds	-	(2,010,637)	(10,297,903)	(5,764,939)
Special revenue funds	<u>2,487,853</u>	<u>(1,034,055)</u>	<u>(1,720,616)</u>	<u>(1,204,827)</u>
Total all other governmental funds	<u>\$ 55,272,289</u>	<u>\$ 40,463,858</u>	<u>\$ 110,806,290</u>	<u>\$ 89,491,635</u>
	2011	2012	2013	2014
General fund				
Nonspendable	\$ 1,655,910	\$ 1,645,226	\$ 1,669,337	\$ 1,562,635
Restricted	10,298,303	10,454,446	11,237,732	11,435,444
Committed	-	-	9,613	42,970
Assigned	1,731,945	1,000,000	1,295,158	1,610,000
Unassigned	<u>17,353,940</u>	<u>23,791,938</u>	<u>29,245,251</u>	<u>31,383,688</u>
Total general fund	<u>\$ 31,040,098</u>	<u>\$ 36,891,610</u>	<u>\$ 43,457,091</u>	<u>\$ 46,034,737</u>
All other governmental funds				
Nonspendable	\$ 11,656	\$ 12,415	\$ 8,102	\$ 16,891
Restricted	66,554,476	52,939,929	49,882,087	39,854,806
Committed	12,186,092	12,167,997	12,732,992	10,659,480
Unassigned deficit	<u>(2,568,803)</u>	<u>(2,143,278)</u>	<u>(7,526,870)</u>	<u>(3,235,662)</u>
Total all other governmental funds	<u>\$ 76,183,421</u>	<u>\$ 62,977,063</u>	<u>\$ 55,096,311</u>	<u>\$ 47,295,515</u>

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

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

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

**TABLE 3**

<u>Fiscal Year</u>
<u>2010</u>
\$ 9,196,737
<u>16,554,604</u>
<u>\$ 25,751,341</u>
\$ 89,486,186
(4,434,729)
<u>(1,577,463)</u>
<u>\$ 83,473,994</u>
<u>2015</u>
\$ 1,538,800
12,008,976
88,073
2,090,966
<u>39,880,339</u>
<u>\$ 55,607,154</u>
\$ 13,533
40,316,562
19,142,750
<u>(1,451,305)</u>
<u>\$ 58,021,540</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Changes in Fund Balances of Governmental Funds**

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

	Fiscal Year			
	2006	2007	2008	2009
<b>Revenues</b>				
Taxes:				
Ad valorem taxes (1)	\$ 41,066,135	\$ 42,276,841	\$ 41,472,281	\$ 46,438,613
Room occupancy tax	2,274,818	1,849,385	1,926,903	2,196,974
Local option sales tax	16,252,524	16,897,125	16,643,044	14,187,461
Franchise tax	4,829,914	5,314,491	6,278,700	6,053,968
Video programming sales tax	-	594,024	1,381,040	1,498,944
Rental vehicle tax	170,860	169,451	158,599	126,483
Unrestricted intergovernmental	1,409,726	1,282,168	1,274,592	1,304,492
Restricted intergovernmental	6,731,853	5,944,434	9,547,884	12,895,964
Licenses and permits	3,433,560	3,428,378	2,521,011	2,359,711
Sales and services	4,887,896	5,328,383	5,436,909	2,035,533
Fines and forfeits	98,193	102,744	97,851	71,255
Investment earnings	3,003,871	3,847,968	2,399,420	2,446,210
Net decrease in fair value of investments	-	-	-	-
Donations	-	-	-	-
Miscellaneous	1,833,369	1,531,606	1,189,903	1,343,945
<b>Total revenues</b>	<u>85,992,719</u>	<u>88,566,998</u>	<u>90,328,137</u>	<u>92,959,553</u>
<b>Expenditures</b>				
General government	28,392,473	18,985,985	31,003,496	18,091,033
Public safety	48,631,834	43,590,416	44,124,315	42,766,280
Transportation	8,535,654	13,612,030	10,393,830	17,345,355
Economic and physical development	4,029,778	4,480,888	4,318,811	21,464,273
Environmental protection	-	-	14,158	-
Cultural and recreational	5,351,974	10,212,926	12,123,679	11,332,882
Transit system	827,836	1,103,344	1,237,043	1,149,733
Hurricane disaster recovery	396,542	-	-	-
Debt service				
Principal retirement	4,658,821	4,375,252	4,405,767	8,608,348
Interest and other charges	3,355,149	3,211,459	3,163,108	9,416,233
<b>Total expenditures</b>	<u>104,180,061</u>	<u>99,572,300</u>	<u>110,784,207</u>	<u>130,174,137</u>
<b>Excess of expenditures over revenues</b>	<u>(18,187,342)</u>	<u>(11,005,302)</u>	<u>(20,456,070)</u>	<u>(37,214,584)</u>

**TABLE 4**

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 46,815,757	\$ 52,304,940	\$ 52,869,871	\$ 57,193,858	\$ 59,403,121	\$ 60,530,615
2,087,618	2,274,826	2,470,357	2,582,709	2,771,391	3,080,208
13,655,742	14,409,320	16,543,702	17,384,331	19,168,840	21,216,765
6,480,873	6,303,686	5,993,214	5,985,128	6,120,923	8,174,142
1,519,216	1,470,975	1,425,834	1,404,639	1,397,010	1,442,808
163,536	190,568	209,722	233,079	224,043	267,219
973,523	1,340,967	1,585,367	1,627,624	1,771,881	1,782,895
17,581,934	16,539,325	17,215,569	17,940,589	13,062,264	12,852,324
2,360,546	2,510,282	2,534,736	2,808,334	3,092,735	2,962,469
2,013,273	3,409,479	4,888,935	5,358,905	5,394,557	6,119,686
60,202	106,791	175,075	142,141	253,712	206,164
632,785	351,602	334,754	286,621	337,943	237,956
-	-	-	(384,493)	-	-
245,372	438,751	278,042	623,174	74,273	374,911
<u>1,585,967</u>	<u>1,464,191</u>	<u>1,699,959</u>	<u>1,432,588</u>	<u>1,510,756</u>	<u>2,232,889</u>
<u>96,176,344</u>	<u>103,115,703</u>	<u>108,225,137</u>	<u>114,619,227</u>	<u>114,583,449</u>	<u>121,481,051</u>
16,724,587	16,972,610	19,378,427	17,345,766	21,834,095	19,231,860
39,865,899	38,386,732	43,736,654	41,719,713	42,382,161	46,861,709
17,143,064	15,463,714	15,706,490	18,240,703	17,109,467	15,486,218
21,098,597	9,376,853	5,222,736	4,846,784	4,705,182	6,401,630
-	500	-	-	-	30,000
16,787,662	12,923,013	9,829,260	9,536,408	10,484,545	10,390,225
1,522,702	1,427,915	1,242,136	1,296,849	1,285,000	1,678,074
-	-	-	-	-	-
9,811,333	10,434,615	10,529,457	12,531,308	12,915,558	12,183,558
<u>9,244,469</u>	<u>9,857,124</u>	<u>10,211,066</u>	<u>9,256,345</u>	<u>8,893,071</u>	<u>8,348,321</u>
<u>132,198,313</u>	<u>114,843,076</u>	<u>115,856,226</u>	<u>114,773,876</u>	<u>119,609,079</u>	<u>120,611,595</u>
<u>(36,021,969)</u>	<u>(11,727,373)</u>	<u>(7,631,089)</u>	<u>(154,649)</u>	<u>(5,025,630)</u>	<u>869,456</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			
	2006	2007	2008	2009
<b>Other financing sources (uses)</b>				
Transfers from other funds	\$ 19,534,201	\$ 14,226,412	\$ 17,209,961	\$ 16,405,136
Transfers to other funds	(20,324,515)	(14,848,737)	(17,605,890)	(16,405,136)
Issuance of bonds	-	-	-	14,605,000
Issuance of refunding bonds	-	-	-	-
Issuance of installment obligations	-	-	62,495,000	-
Issuance of refunding installment obligations	-	-	-	-
Issuance of other long-term obligations (2)	273,803	1,093,500	26,270,000	-
Premium on bonds	-	-	-	121,181
Premium on refunding bonds	-	-	-	-
Premium on refunding installment obligations	-	-	-	-
Premium on installment obligations	-	-	-	-
Premium on other long-term obligations	-	-	-	-
Discount on installment obligations	-	-	(36,997)	-
Payment to redeem outstanding bonds	-	-	-	-
Payment to refund outstanding installment obligations	-	-	-	-
Payment to refund outstanding other long-term obligations	-	(1,093,500)	-	-
Total other financing sources (uses)	<u>(516,511)</u>	<u>(622,325)</u>	<u>88,332,074</u>	<u>14,726,181</u>
Net change in fund balances	<u>\$ (18,703,853)</u>	<u>\$ (11,627,627)</u>	<u>\$ 67,876,004</u>	<u>\$ (22,488,403)</u>
Debt service as a percentage of noncapital expenditures	10.9%	9.6%	9.3%	19.4%

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

(1) Includes related penalties and interest.

(2) Issuance of other long-term obligations are restated in fiscal years 2008 and 2009 to reflect the full amount of proceeds in fiscal year 2008 related to an interlocal agreement with New Hanover County for issuance of parks development bonds.

**TABLE 4**

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 14,648,058	\$ 13,781,205	\$ 13,688,174	\$ 12,440,785	\$ 23,093,276	\$ 14,766,335
(14,598,058)	(13,136,626)	(14,171,174)	(13,672,844)	(26,419,412)	(15,524,249)
-	-	-	-	3,050,000	-
-	8,660,000	-	-	-	-
23,870,000	3,120,000	-	-	-	18,562,657
8,910,000	-	24,673,750	-	-	23,195,000
5,065,807	-	-	-	-	-
-	366,839	-	-	59,359	-
-	130,992	-	-	-	-
-	-	3,044,534	-	-	2,400,578
177,422	-	-	-	-	1,230,241
411,685	-	-	-	-	-
-	-	-	-	-	-
-	(3,206,125)	-	-	-	-
(8,832,450)	-	(12,976,827)	-	-	(25,267,632)
-	-	(14,022,484)	-	-	-
<u>29,652,464</u>	<u>9,716,285</u>	<u>235,973</u>	<u>(1,232,059)</u>	<u>(216,777)</u>	<u>19,362,930</u>
<u>\$ (6,369,505)</u>	<u>\$ (2,011,088)</u>	<u>\$ (7,395,116)</u>	<u>\$ (1,386,708)</u>	<u>\$ (5,242,407)</u>	<u>\$ 20,232,386</u>
19.3%	20.9%	20.2%	21.7%	21.1%	19.0%

**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>
2006	\$ 7,421,238,230	\$ 1,333,505,244	\$ 150,444,028	\$ 8,905,187,502	\$ 0.4600	100 %
2007	7,682,889,110	1,411,828,677	101,833,749	9,196,551,536	0.4600	100
2008	12,002,372,073	1,491,937,992	149,180,498	13,643,490,563 (1)	0.3000	100
2009	12,271,215,860	1,528,093,049	153,314,021	13,952,622,930	0.3325	100
2010	12,471,675,092	1,440,865,238	149,960,983	14,062,501,313	0.3325	100
2011	12,565,723,884	1,385,359,953	141,944,441	14,093,028,278	0.3700	100
2012	12,639,603,074	1,464,781,289	143,265,912	14,247,650,275	0.3700	100
2013	11,125,165,816	1,485,306,622	145,138,176	12,755,610,614 (1)	0.4500	100
2014	11,226,688,818	1,802,866,972 (2)	137,249,826	13,166,805,616	0.4500	100
2015	11,361,218,431	1,660,382,686	130,003,476	13,151,604,593	0.4600	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.

(2) Includes three months of additional motor vehicle valuation, a one time amount of \$268,152,046, due to the transition to the State's Tax and Tag Program.

**TABLE 6**

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Last Ten Fiscal Years**

Fiscal Year Ended	City of Wilmington			Total Direct Rate	New Hanover County Overlapping Rates	Total Direct & Overlapping Rates
	General	Debt Service	Capital Projects			
2006	\$ 0.4600	\$ -	\$ -	\$ 0.4600	\$ 0.6800	\$ 1.1400
2007	0.4600	-	-	0.4600	0.6850	1.1450
2008	0.3000	-	-	0.3000	0.4200	0.7200
2009	0.3325	-	-	0.3325	0.4525	0.7850
2010	0.3325	-	-	0.3325	0.4525	0.7850
2011	0.3700	-	-	0.3700	0.4655	0.8355
2012	0.3700	-	-	0.3700	0.4655	0.8355
2013	0.4000	0.0453 <sup>(1)</sup>	0.0047 <sup>(1)</sup>	0.4500	0.5540	1.0040
2014	0.4000	0.0453	0.0047	0.4500	0.5540	1.0040
2015	0.4100	0.0453	0.0047	0.4600	0.5540	1.0140

**Source:** New Hanover County Tax Office

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

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

TABLE 7

## CITY OF WILMINGTON, NORTH CAROLINA

## Top Ten Taxpayers

## Current Year and Nine Years Ago

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Corning Inc.	\$ 236,420,029	1	1.80 %	\$ 159,779,527	1	1.79 %
River Ventures LLC (PPD)	77,920,600	2	0.59	-		-
Duke Energy Progress Inc (CP&L)	54,827,928	3	0.42	71,426,778	2	0.80
Centro Independence LLC (mall)	54,078,800	4	0.41	37,987,352	5	0.43
GS II University Centre LLC	36,458,500	5	0.28	22,347,233	6	0.25
BellSouth Tel Co.	33,326,060	6	0.25	50,778,730	3	0.57
Mayfair Retail LLC	32,362,300	7	0.25	-		-
Wal Mart	31,228,325	8	0.24	-		-
Aaipharma Services Corp	29,515,498	9	0.22	-		-
Cameron Properties	27,391,600	10	0.21	-		-
UDRT of North Carolina LLC	-		-	43,788,049	4	0.49
Piedmont Natural Gas Co Inc	-		-	18,033,693	7	0.20
National Gypsum Co	-		-	11,611,415	8	0.13
Landfall Ventures	-		-	11,455,085	9	0.13
Belk Berry Co.	-		-	11,333,814	10	0.13
	<u>\$ 613,529,640</u>		<u>4.67 %</u>	<u>\$ 438,541,676</u>		<u>4.92 %</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
2006	\$ 41,015,008	\$ 40,344,559	98.37 %	\$ 575,277	\$ 40,919,836	99.77 %
2007	42,368,273	41,565,365	98.10	668,290	42,233,655	99.68
2008	41,416,471	40,641,812	98.13	654,439	41,296,251	99.71
2009	46,343,406	45,631,444	98.46	602,114	46,233,558	99.76
2010	46,849,408	46,128,218	98.46	592,261	46,720,479	99.72
2011	52,346,928	51,575,699	98.53	621,041	52,196,740	99.71
2012	52,949,958	52,020,321	98.24	731,021	52,751,342	99.62
2013	57,290,274	56,262,465	98.21	742,780	57,005,245	99.50
2014	59,345,505	58,401,236	98.41	471,857	58,873,093	99.20
2015	60,699,959	59,873,924	98.64	-	59,873,924	98.64

**Source:** New Hanover County Tax Office

**TABLE 9**

**CITY OF WILMINGTON, NORTH CAROLINA**

**Ratio of Outstanding Debt by Type**

**Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities				Total Primary Government	Percentage of Personal Income <sup>(1)</sup>	Per Capita <sup>(1)</sup>
	General Obligation Bonds	Installment Obligations	Other Long-term Obligations	General Obligation Bonds	Revenue Bonds	Installment Obligations	Other Long-term Obligations			
2006	\$ 12,962,155	\$ 52,500,673	\$ 12,398,500	\$ 30,422,845	\$ 70,404,118	\$ 29,639,327	\$ 1,419,811	\$ 209,747,429	6.98 %	2,159
2007	10,819,973	50,907,104	12,915,737	27,245,027	69,357,690	28,437,896	1,037,576	200,721,003	6.29	2,037
2008	8,569,853	111,728,535	36,706,193	21,085,147	81,103,686	27,211,465	640,586	287,045,465	8.42	2,849
2009	39,355,000 <sup>(2)</sup>	127,104,966 <sup>(2)</sup>	33,426,711	- <sup>(2)</sup>	13,490,000	8,855,034 <sup>(2)</sup>	228,870	222,460,581	6.45	2,191
2010	33,865,000	148,531,397	34,624,824	-	13,065,000	8,373,603	-	238,459,824	6.65	2,333
2011	37,890,000	144,412,828	32,079,818	-	12,625,000	7,892,172	-	234,899,818	6.09	2,198
2012	33,565,000	152,918,750	15,312,750	-	12,160,000	6,971,250	-	220,927,750	5.43	2,039
2013	28,990,000	145,715,500	14,559,692	-	11,680,000	6,509,500	3,365,817	210,820,509	4.95	1,922
2014	27,240,000	138,353,000	13,806,634	-	11,180,000	6,077,000	3,010,000	199,666,634	N/A	1,786
2015	22,850,000	148,985,157	15,916,641	-	24,365,000	7,789,843	570,000	220,476,641	N/A	1,936

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

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

(2) The operations of the water, sewer and groundwater systems, business-type activities, were transferred to the Cape Fear Public Utility Authority (CFPUA) in 2009. Outstanding general obligation bonds and installment obligations related to those systems were not assigned to the CFPUA and continue to be obligations of the City. These obligations are classified as governmental activities and are reimbursed to the City by the CFPUA. The general obligation bonds matured June 1, 2015.

## CITY OF WILMINGTON, NORTH CAROLINA

## Ratios of General Bond Debt Outstanding

## Last Ten Fiscal Years

Fiscal Year Ended June 30,	General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property <sup>(1)</sup>	Per Capita <sup>(2)</sup>
2006	\$ 12,962,155	0.15 %	\$ 133
2007	10,819,973	0.12	110
2008	8,569,853	0.06	85
2009	39,355,000 <sup>(3)</sup>	0.28	388
2010	33,865,000	0.24	331
2011	37,890,000	0.27	355
2012	33,565,000	0.24	310
2013	28,990,000	0.23	264
2014	27,240,000	0.21	244
2015	22,850,000	0.17	201

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

- (1) See Table 5, Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value.
- (2) Population data can be found in Table 14, Schedule of Demographic and Economic Statistics.
- (3) The operations of the water, sewer and groundwater systems, business-type activities, were transferred to the Cape Fear Public Utility Authority (CFPUA) in 2009. The outstanding general obligation bonds related to those systems were not assigned to the CFPUA and continued to be obligations of the City. These obligations are classified as governmental activities and were reimbursed to the City by the CFPUA. The general obligation bonds matured June 1, 2015.



## CITY OF WILMINGTON, NORTH CAROLINA

## Direct and Overlapping Governmental Activities Debt

As of June 30, 2015

Jurisdiction	Debt Outstanding	Estimated Percentage Applicable <sup>(1)</sup>	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes:			
New Hanover County	\$ 368,144,430	44.21 %	\$ 162,756,653
City of Wilmington direct debt			<u>174,698,221</u> <sup>(2)</sup>
Total direct and overlapping debt			<u>\$ 337,454,874</u>

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

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

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

- (1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the City's boundaries and dividing it by the county's total assessed value.
- (2) The City's direct debt includes outstanding other long-term obligations payable by interlocal agreement to New Hanover County that represent a portion of general obligation bonds issued by the County for park development on the City's behalf. To avoid duplication of these obligations on this overlapping presentation, the City's direct debt has been reduced by \$13,053,577, the amount of the City's obligation to the County at June 30, 2015 as this amount is reported by the County.

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**CITY OF WILMINGTON, NORTH CAROLINA**

**Legal Debt Margin Information**

**Last Ten Fiscal Years**

	Fiscal Year			
	2006	2007	2008	2009
Debt limit	\$ 712,415,000	\$ 735,724,123	\$ 1,091,479,245	\$ 1,116,209,834
Total net debt applicable to debt limit	<u>114,885,464</u>	<u>107,225,070</u>	<u>184,856,632</u>	<u>191,154,049</u>
Legal debt margin	<u>\$ 597,529,536</u>	<u>\$ 628,499,053</u>	<u>\$ 906,622,613</u>	<u>\$ 925,055,785</u>
Total net debt applicable to the debt limit as a percentage of the debt limit	16.13%	14.57%	16.94%	17.13%
Total net debt applicable to the debt limit as a percentage of the debt limit excluding installment obligations reimbursed by the Cape Fear Public Utility Authority (1)	N/A	N/A	N/A	15.59%

**Legal Debt Margin Calculation for Fiscal Year 2015**

Total assessed valuation at June 30, 2015	<u>\$ 13,151,604,593</u>
Debt limit: 8% of total assessed value	\$ 1,052,128,367
Amount of debt applicable to debt limit:	
General obligation bonds (1)	\$ 22,850,000
Authorized but unissued general obligation bonds	44,000,000
Other debt (excluding revenue bonds) (1)	<u>173,261,641</u>
Gross debt	240,111,641
Less deductions allowed by law:	
Authorized but unissued general obligation bonds	<u>44,000,000</u>
Total net debt applicable to debt limit	<u>196,111,641</u>
Legal debt margin	<u>\$ 856,016,726</u>

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

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

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

**TABLE 12**

Fiscal Year					
<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$1,125,000,105	\$1,127,442,262	\$1,139,812,022	\$1,020,448,849	\$1,053,344,449	\$1,052,128,367
<u>211,184,824</u>	<u>211,089,818</u>	<u>200,567,750</u>	<u>193,885,509</u>	<u>186,131,634</u>	<u>196,111,641</u>
<u>\$ 913,815,281</u>	<u>\$ 916,352,444</u>	<u>\$ 939,244,272</u>	<u>\$ 826,563,340</u>	<u>\$ 867,212,815</u>	<u>\$ 856,016,726</u>
18.77%	18.72%	17.60%	19.00%	17.67%	18.64%
17.33%	17.36%	16.32%	17.67%	16.47%	17.53%

## CITY OF WILMINGTON, NORTH CAROLINA

## Pledged-Revenue Coverage

## Last Eight Fiscal Years

Fiscal Year Ended June 30	Storm Water Fee Revenue Bonds <sup>(3)</sup>					
	Gross Revenues <sup>(1)</sup>	Less Operating Expenses <sup>(2)</sup>	Net Available Revenue	Debt Service <sup>(4)</sup>		Coverage
				Principal	Interest	
2008	\$ 6,734,019	\$ 4,372,127	\$ 2,361,892	\$ 405,000	\$ 646,869	2.25
2009	6,549,226	4,883,353	1,665,873	425,000	629,656	1.58
2010	6,899,956	4,690,638	2,209,318	440,000	611,594	2.10
2011	7,172,876	4,778,757	2,394,119	465,000	592,894	2.26
2012	7,862,372	5,708,977	2,153,395	480,000	573,131	2.04
2013	8,356,458	5,440,283	2,916,175	500,000	552,731	2.77
2014	8,925,596	5,389,963	3,535,633	520,000	531,481	3.36
2015	9,547,999	5,596,376	3,951,623	705,000	939,663	2.40

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

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

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

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

(4) Principal and interest expenses are for the succeeding fiscal year according to the terms of the bond covenants.

## CITY OF WILMINGTON, NORTH CAROLINA

## Demographic and Economic Statistics

## Last Ten Fiscal Years

Fiscal Year Ended June 30	Population <sup>(1)</sup>	Personal Income (amounts expressed in thousands)	Per Capita Income <sup>(2)</sup>	Median Age <sup>(3)</sup>	School Enrollment <sup>(4)</sup>	Unemployment Ratio <sup>(5)</sup>
2006	97,135	\$ 3,003,220	\$ 30,918	37.3	12,977	4.0 %
2007	98,529	3,191,748	32,394	37.6	13,394	3.9
2008	100,746	3,411,058	33,858	37.6	12,935	4.9
2009	101,526	3,448,229	33,964	38.0	12,948	8.8
2010	102,207	3,585,933	35,085	38.5	12,388	8.7
2011	106,882	3,859,295	36,108	37.3	12,360	9.1
2012	108,337	4,069,029	37,559	37.5	12,169	8.0
2013	109,689	4,260,979	38,846	37.8	12,518	7.3
2014	111,773	N/A	N/A	37.9	12,630	5.5
2015	113,910	N/A	N/A	37.9	12,725	5.5

**Sources and notes:**

- (1) Office of State Budget and Management's certified municipal estimates.
- (2) United States Bureau of Economic Analysis.
- (3) United States Census, Median age statistics are for New Hanover County as a whole, which includes the City of Wilmington.
- (4) New Hanover County Public Schools.
- (5) North Carolina Employment Security Commission (LAUS). City of Wilmington.

**TABLE 15**

**CITY OF WILMINGTON, NORTH CAROLINA**

**Principal Employers**

**Current Year and Nine Years Ago**

Employer	2015			2006		
	Employees	Rank	Percentage of Total County Employment (1)	Employees	Rank	Percentage of Total County Employment (1)
New Hanover Health Network*	6,123	1	5.75 %	4,600	1	4.93 %
New Hanover County Schools**	3,691	2	3.46	3,126	2	3.35
General Electric Nuclear Fuel/Aircraft***	2,109	3	1.98	1,650	3	1.77
University of North Carolina (Wilmington)*	1,860	4	1.75	1,627	4	1.74
New Hanover County**	1,607	5	1.51	1,368	5	1.47
Pharmaceutical Products Development*	1,462	6	1.37	900	9	0.96
Verizon Wireless*	1,411	7	1.32	900	10	0.96
Cape Fear Community College*	1,290	8	1.21	-	-	-
City of Wilmington*	1,018	9	0.96	1,165	6	1.25
Corning, Inc*	1,000	10	0.94	-	-	-
United States Government*	-	-	-	940	8	1.01
Wal-mart**	-	-	-	1,055	7	1.13
<b>Total</b>	<b>21,571</b>		<b>20.25 %</b>	<b>17,331</b>		<b>18.56 %</b>

**Sources:** Greater Wilmington Business Journal, New Hanover County, New Hanover County Board of Education, and GE Aviation and GE Hitachi Nuclear Energy, PPD, Cape Fear Community College

**Notes:**

\* Located within the City of Wilmington

\*\* Located partially in the City of Wilmington

\*\*\* 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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government	161	168	173	159	146	146	145	146	147	160
Public Safety										
Police										
Policeman and officers	253	254	262	262	249	250	250	266	266	273
Civilians	43	48	58	58	57	56	56	58	59	63
Fire										
Firemen and officers	210	212	216	216	212	210	210	210	210	210
Civilians	7	8	8	8	8	10	10	10	10	10
Code enforcement	11	11	11	11	9	8	8	8	8	5
Transportation	61	62	62	63	54	54	54	56	57	58
Economic and Physical Development	13	13	13	13	9	9	8	8	8	8
Cultural and Recreational	74	79	82	83	75	75	74	74	74	75
Solid Waste	87	91	93	93	92	88	88	83	83	83
Water and Sewer	159	178	183	- (1)	-	-	-	-	-	-
Groundwater Utility	18	7	7	- (1)	-	-	-	-	-	-
Storm Water Management	58	59	59	59	59	59	59	60	60	60
Parking Facilities	1	1	1	2	2	2	2	2	2	2
Golf Course	9	9	9	9	9	9	11	11	11	11
<b>Total</b>	<b>1,165</b>	<b>1,200</b>	<b>1,237</b>	<b>1,036</b>	<b>981</b>	<b>976</b>	<b>975</b>	<b>992</b>	<b>995</b>	<b>1,018</b>

**Source:** City Budget Office.

**Notes:**

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



TABLE 17

## CITY OF WILMINGTON, NORTH CAROLINA

## Operating Indicators by Function

## Last Ten Fiscal Years

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
Calls dispatched	179,088	173,235	179,803	180,194	170,552	182,124	177,042	173,980	176,195	178,865
Part I crimes	8,363	7,410	7,426	6,576	6,902	6,146	6,556	6,094	6,024	5,880
Fire										
Actual fires	703	702	566	565	649	657	607	606	602	572
Fire department responses	10,364	9,807	9,536	9,221	9,404	9,750	10,574	10,548	12,386	12,545
Fire inspections completed	4,925	6,791	4,455	4,676	4,996	5,776	4,786	4,680	5,964	5,082
Streets and Sidewalks Maintenance										
Miles of streets resurfaced	8	6	16	4	4	2	4	8	22	11
Solid Waste										
Tons of residential refuse	29,986	28,552	27,124	25,855	24,505	28,834	23,808	22,475	22,120	22,661
Tons of recyclables	4,526	4,454	4,818	4,785	5,402	5,253	5,643	6,109	5,853	6,096
Storm Water										
Number of customers	N/A	29,764	28,119	28,229	29,212	29,218	29,208	29,238	29,354	29,378
ERUs	80,126	80,298	85,019	87,760	89,357	92,174	92,027	92,113	92,345	92,650
Golf Course										
Total number of regular rounds	51,966	52,219	53,858	49,527	49,621	48,514	49,866	45,266	32,455	25,974
									(1)	(1)

**Source:** Various City departments.

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

(1) The municipal golf course was closed for a portion of fiscal year 2014 and 2015 for greens renovations.

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## CITY OF WILMINGTON, NORTH CAROLINA

### Capital Asset Statistics by Function

#### Last Ten Fiscal Years

	Fiscal Year		
	2006	2007	2008
Police			
Stations / facilities	2	2	2
Patrol units	239	316	295
Fire			
Fire stations	9	10	10
Transportation			
Streets (miles)	383	383	385
Streetlights (2)	440	440	515
Cultural and Recreational			
Parks	33	34	35
Parks acreage	391	392	392
Athletic and recreation facilities	13	13	13
Athletic and recreation facilities acreage	206	206	206
Solid Waste			
Collection trucks	56	65	53
Storm Water			
Storm sewers (miles)	383	383	385
Parking			
Parking Decks	2	2	2
Fleet			
Vehicles (excluding patrol units)	387	410	370

**Source:** Various City departments.

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

- (1) Beginning in fiscal year 2014, the City's estimated storm sewer miles is derived from geographic information system mapping of its storm water infrastructure inventory. In prior years, this estimate was derived by the approximate mileage of City maintained streets.
- (2) The number of streetlights does not include leased streetlights which are owned and maintained by Duke Energy Progress.

**TABLE 18**

Fiscal Year						
2009	2010	2011	2012	2013	2014	2015
2	2	2	2	2	2	2
289	282	285	271	270	283	285
11	11	11	11	11	11	11
387	393	397	398	398	399	399
516	511	569	548	686	688	690
36	36	36	36	37	39	39
409	409	409	409	411	418	418
13	14	15	16	16	16	16
206	295	298	326	326	326	326
55	50	50	54	52	56	46
387	393	397	398	398	455 (1)	455
2	2	3	3	4	4	4
237	282	269	247	226	242	237

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**COMPLIANCE SECTION TAB (FRONT)**

**COMPLIANCE SECTION TAB (BACK)**

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Wilmington, North Carolina, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Wilmington's basic financial statements, and have issued our report thereon dated December 23, 2015.

The City's basic financial statements include the operations of the Cape Fear Public Transportation Authority, a discretely presented component unit of the City of Wilmington. Our audit, described below, did not include the operations of Cape Fear Public Transportation Authority because this component unit separately engaged us to perform an audit in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

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

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



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

### **Compliance and Other Matters**

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

### **Purpose of This Report**

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



Wilmington, North Carolina  
December 23, 2015

**RSM US LLP, an Iowa limited liability partnership, is doing business as McGladrey LLP in the state of North Carolina and is a CPA firm registered with the North Carolina State Board of Certified Public Accountants under the name McGladrey LLP. Rules permitting the use of RSM US LLP have been published in the North Carolina Register and are pending final approval.**

**Independent Auditor's Report  
on Compliance for Each Major Federal Program  
and on Internal Control Over Compliance  
in Accordance with OMB Circular A-133 and the  
State Single Audit Implementation Act**

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

**Report on Compliance for Each Major Federal Program**

We have audited the City of Wilmington, North Carolina's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the City of Wilmington's major federal programs for the year ended June 30, 2015. The City of Wilmington's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The City's basic financial statements include the operations of the Cape Fear Public Transportation Authority, a discretely presented component unit of the City of Wilmington, which received \$9,686,658 in federal awards during the year ended June 30, 2015. Our audit, described below, did not include the operations of Cape Fear Public Transportation Authority because this component unit separately engaged us to perform an audit in accordance with OMB Circular A-133 and the State Single Audit Implementation Act.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City of Wilmington's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act. Those standards, OMB Circular A-133 and the State Single Audit Implementation Act, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Wilmington's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Wilmington's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, City of Wilmington complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

### **Report on Internal Control Over Compliance**

Management of the City of Wilmington is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Wilmington's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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

*McGladrey LLP*

Wilmington, North Carolina  
December 23, 2015

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

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

**Report on Compliance for Each Major State Program**

We have audited the City of Wilmington, North Carolina's compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of its major State programs for the year ended June 30, 2015. The City of Wilmington's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The City's basic financial statements include the operations of the Cape Fear Public Transportation Authority, a discretely presented component unit of the City of Wilmington, which received \$1,466,917 in state awards during the year ended June 30, 2015. Our audit, described below, did not include the operations of Cape Fear Public Transportation Authority because this component unit separately engaged us to perform an audit in accordance with OMB Circular A-133 and the State Single Audit Implementation Act.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City of Wilmington's major State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* as described in the *Audit Manual for Government Auditors in North Carolina*, and the *State Single Audit Implementation Act*. Those standards, applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the City of Wilmington's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major State program. However, our audit does not provide a legal determination of the City of Wilmington's compliance.

### **Opinion on Each Major State Program**

In our opinion, the City of Wilmington complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2015

### **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with applicable sections of section OMB Circular A-133 as described in the *Audit Manual for Governmental Auditors in North Carolina* and which is described in the accompanying schedule of findings and questioned costs as item 2015-001. Our opinion on each major state program is not modified with respect to this matter.

The City's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Management of the City of Wilmington is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Wilmington's internal control over compliance with the types of requirements that could have a direct and material effect on each major State program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major State program and to test and report on internal control over compliance in accordance with applicable sections of OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2015-001 that we consider to be a significant deficiency.

The City of Wilmington's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Wilmington's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

*McGladrey LLP*

Wilmington, North Carolina  
December 23, 2015

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City of Wilmington, North Carolina

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2015

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Section I -- Summary of Auditor's Results

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**Financial Statements**

Type of auditor's opinion issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?             Yes             No

**Federal Awards**

Internal control over major federal programs:

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

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

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

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.239	Home Investment Partnerships
97.056	Port Security

City of Wilmington, North Carolina

Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2015

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

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Dollar threshold used to distinguish  
between type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee?

X  Yes      \_\_\_ No

**State Awards**

Internal control over major State programs:

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

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

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

X  Yes      \_\_\_ No

Identification of major State programs:

Powell Bill

N.C. Emergency Management – February 2014 Severe Winter Storm

Municipal Agreement – Schedules C and D



City of Wilmington, North Carolina

Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2015

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Section II -- Financial Statement Findings

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None reported

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Section III -- Federal Award Findings and Questioned Costs

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None reported

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Section IV -- State Award Findings and Questioned Costs

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N.C. Department of Transportation  
Municipal Agreement – Schedules C and D

**Finding 2015-001**  
**Significant Deficiency and Noncompliance**

**Criteria:** The City of Wilmington entered into Municipal Agreement – Schedules C and D in February 2014 with the North Carolina Department of Transportation whereby the City was entitled to reimbursement of expenditures up to a certain amount, unless additional reimbursements were approved by the Department of Transportation.

**Condition and Context:** The City requested reimbursements totaling \$38,997 more than allowed in the Municipal Agreement – Schedules C and D prior to approval from the North Carolina Department of Transportation.

**Cause:** Although the City reviews the semi-annual reimbursement requests, it does not have procedures in place to prohibit over-expenditures per the grant contract.

**Effect:** The City requested reimbursement for amounts greater than previously approved in the Municipal Agreement – Schedules C and D. The North Carolina Department of Transportation has subsequently approved the additional expenses and is not requiring repayment.

**Questioned Cost:** None

**Recommendation:** We recommend management review program requirements for each state program and implement policies and procedures to ensure all program requirements are being met and reimbursements are not requested for amounts greater allowed by the program.

**Management Response:** The City concurs with this finding. The program requirements were reviewed and controls were strengthened to prohibit the submission of reimbursements in excess of the grant contracts by the Engineering Division. Finance has implemented a second level of control to prohibit future occurrences.

**City of Wilmington, North Carolina**

**Corrective Action Plan  
For the Year Ended June 30, 2015**

**Finding: 2015-001**

Name of contact person: Debra Mack, Finance Director

Corrective Action Taken: The City of Wilmington has implemented procedures to ensure reimbursement is not requested for amounts greater than allowed by the program without prior approval from the grantor.

Proposed Completion Date: November 5, 2015.

**City of Wilmington, North Carolina**

**Schedule of Prior Audit Findings  
For the Year Ended June 30, 2015**

None reported in prior year.

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2015**

Grantor/Pass-through Grantor/Program Title	Federal CFDA or State DOT Number	Grant Award Number	WBS Number	Expenditures		
				Federal	State	Local
<b>Federal Awards:</b>						
<u>U.S. Department of Housing and Urban Development</u>						
Office of Community Planning & Development:						
Direct Programs:						
Community Development Block Grants	14.218	B-07-MC-370010	-	\$ 2,242	\$ -	\$ -
Community Development Block Grants	14.218	B-09-MC-370010	-	23,820	-	-
Community Development Block Grants	14.218	B-10-MC-370010	-	537	-	-
Community Development Block Grants	14.218	B-11-MC-370010	-	6,000	-	-
Community Development Block Grants	14.218	B-12-MC-370010	-	99,129	-	-
Community Development Block Grants	14.218	B-13-MC-370010	-	116,380	-	-
Community Development Block Grants	14.218	B-14-MC-370010	-	275,878	-	302,000
Total Community Development Block Grants				523,986	-	302,000
Home Investment Partnerships Program	14.239	M-07-MC-37-0207	-	1,897	-	-
Home Investment Partnerships Program	14.239	M-08-MC-37-0207	-	122,902	-	-
Home Investment Partnerships Program	14.239	M-09-MC-37-0207	-	7,077	-	-
Home Investment Partnerships Program	14.239	M-11-MC-37-0207	-	116,515	-	-
Home Investment Partnerships Program	14.239	M-12-MC-37-0207	-	250,272	-	53,600
Home Investment Partnerships Program	14.239	M-13-MC-37-0207	-	274,783	-	42,127
Home Investment Partnerships Program	14.239	M-14-MC-37-0207	-	49,865	-	17,000
Total Home Investment Partnerships Program				823,311	-	112,727
Total U.S. Department of Housing and Urban Development				1,347,297	-	414,727

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, 2015**

Grantor/Pass-through Grantor/Program Title	Federal CFDA or State DOT Number	Grant Award Number	WBS Number	Expenditures		
				Federal	State	Local
<b>Federal Awards (continued):</b>						
<u>U.S. Department of Transportation</u>						
Federal Transit Administration:						
Pass-through N.C. Department of Transportation:						
Transportation Planning	20.505	10-08-116	36230.27.11.6	\$ 61,851	\$ -	\$ 7,731
Transportation Planning	20.505	10-08-116	36230.27.11.6	-	7,730	-
Total Federal Transit Administration				<u>61,851</u>	<u>7,730</u>	<u>7,731</u>
Federal Highway Administration:						
Pass-through N.C. Department of Transportation:						
Highway Planning and Construction Cluster:						
Transportation Planning	20.205	-	39225.1.16	259,895	-	64,974
Surface Transportation Program-Direct						
Apportionment	20.205	-	39225.1.24	181,338	-	45,334
Cross City Trail	20.205	STP-EB 0332(41)		217,390	-	-
Cross City Trail	20.205	U-5534 B		1,488	-	-
Bradley Creek Pedestrian Crossing	20.205	SR-5000A,B	-	(4,776)	-	8,583
Park Avenue Multiuse Path	20.205	5588		61,489	-	14,877
MC Multipath at Eastwood	20.205	U-5527 A		124	-	-
Hinton Avenue Multiuse Path	20.205	U-5534 H		127	-	-
Hooker Road Multiuse Path	20.205	U-5534 G		127	-	-
5th Avenue & Wooster	20.205	U-5527 B		127	-	-
Wrightsville/Greenville Improvement	20.205	STPDA-0332(45)	-	21,820	-	5,235
Enhancement Agreement	20.205		E-2971 C	515	-	-
Municipal Agreement	20.205		41212.1 & .3.1	63,261	-	37,268
Total Federal Highway Administration				<u>802,925</u>	<u>-</u>	<u>176,271</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, 2015**

Grantor/Pass-through Grantor/Program Title	Federal CFDA or State DOT Number	Grant Award Number	WBS Number	Expenditures		
				Federal	State	Local
<b>Federal Awards (continued):</b>						
<u>U.S. Department of Transportation (continued)</u>						
National Highway Traffic Safety Administration: Pass-through Governor's Highway Safety Program:						
Regional Crime Laboratory Expansion	20.607	2000002480 GHSP2014	3603.3.22	\$ (3,570)	\$ -	\$ -
Regional Crime Laboratory Expansion	20.607	2000002480 GHSP2014	52015.19.17	<u>94,978</u>	<u>-</u>	<u>-</u>
Total National Highway Traffic Safety Administration				<u>91,408</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Transportation				<u>956,184</u>	<u>7,730</u>	<u>184,002</u>
<u>U.S. Department of Justice</u>						
Bureau of Justice Affairs: Direct Programs:						
Bulletproof Vests FY 2014	16.607	2013-BU-BX-13065944	-	3,055	-	3,055
Second Chance Reentry-Co-Occurring Substance Abuse & Mental Health Disorders (RESET)	16.812	2014-RX-BX-0012	-	62,759	-	-
Pass-through N.C. Governor's Crime Commission:						
Strategy To Address Gangs	16.738	PROJ009871	-	<u>712</u>	<u>-</u>	<u>237</u>
Total Bureau of Justice Affairs				<u>66,526</u>	<u>-</u>	<u>3,292</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, 2015**

Grantor/Pass-through Grantor/Program Title	Federal CFDA or State DOT Number	Grant Award Number	WBS Number	Expenditures		
				Federal	State	Local
<b>Federal Awards (continued):</b>						
<u>U.S. Department of Justice (continued)</u>						
Criminal Division:						
Equitable Sharing Program - Federal Forfeiture	16.922	-	-	\$ 182,418	\$ -	\$ -
Total U.S. Department of Justice				<u>248,944</u>	<u>-</u>	<u>3,292</u>
<u>U.S. Department of Homeland Security</u>						
Direct Programs:						
Assistance to Firefighters Grant	97.044	EMW-2012-FP-00735	-	2,153	-	538
Pass-through N.C. Department of Public Safety:						
Port Security WFD Equipment 2011	97.056	2011-PU-K00079-7006	-	401,300	-	-
Port Security - WFD Foam	97.056	EMW-2014-PU-00535	-	<u>90,000</u>	<u>-</u>	<u>30,000</u>
Total U.S. Department of Homeland Security				<u>493,453</u>	<u>-</u>	<u>30,538</u>
<u>Environmental Protective Agency</u>						
Office of Solid Waste and Emergency Response:						
Direct Program:						
Brownfields Program	66.818	BF-95483011-0	-	25,772	-	-
Brownfields Program	66.818	BF-00D26614-0	-	<u>131,292</u>	<u>-</u>	<u>-</u>
Total Environmental Protective Agency				<u>157,064</u>	<u>-</u>	<u>-</u>
Total Federal Awards				<u>3,202,942</u>	<u>7,730</u>	<u>632,559</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, 2015**

Grantor/Pass-through Grantor/Program Title	Federal CFDA or State DOT Number	Grant Award Number	WBS Number	Expenditures		
				Federal	State	Local
<b>State Awards:</b>						
<u>N.C. Department of Environment and Natural Resources</u>						
Wilmington Waterfront Plan Study	-	-	-	\$ -	\$ 90,000	\$ 90,000
Park Avenue Multiuse Path	-	U-5534F	-	-	7,063	7,063
Total N.C. Department of Environment and Natural Resources				-	97,063	97,063
<u>N.C. Department of Public Safety</u>						
<u>Emergency Management</u>						
February 2014 Severe Winter Storm	-	PA ID#: 129-74440-00	-	-	1,539,325	513,108
<u>N.C. Department of Transportation</u>						
Powell Bill Funds	DOT - 4	-	32570	-	2,929,919	472
Municipal Agreement - Schedules C and D	-	-	36247.3.3	-	401,670	-
Municipal Agreement			3CR.20651.162	-	1,232	-
Municipal Agreement	-	-	436667	-	-	-
Municipal Agreement	-	-	43665	-	1,598	-
Municipal Agreement	-	-	43819	-	56,073	-
Municipal Agreement	-	-	42238.3	-	67,844	-



**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2015**

Grantor/Pass-through Grantor/Program Title	Federal CFDA or State DOT Number	Grant Award Number	WBS Number	Expenditures		
				Federal	State	Local
<b>State Awards (continued):</b>						
<u>N.C. Department of Transportation (continued)</u>						
Municipal Agreement	-	-	42534	\$ -	\$ 9,757	\$ 5,000
Municipal Agreement			44342	-	-	-
Municipal Agreement			U-5017	-	-	-
Total N.C. Department of Transportation				-	<u>3,468,093</u>	<u>5,472</u>
Total State Awards				-	<u>5,104,481</u>	<u>615,643</u>
Total Federal and State Awards				<u>\$ 3,202,943</u>	<u>\$5,112,211</u>	<u>\$ 1,248,201</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Schedule of Expenditures of Federal and State Awards

Year Ended June 30, 2015

### NOTE 1 - GENERAL

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

### NOTE 2 - BASIS OF ACCOUNTING

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

### NOTE 3 – SUBRECIPIENTS

Federal and State awards have been passed through to subrecipients as follows for the year ended June 30, 2015:

<u>Program Title</u>	<u>Number</u>	<u>Amount</u>
Community Development Block Grants	14.218	\$328,390
Home Investment Partnerships Program	14.239	\$646,010
Transportation Planning	20.505	\$ 64,441

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