



Comprehensive Annual  
**FINANCIAL REPORT**  
City of Wilmington North Carolina  
For the Fiscal Year Ended June 30, 2016



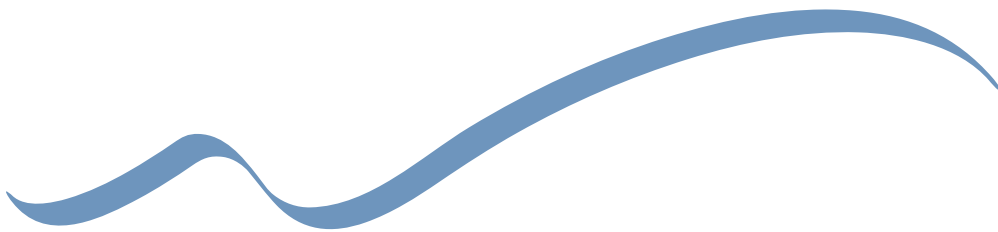
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City of Wilmington North Carolina

# Comprehensive Annual FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2016



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, 2016

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**City Council**

Bill Saffo, Mayor  
Margaret Haynes, Mayor Pro-Tem  
Earl Sheridan  
Neil Anderson  
Kevin O'Grady  
Charlie Rivenbark  
Paul Lawler

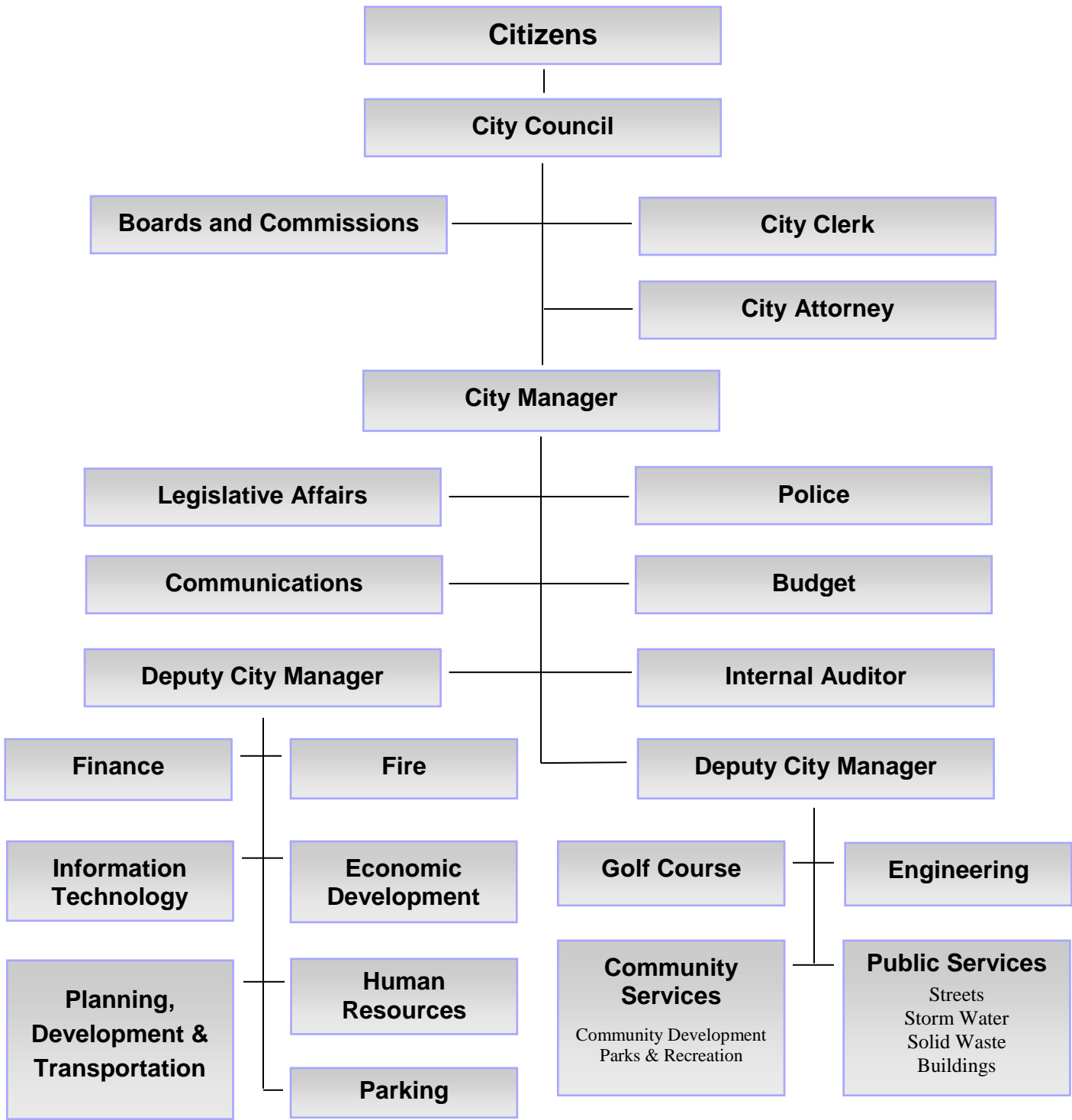
**City Manager**

Sterling B. Cheatham

**Finance Director**

Jennifer R. Maready





November 29, 2016



## **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, 2016. 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 RSM US 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, 2016 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, 2016 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 494,000 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 115,498 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



*City of  
Wilmington*

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 2015 ranks the Wilmington MSA 70<sup>th</sup> in the US and 5<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. In 2015, NerdWallet analyzed 183 metropolitan areas with 15,000 or more businesses and populations of more than 250,000. It ranked Wilmington second-best city in the U.S. to start a business.

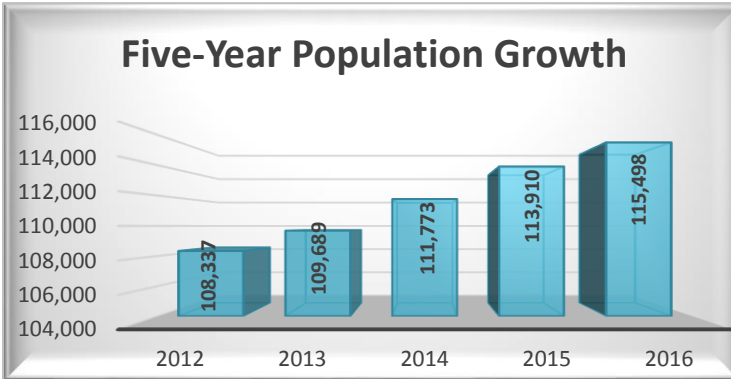
Wilmington earned the title of "Best American Riverfront" in USA TODAY's "10 Best" contest for the Nation's Best Riverwalk in 2014. The Riverwalk is lined with more than 200 boutiques, cafes and vibrant nightlife along the Cape Fear River. WalletHub's 2015 Cities with the Fastest Growing Economies ranked Wilmington at 131 out of 515 cities and 67<sup>th</sup> for mid-size cities out of 240. In 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. The financial advising website, [www.ValuePenguin.com](http://www.ValuePenguin.com) placed Wilmington 13<sup>th</sup> in its 2016 Most Environmentally Friendly Cities report. The report ranks cities based on 15 metrics like energy consumption, bicycle-friendliness, LEED-certified buildings and availability of park space. Wilmington and Chapel Hill-Durham tied with Madison, Wisconsin, for 11<sup>th</sup>, and were the only North Carolina municipalities to make the top 20.

The finance organization, Bankrate, rated Wilmington number 40 for retirement, highest among North Carolina cities. The organization compared cost of living, crime rate, walkability, health care quality, state and local tax burden, personal well-being for seniors, weather, and vitality of the local cultural scene to see how cities fared.

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 Alkami (formerly 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 the 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.

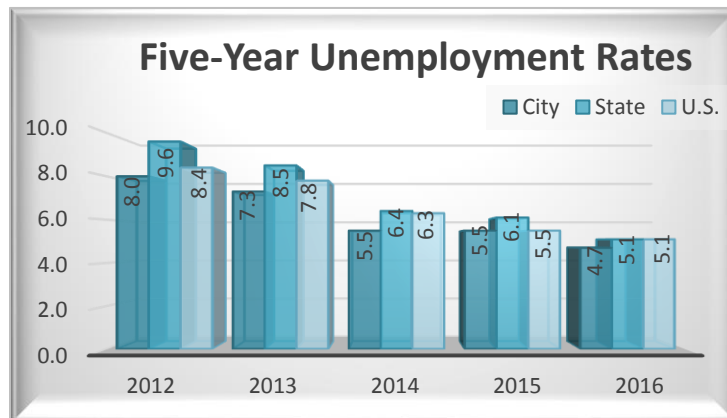


The City's population has increased 51.4% since 2000. The University of North Carolina at Wilmington's Cameron School of Business hosted its annual Outlook Conference which focused on the economic vitality of the Wilmington MSA. Based on economic forecasts, the Wilmington area should expect economic growth of 3.0 % in late 2016, leading into 2017. This

forecast shows the Wilmington area will outperform the State and grow at a faster rate than the Nation of 2.1%.

**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.

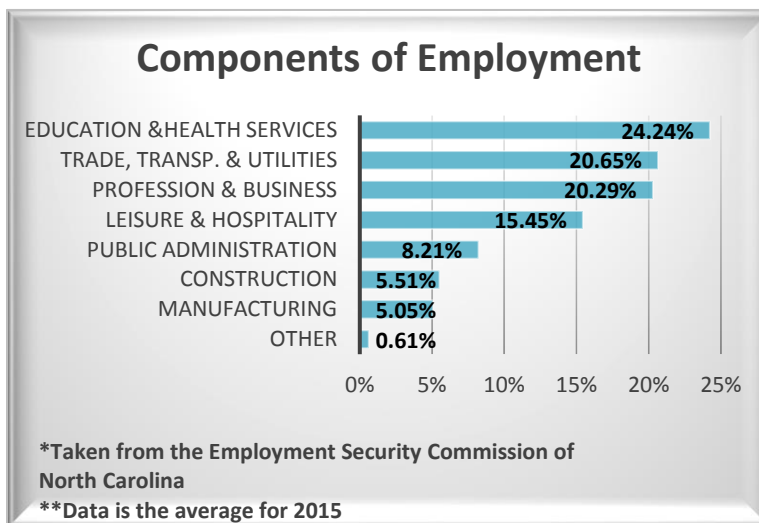
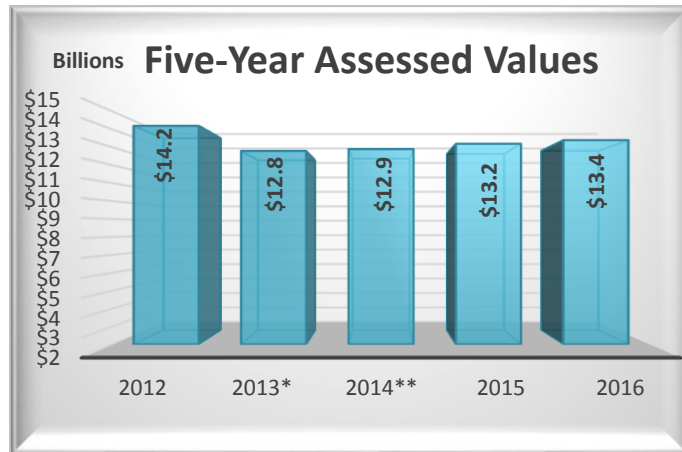


Top Ten Taxpayers	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
Corning Inc.	\$ 234,024,396	1.74 %
River Ventures LLC (PPD)	77,920,600	0.58
Lsref3 Bravo	73,368,000	0.55
Duke Energy Progress Inc (CP&L)	56,635,254	0.42
Centro Independence LLC (mall)	54,078,800	0.40
Mayfaire Spe B LLC	37,149,600	0.28
GS II University Centre LLC	36,542,800	0.27
BellSouth Tel Co.	35,149,445	0.26
Mayfair Retail LLC	33,522,100	0.25
Wal Mart	32,966,259	0.25
	<u>\$ 671,357,254</u>	<u>5.00 %</u>

Source: New Hanover County Tax Office

No single taxpayer comprises more than 1.74% 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.



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

Wilmington is home to the Global Headquarters of Alcami, 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.

Employer	Product/Service	Employees	Percentage of Total Employment (1)
New Hanover Health Network*	Health Care	6,462	5.86%
New Hanover County Schools*	Education	3,719	3.37%
General Electric Nuclear Fuel/Aircraft***	Enrichment & Nuclear Fuel	2,017	1.83%
University of NC (Wilmington)*	Education	1,891	1.71%
New Hanover County**	Government	1,650	1.50%
Pharmaceutical Products Dev*	Pharmaceuticals	1,499	1.36%
Verizon Wireless*	Telecommunications	1,514	1.37%
Cape Fear Community College	Education	1,294	1.17%
City of Wilmington*	Government	1,014	0.92%
Corning, Inc*	Optical Fiber	1,000	0.91%
<b>Total</b>		<b>22,060</b>	<b>20.00%</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

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. 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 January 2016 GNF announced a \$90 million contract from Northwest to continue providing reloads of its high-performance GNF2 fuel for the utility company's nuclear reactor near Richland, Washington. GNF has fueled the Columbia Generating Station since 2009, and will now continue through 2027.

**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 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 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.

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 added 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 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. 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 following in December. In December 2015, Congress lifted a 40-year-old export ban on crude oil. Informal industry reports project that the lifting of the ban on the export of oil will require 4,500 additional carloads. That would mean a demand for 63,000 new tank cars. With new regulations in place, the DOT 117 tank car will be the workhorse to move crude by rail. Vertex Railcar Corporation received its DOT 117 design construction approval from AAR in August of 2015. The company is now taking orders for production that began in February 2016. In May 2016, Vertex received an order for more than 600 of the new DOT-117 tank cars and expects to book additional orders from other customers for more than 1,200 of the new types of cars.

**Meals Plus**, a Wilmington-based school cafeteria management software company is dedicated to providing quality software and services for the management of K-12 cafeterias. Meals Plus was ranked among the 50 best customer service centers on a world-wide platform, the HDI CSAT Elite 50, for two years in a row (currently ranked #17). Help Desk Institute recognizes outstanding technical service and support centers around the world, based on customer satisfaction survey responses gathered from year to year.

### **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 many companies such as Alcami, Modoc Research, Wilmington Pharmaceuticals and of course PPD in the clinical research cluster.

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. 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 February 2016, Training Magazine named PPD, for the fifth time, to its Top 125 list of businesses that excel in employee learning and development. The Triangle Business Journal named PPD the best contract research organization in the state at the publication’s recent 2016 Life Sciences Award. In 2016 PPD won the Open Text Elite Award for the Most Innovative Project in the Health Sciences Sector.



In January 2016, PPD spun off subsidiary X-Chem, a leader in DNA-encoded library technology. PPD initially invested in X-Chem in 2010 before acquiring the company in 2014. This spin off created an independent, privately owned biotech company which raised more than \$71 million through a Form D exempt offering of securities.

**AAIPharma**, headquartered in Wilmington, 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. In March 2016 AAIPharma merged with Cambridge Major Laboratories, Inc., a leading provider of custom development and manufacturing services for the pharmaceutical and biotechnology industries. The industry is now known as Alcami and is expanding its laboratory operation and



global headquarters in Wilmington and will create at least 37 new jobs by 2018. The company will invest at least \$15.8 million for lab expansion and a new headquarters over the next three years. Additional jobs and investment are anticipated through 2019.

**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 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 **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 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.

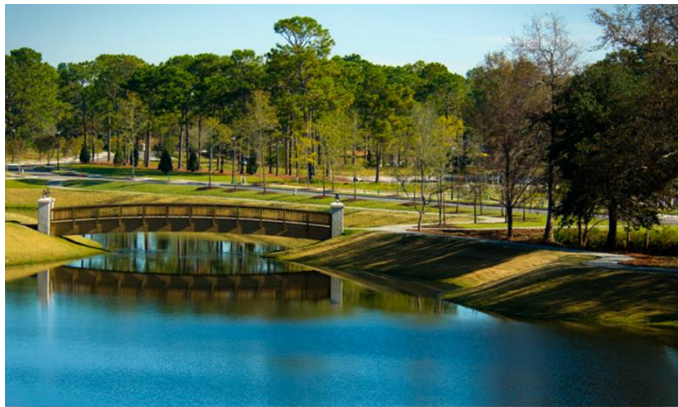


In October, 2015 the BioMarine Business Convention held its sixth annual international gathering in Wilmington, the first time ever in the United States. This meeting is a collection of around 300 top executives from research, industry, and governments from 17 countries who are able to make decisions on where they want to take a particular project. 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. In 2015, 15 companies presented 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 **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. UNCW recently hosted the 2015 Instructional Innovation Incubator (13@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 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 and is currently leased by New Hanover Regional Medical Center. 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 a five year period. In March 2016, Business North Carolina magazine named Live Oak Bank the best large employer to work for in North Carolina and Live Oak Bank's software affiliate, nCino the best small to medium-sized company to work for in North Carolina. Live Oak Bank announced in August 2015 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 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. In August 2016, eight Wilmington area companies made the 2016 Inc. 5000 list of the nation's fastest-growing privately held companies. nCino topped the list of local companies at number 220. This was the first year that nCino was eligible, being only in its fourth year. nCino posted a three-year growth of 1,805% and annual revenues of \$13.1 million last year. That makes the four year company the number 5 company in North Carolina on the report and number 15 among software companies nationally.

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. It is anticipated to take 20 years to construct Gallery Park. In August 2014, the City received plans to develop approximately 27 acres of the site with 402 multi-family units. Phase 1 of the apartments, consisting of 258 units, was approved by the City on September 2, 2016 and is currently under construction. On January 15, 2016 the City approved plans for a 54,100 square foot theater with 2,272 seats and 18,600 square feet of restaurant/retail. This project is currently under construction. A 6,280 square foot restaurant/retail building is also under review as a second commercial phase for Gallery Park.

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 November 20, 2013, City staff reviewed a site plan for a 92-room **Hampton Inn** 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 and is expected to be completed late 2016.

**AutoZone Oleander**, a proposed 7,381 square-foot auto parts retail store, is located at 3913 Oleander Drive. The project was approved in February 2016 and construction has not yet commenced.

**Mayfaire Flats I** 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 construction.

**Embassy Suites** is a 186 room full service hotel, adjacent to the Wilmington Convention Center, located at 9 Estell Lee and held its ground breaking ceremony on February 12, 2016. The hotel will feature meeting spaces as well as a full service restaurant and a roof-top bar /outdoor space. This project expected to open in the spring of 2017.

**Aspen Heights** is an 82 unit multifamily development located at the intersection of Randall Parkway and S. Kerr Avenue. This project has been constructed.

### **Residential**

A voluntary annexation was approved in 2009 that brought approximately 1,358 acres into the City limits. 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 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 December 2015, an approximate three mile section of River Road was relocated eastward to better serve the proposed development. Five subdivisions with a total of 584 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, 9,800 square feet of restaurant space, approximately 16,000 square feet of office space, 4,000 square feet of retail space, and a 7,700 square foot art gallery. Phase I of Marina Village is currently under construction and an additional phase of Marina Village is currently under review by the City.

**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 UMX, Urban Mixed Use, to allow for the development. The development was released for construction on November 9, 2015 and is currently under construction.



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 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.

**Barclay West**, located on both sides of Independence Boulevard between Carolina Beach Road and South 17th Street and George Anderson Drive and Hanover Heights subdivision, is a mixed use development approved by City Council on August 20, 2013. Barclay West proposes 1,375 multifamily residential units, 1,500,000 square feet of commercial/retail, 1,500,000 square feet of office (professional and medical), and 40,000 square feet of restaurant use. The developer will be responsible for extending water and sewer into the development, as well as constructing the necessary road improvements necessary to mitigate the traffic generated by the development. A 15-20 year build out is anticipated by the developer. The City has approved plans for the construction of streets and utilities for a portion of the development. In August 2014, the City's Subdivision Review Board approved a multifamily project with 402 units.

**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 was approved by the City in February 2015.

**Annexe at the Reserve**, a proposed 144-unit multi-family development is located at 315 Covil Avenue. This project is approximately 6.4 acres in size, and is zoned MF-MH (CD). The project was approved in November 2015 and is under construction.

**Echo Farms Apartments** is a 184 residential units located at 4010 Carolina Beach Road. The Planning Commission approved the development at its February 3, 2016 meeting. The project was approved by the City and is currently under construction.

**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 construction.

**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. Phase 1 of this development, consisting of 38 single family lots, is currently under construction.

**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 development is currently under construction.

**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. Phase 1 of this development 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 2015, travel and tourism generated an economic impact of \$520.86 million in the County, an increase of 2.55% over 2014. 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 \$46.47 million. Travel generated \$121.05 million in payroll in 2015 and provided 5,840 jobs in the area. In a recent study, ValuePenguin conducted a study that ranked Wilmington eighth most friendly for tourists out of 200 cities. The New York-based personal finance company used data points ranging from walkability and attractions to number of breweries and tour guide wages to determine the most visitor friendly places in the country.

**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. Shows, events and films attract 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.

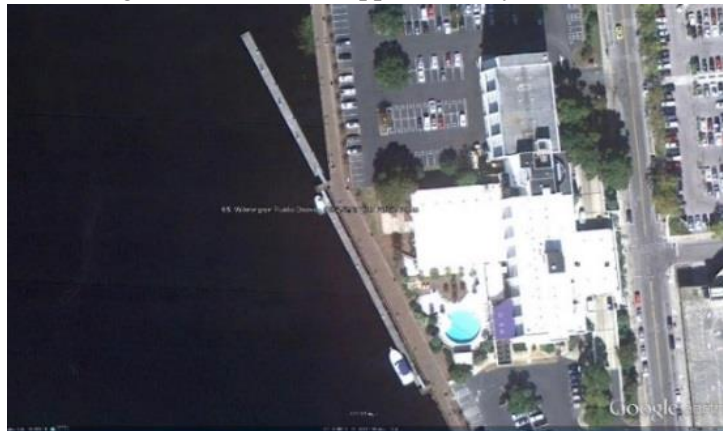
**The Hannah Block Historic USO/Community Art Center** is a City-owned building that features five studios that are available to non-profit organizations for rehearsals of plays, musicals, and recitals. The auditorium seats over 200 and is available for weddings, parties and other programs. The facility 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. Cucalorus takes place every November, celebrating independent and international film for five days in historic downtown Wilmington, NC. MovieMaker Magazine has recognized it as "One of the Coolest Film Festivals in the World" for three years in a row.

**The Downtown Sundown Concert Series** runs each Friday night from May through the early part of September. The free concerts feature both local performers and touring bands. The Downtown Sundown Concert Series is a family friendly event that attracts both local residents and out of town visitors. The concerts are designed to provide interesting and fun entertainment, spur interest and activity to Downtown during the early evening hours and to raise funds for Wilmington Downtown Inc. (WDI) downtown development programs. 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 in 2015. The state-of-the-art technology platform provides location-specific audio interpretation of arts venues in New Hanover County, including the sculpture installations. 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**

Film and television productions decreased in 2015, due to reduced funding to the State's Film Grant Fund. Approximately \$90 million was spent in film and television productions in 2015. The North Carolina General Assembly has increased funding to the Film Grant Fund by \$30 million annually for 2015-16 and 2016-17, for filmmaking productions statewide. Production levels are expected to remain stable over this period, and there are no anticipated changes to the Film Grant Fund until July 2017. With regards to which productions are selected for the N.C. Film and Entertainment Grants, the legislature has directed Commerce that they are most interested in television series and the second factor is the estimated economic impact of the production. The Secretary of Commerce makes the decision based on longevity, number of jobs – particularly well-paying crew jobs as well as in-state spending.

Of the \$30 million set aside for N.C. Film and Entertainment Grants, \$13.8 million was set aside for two productions that opened offices in January 2016 at EUE/Screen Gems studios in Wilmington. First, TNT's TV series Good Behavior, was approved for a grant and anticipates employing a crew of 125, of whom 105 will be North Carolina residents. Its cast of 100 will include 75 North Carolinians, plus another 1,000 locals as extras. It will be eligible for up to \$6.6 million in grant funds if its anticipated in-state spending meets its projected \$28.2 million. Second, the military television drama Six plans to hire 235 crew members, 210 of whom would live in North Carolina. It expects a cast of 59, 44 of whom, along with an additional 1,400 extras, would be from North Carolina. If it hits its anticipated qualified spending total of \$28.8 million, Six would be eligible for \$7.2 million in grant funds.

**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 FY 2013 and FY 2014 respectively. The State’s FY 2016 budget included a film grant program at \$30 million per year for FY 2016 and FY 2017. 2016 has witnessed an uptick due to the partially restored incentive, and TNT’s “Good Behavior” and the History Channel now shooting on the production campus. 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”.

The investment in Stage 10 as well as “the large local crew with experience handling five simultaneous productions” was a major factor in hosting the production of “Iron Man 3”. 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 April 2016, the Zimmer Cancer Center began a \$14.5 million expansion project, which is expected to be completed in fall 2017. 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. NHRMC began accepting new patients in May 2016 at a new standalone emergency department in northern New Hanover County. According to an NHRMC spokesperson, the 30,000 square-foot medical facility includes 10 treatment rooms and one critical care room, is staffed 24/7 by board-certified emergency physicians, nurses, and a support care team. In addition NHRMC recently began an expansion and upgrade to the 17th Street Emergency Room. This expansion will increase the current size from 17,800 square feet to 48,000 square feet and patient care spaces will increase from 54 to 108 spaces. This project is expected to be finished by the spring of 2017. 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 serves as the primary teaching site for four graduate medical education programs in internal medicine, obstetrics and gynecology, general surgery and family medicine. The residency programs are affiliated with the University of North Carolina at Chapel Hill School of Medicine and administered by the South East Area Health Education Center. NHRMC is one of six institutions out of 700 eligible to be nominated recently for the Accreditation Council for Graduate Medical Education (ACGME) and Gold Foundation DeWitt "Bud" C. Baldwin Jr. Award. The Baldwin award recognizes institutions with accredited physician residency or fellowship programs that excel in fostering a respectful, supportive environment for medical education, delivery of patient care and personal and professional development.

NHRMC has been recognized as one of America's best hospitals for bariatric surgery by the 2016 Women's Choice Award, which uses evidence-based research to identify the brands, products and services most recommended and trusted by women. In the last year 83 percent of patients who underwent bariatric surgery at NHRMC were women. Two other awards associated with the bariatric center included being designated as a Blue Distinction Center+ for Bariatric Surgery by the Blue Cross and Blue Shield Association, and accredited as a Bariatric Surgery Center of Excellence by the American Society of Metabolic and Bariatric Surgery and the American College of Surgeons.

**NHRMC Orthopedic Hospital** performs more orthopedic procedures than any other hospital in the region. That's 8,000 orthopedic procedures a year, including more than 2,200 joint replacement



surgeries. They offer board-certified orthopedic and neuro surgeons, as well as nurses, hospitalists, physical therapists, and other clinicians highly trained or certified in orthopedic care.

**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, 2016. There was no capital subsidy for the current fiscal year. The City's operating subsidy for operations is approximately 16.7% of the current year's transit budget. There are also approximately 55 trucking companies serving the greater Wilmington area.

**Rail Realignment.** The City, in partnership with the Wilmington MPO and the NC DOT Rail Division, is evaluating a possible realignment of the existing heavy rail corridor that currently runs through the City to a safer, more direct route into and out of the Port of Wilmington. The new route could make the Port more competitive, enhance economic development opportunities statewide and in the region, and improve safety and economic efficiencies for the rail carrier. In concert with the realignment, the existing rail corridor, along with its various hazard and noise issues, could be repurposed for a much quieter and useful urban trolley line. Such a conversion would improve the quality of life for many neighborhoods, increase property values, promote development and redevelopment, and reduce traffic congestion on area streets. It would stimulate investment downtown, and in the many vacant and underperforming properties along the proposed trolley corridor, particularly on the south side of town. Upon repurposing, the existing rail corridor could

also serve a dual function as a trail/greenway linking up with other City trails. Many other benefits, ranging from the elimination of over 30 rail/street crossings, to significant tourism expansion, to affordable housing impacts are being identified. A feasibility study is expected to be completed by late 2016 or early 2017 to more thoroughly investigate the merits of the proposal.

## **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 America's Top 25 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% 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 4,392,076 tons of cargo for the fiscal year ended June 30, 2016, a decrease of 5.5% over 2015. 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 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. The widening of the turning basin was completed in August 2016 and the port welcomed the largest vessel to date, an 8,200 TEU Vessel.



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. According to a July 2016 press release, CSX Corporation and the Port of Wilmington announced the debut of the new Queen City Express, an intermodal terminal in Charlotte. It will be the only direct freight rail service into the Greater Charlotte area from a port in North Carolina. "The new service will facilitate the efficient, cost-effective movement of goods between the global marketplace and one of the most significant economic centers in the southeastern United States," stated Governor McCrory.

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. After record rainfall in the fall of 2015, the domes should be ready by fall of 2016.



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 was finished mid-year, received its first four truckloads of turkey parts



on August 26, 2016. It 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," said 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 an 18 % 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 76,000 jobs and \$700 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 on industrially-zoned property located just south of the NC State Port's property. The domes are 80-100 feet in height and range from 125-142 feet in diameter.



## 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 2015, the Airport served 769,809 passengers, an increase of 2.4% over 2014. In calendar year 2016 through July the Airport saw another increase of 7.3%. 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.

The ILM Business Park is strategically located in an intermodal environment with an excellent highways and rail service, one of the nation’s finest ports, the Port of Wilmington, and ILM. Area Development Magazine named North Carolina one of the top 5 states in the US in which to do business. In April 2016, the business park was the first in the nation to receive AT&T Fiber Ready certification.

## 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 57 bachelor’s degrees in 49 majors, 29 master’s degrees, and four (4) Doctoral programs. New in 2016, UNCW began 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 2016 enrollment of approximately 15,000 full-time-equivalent undergraduate and graduate students.

UNCW is ranked 2<sup>nd</sup> among Public Universities and 34<sup>th</sup> overall on a list of 2017 best value colleges. UNCW’s Watson College of Education ranked 14<sup>th</sup> on a list of best colleges for elementary education and 20<sup>th</sup> among best colleges for special education. U.S. News & World Report ranks UNCW 6<sup>th</sup> best public university in the south.

**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. In 2016 CFCC was named one of three top 50 best value community colleges in the country according to [valuecolleges.com](http://valuecolleges.com). CFCC offers 136 academic programs that lead to a two-year degree, one year diploma or certificate. These programs include college transfer, technical and vocational programs that serve over 24,000 students every year. Registration for fall 2016 classes was over 8,700 students. CFCC has 596 full-time employees and employs 650-750 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. Funding for CFCC is provided through the County, State and Federal governments.

CFCC's **Humanities and Fine Arts Center** opened in 2015 and includes a 1500-seat performance hall, a studio theater, art and music studios, classrooms, and offices for instructors. 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. 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 52 park sites throughout the City consisting of 778 acres, 16 athletic and event facilities with 326 acres, and 89 acres of landscaped greenspace in 18 locations. In all, there are seven trails with 27 miles winding throughout the City. The **Gary Shell Cross City Trail** runs 15 miles through the City and provides a safe pathway for walking, jogging, and biking. 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. **Halyburton Park** is 58 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 acre tract of land that



the City has leased long term with the North Carolina Coastal Land Trust. The park 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 **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 restored 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. 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 also removed to improve airflow and sunlight.



The joint City/New Hanover County **Miracle Field** is located at **Olsen Park and** consists of 89 acres. 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 a 190 acre park featuring a 4.5 mile trail around the lake and is often used for area events and races. Paddleboats can be rented out to view the lake and bird watch. The park includes the **Greenfield Grind Skatepark**, 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. Also at Greenfield Park is the **Fragrance Garden** which 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. Some of the most recent National acts to play the amphitheater include Sister Hazel, Willie Nelson, Peter Frampton, Old Dominion and many more.

**Dram Tree Park** is a 3 acre park that 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 and a young cypress was planted in its memory. In 2010, the park and boat launch were renovated to include an improved boat launch area as well as additional parking spaces for cars and trailers.



Each year for the past 18 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 334 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 115,000 residents and the thousands of motorists who visit the Port City daily.



In calendar year 2015, our officers responded to more than 189,988 calls for service, a 9% increase since 2014. Part 1 Crime fell by 6% and homicides decreased by 20%. Our officers validated 116 new gang members and detectives investigated more than 1,400 major cases in 2015. 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. Our Police Activities League (PAL) has expanded to include Olympic Wrestling, soccer and cheerleading and dance programs for youth. More than 500 local youth are involved in PAL each year.



The **Wilmington Fire Department** is led by Fire Chief Buddy Martinette. The 222 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 2015, the fire department responded to 12,895 calls for service. These responses included 6,977 Emergency Medical incidents and 464 fire related responses. Total losses due to fires was \$5.17 million, but the amount saved exceeded \$29 million. The department had more than 76,000 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 opened in October 2015 and has been awarded LEED Silver Certification. 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 AAA/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 2016 results that are built into the 2016-2017 operating budgets. A number of financial models are also used in the budget process and provide a means of projecting long-term resource requirements. 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 2016, the Center has more than 110 events tentatively or definitely booked, including 10 conventions. The annual number of attendees is projected to be 65,600 for 2017.

<b>Convention Center</b>						<b>2016 vs.</b>
						<b>2015</b>
<b>Event Types</b>	<b>FYE</b>	<b>FYE</b>	<b>FYE</b>	<b>FYE</b>	<b>FYE</b>	<b>%</b>
	<b>2011 (a)</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>Growth</b>
Convention/TS/Conference	7	8	14	9	8	-11.1%
Public Shows	11	14	16	14	19	35.7%
Meetings/Other	19	37	25	39	29	-25.6%
Banquets	36	83	64	93	86	-7.5%
<b>TOTALS</b>	<b>73</b>	<b>142</b>	<b>119</b>	<b>155</b>	<b>142</b>	<b>-8.4%</b>
Attendance	45,616	80,104	73,423	85,246	72,301	-15.2%
Total Room Nights	3,068	5,731	9,128	13,324	11,791	-11.5%
Repeat Users	0	77	46	69	78	13.0%

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

The activity decreased during 2016 as compared to 2015, however the Center continues to be an attraction for several events as noted below:

- The Center hosted 8 conventions this fiscal year. This is in line with the average number of conventions held in all years except FY 2014, when the Center hosted 14 conventions. The anticipation of the new Embassy Suites Hotel to be completed in October 2017 along with the Hampton Inn in November 2016 will help the convention numbers steadily climb.
- Public Shows have seen a significant rise this fiscal year with up to 19 events. These events not only provide entertainment to local audiences, but also serve as a filler business to other categories of business that are lagging. These are up this year by 5 shows in FY 2016.
- The Center hosted 86 stand-alone food & beverage functions at the WCC which has seen a slight drop of 9% vs. 2015 which had 93 events. With many new options for banquet facilities that offer free space rental and free parking, competition is challenging. The WCC remains one of the largest & prettiest ballrooms in the East Carolina, however, 3-5 year customers are opting to try something new or different than their traditional events.
- Military events throughout the year in FY 2016 were down to 21 events with 13,530 in attendance compared to FY 2015 which had 25 military events with approximately 17,000 in attendance. This could be due to several reasons: a) competitive cities have upgraded their facilities and offer adjacent hotels 2) change of venue after 3-4 years, and 3) marines have downsized by over 35,000 in this area in the past two years. The WCC offers a very competitive package and is still very popular.
- The Center hosted 20 wedding events this year which is the greatest number to date. Weddings favor the riverfront views and the event lawn for ceremonies, the customizable wedding packages, along with the capability to offer abundant attention to the bride, groom and their families and friends.

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 is also LEED certified, meaning it is a “green” or environmentally-friendly building.

## Private Development

**Arbor Commons** is commercial development consisting of a 36,200 square foot grocery store, a 45,000 square foot office building, and 10,300 square feet of retail/restaurant. The infrastructure plans for this development are currently under review by the City.

**RiverPlace** is an approximate 483,500 square foot vertical mixed use development located in the heart of the City of Wilmington's central business district. The development will include 171 residential units, commercial space, office space, a public park, and a 409 space parking deck. The engineering plans for this development are currently under review by the City.

**The Flats at Main** is a proposed commercial district mixed use development with 119 multifamily residential units and an approximate 1,200 square foot commercial use. The property is located at 1829 Sir Tyler Drive. The engineering plans are currently being reviewed by the City.

## AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Wilmington for its comprehensive annual financial report for the fiscal year ended June 30, 2015. 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 consecutively since 1984. 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,



Jennifer R. Maready  
Finance Director



Bryon Dorey  
Asst. Finance Director-Treasurer



Stephanie Jacobs  
Asst. Finance Director-Controller



Government Finance Officers Association

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North Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

Executive Director/CEO



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

**FINANCIAL SECTION TAB (FRONT)**

**FINANCIAL SECTION TAB (BACK)**





RSM US LLP

## 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 City of Wilmington, North Carolina (the City) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City'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 financial statement 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 as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 8 to the financial statements, in the year ended June 30, 2016, the City adopted new accounting guidance contained in Governmental Accounting Standards Board 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*. Our opinions are 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, the Other Postemployment Benefits' Schedules of Funding Progress and Employer Contributions, the Local Governmental Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions on pages 113 through 117, 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's basic financial statements. The combining and individual fund statements, budgetary schedules, and other schedules listed in the table of contents, and the Schedule of Expenditures of Federal and State Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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, and other schedules listed in the table of contents, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate 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, and 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 November 29, 2016, on our consideration of the City'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 the City's internal control over financial reporting and compliance.

*RSM US LLP*

Wilmington, North Carolina  
November 29, 2016



**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, 2016. 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

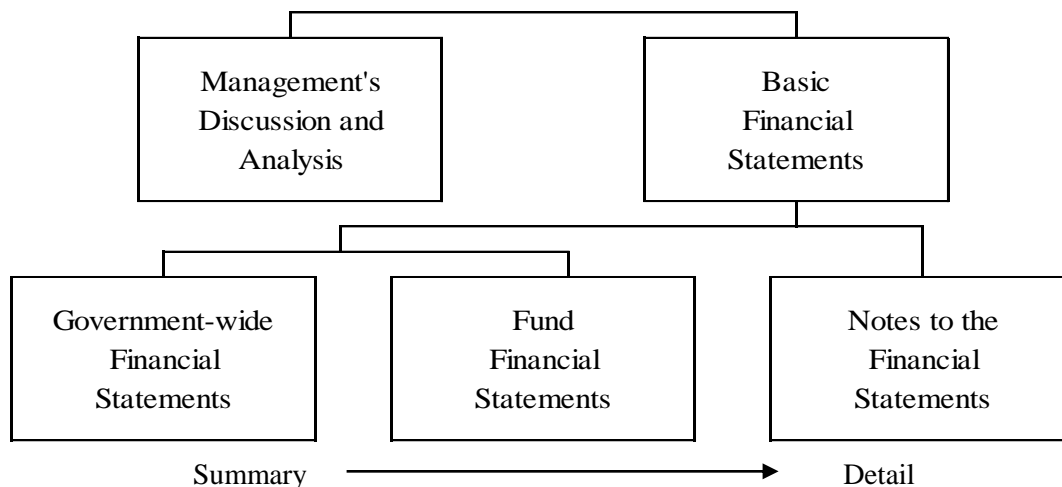
- The assets and deferred outflows of resources of the City of Wilmington exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$370,865,470 (*net position*).
- The government's total net position increased by \$28,847,270. Included in this amount are increases in the net position of governmental activities and business-type activities due to normal operations of \$22,867,909 and \$4,878,755, respectively, and the restatement (increase) of beginning net position of governmental activities in the amount of \$1,100,606 in accordance with GASB Statement No. 73, whereas the City reclassified the Law Enforcement Officers' Pension Trust Fund to the General Fund.
- As of the close of the current fiscal year, the City of Wilmington's governmental funds combined ending fund balances increased \$6,520,836 from the prior year to a total of \$120,149,530. Approximately 32.2% of this amount, or \$38,635,796, 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 \$39,322,702 or 47.5% of total general fund expenditures and 41.4% of total general fund expenditures including transfers for the fiscal year. This is in compliance with the City's Policy of maintaining a minimum unassigned fund balance of 15-20% of the operating budget.
- The City of Wilmington's total long-term liabilities decreased by \$9,142,615 or 3.5% during the current fiscal year. Total long-term liabilities decreased for governmental activities by \$7,995,620 and \$1,146,995 for the business-type activities.
- The City of Wilmington's bond rating is AAA/AAA/Aa1 which is an upgrade from Fitch, maintained for Standard & Poor's and a positive outlook from Moody's.

### 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 postemployment trust funds, which include the City's 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.

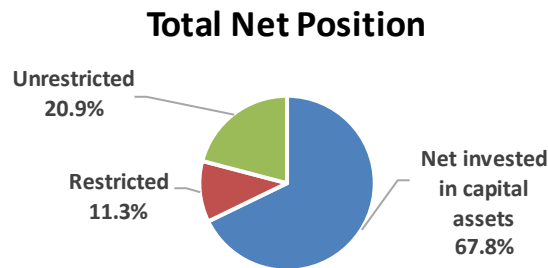
### **Government-Wide Financial Analysis**

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 \$370,865,470 as of June 30, 2016. The City's net position increased by \$28,847,270 for the fiscal year ended June 30, 2016. A significant portion of the City's net position \$251,452,799 (67.8%) 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, \$42,077,181 (11.3%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$77,335,490 (20.9%) is unrestricted.

Also, the City implemented GASB Statement No. 73 this year. With the new reporting change, the City reclassified the Law Enforcement Officers' Pension Trust Fund to the General Fund. A restatement to record the effects of the new reporting guidance increased beginning government-wide net position by \$1,100,606.

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

- **Governmental Activities:** Sales Tax and Franchise Tax accounted for \$1,140,830 and \$1,027,275 respectively of revenues that exceeded the current year budget. Additionally, resources accumulated to pay future debt service increased \$2,595,947.
- **Business-type Activities:** \$1,197,235 increase over the prior year in charges for services coupled with a decrease of \$1,359,209 in expenses from the prior year had a positive effect on unrestricted net position.



**Net Position  
Figure 2**

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>ASSETS:</b>						
Current and other assets	\$ 144,460,817	\$ 153,641,674	\$ 34,070,047	\$ 36,744,329	\$ 178,530,864	\$ 190,386,003
Capital assets	<u>389,425,550</u>	<u>379,676,481</u>	<u>60,496,818</u>	<u>56,046,824</u>	<u>449,922,368</u>	<u>435,723,305</u>
Total assets	<u>533,886,367</u>	<u>533,318,155</u>	<u>94,566,865</u>	<u>92,791,153</u>	<u>628,453,232</u>	<u>626,109,308</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
	<u>9,034,558</u>	<u>3,725,753</u>	<u>982,250</u>	<u>1,061,111</u>	<u>10,016,808</u>	<u>4,786,864</u>
<b>LIABILITIES:</b>						
Long-term liabilities	213,669,666	221,665,286	37,238,756	38,385,751	250,908,422	260,051,037
Current and other liabilities	<u>12,384,185</u>	<u>13,280,793</u>	<u>2,013,277</u>	<u>2,918,624</u>	<u>14,397,462</u>	<u>16,199,417</u>
Total liabilities	<u>226,053,851</u>	<u>234,946,079</u>	<u>39,252,033</u>	<u>41,304,375</u>	<u>265,305,884</u>	<u>276,250,454</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
	<u>2,019,921</u>	<u>11,219,191</u>	<u>278,765</u>	<u>1,408,327</u>	<u>2,298,686</u>	<u>12,627,518</u>
<b>NET POSITION:</b>						
Net investment in capital assets	220,482,002	208,606,209	30,970,797	29,662,351	251,452,799	238,268,560
Restricted	40,527,283	39,505,449	1,549,898	1,938,140	42,077,181	41,443,589
Unrestricted	<u>53,837,868</u>	<u>42,766,980</u>	<u>23,497,622</u>	<u>19,539,071</u>	<u>77,335,490</u>	<u>62,306,051</u>
Total net position	<u>\$ 314,847,153</u>	<u>\$ 290,878,638</u>	<u>\$ 56,018,317</u>	<u>\$ 51,139,562</u>	<u>\$ 370,865,470</u>	<u>\$ 342,018,200</u>



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

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 8,966,687	\$ 10,448,053	\$ 23,570,976	\$ 22,373,741	\$ 32,537,663	\$ 32,821,794
Operating grants and contributions	7,553,003	8,368,567	73,830	106,836	7,626,833	8,475,403
Capital grants and contributions	15,403,679	2,260,265	405,208	774,874	15,808,887	3,035,139
General revenues:						
Property taxes	65,339,216	60,524,844	-	-	65,339,216	60,524,844
Other taxes	36,408,976	34,181,142	-	-	36,408,976	34,181,142
Investment earnings	336,799	263,771	93,856	69,492	430,655	333,263
Other	3,048,485	3,744,489	200,150	1,364,753	3,248,635	5,109,242
Total revenues	<u>137,056,845</u>	<u>119,791,131</u>	<u>24,344,020</u>	<u>24,689,696</u>	<u>161,400,865</u>	<u>144,480,827</u>
<b>Expenses:</b>						
General government	21,981,320	20,942,970	-	-	21,981,320	20,942,970
Public safety	48,796,835	45,301,661	-	-	48,796,835	45,301,661
Transportation	15,483,263	14,623,301	-	-	15,483,263	14,623,301
Economic and physical development	6,890,269	7,758,498	-	-	6,890,269	7,758,498
Environmental Protection	17,854	6,229	-	-	17,854	6,229
Culture and recreation	10,187,498	9,992,088	-	-	10,187,498	9,992,088
Transit system	1,523,022	1,678,074	-	-	1,523,022	1,678,074
Interest and other charges	8,773,139	7,868,677	-	-	8,773,139	7,868,677
Solid waste management	-	-	8,800,178	9,689,997	8,800,178	9,689,997
Storm water management	-	-	6,909,622	7,195,516	6,909,622	7,195,516
Parking facilities	-	-	2,925,836	3,143,322	2,925,836	3,143,322
Golf	-	-	1,365,365	1,331,375	1,365,365	1,331,375
Total expenses	<u>113,653,200</u>	<u>108,171,498</u>	<u>20,001,001</u>	<u>21,360,210</u>	<u>133,654,201</u>	<u>129,531,708</u>
Increase in net position before transfers	23,403,645	11,619,633	4,343,019	3,329,486	27,746,664	14,949,119
Transfers from (to) other funds	<u>(535,736)</u>	<u>(279,647)</u>	<u>535,736</u>	<u>279,647</u>	-	-
Increase in net position	<u>22,867,909</u>	<u>11,339,986</u>	<u>4,878,755</u>	<u>3,609,133</u>	<u>27,746,664</u>	<u>14,949,119</u>
Net position at beginning of year as previously stated	290,878,638	285,862,366	51,139,562	48,326,764	342,018,200	334,189,130
Restatement for accounting change (Note 8)	<u>1,100,606</u>	<u>(6,323,714)</u>	-	<u>(796,335)</u>	<u>1,100,606</u>	<u>(7,120,049)</u>
Net position at beginning of year as restated	<u>291,979,244</u>	<u>279,538,652</u>	<u>51,139,562</u>	<u>47,530,429</u>	<u>343,118,806</u>	<u>327,069,081</u>
Net position at end of year	<u>\$314,847,153</u>	<u>\$290,878,638</u>	<u>\$ 56,018,317</u>	<u>\$ 51,139,562</u>	<u>\$370,865,470</u>	<u>\$ 342,018,200</u>

**Governmental activities.** Governmental activities increased the City's net position by \$23,968,515, accounting for 83.1% of the total growth in the net position of the City. Of this amount, \$22,867,909 was an increase in net position due to normal operations. The remaining amount of \$1,100,606 is due to a restatement (increase) of beginning net position pursuant to the implementation of GASB Statement No. 73 that required the City to

reclassify the Law Enforcement Officers' Pension Trust Fund to the General Fund. Key elements of this increase are as follows:

- The increase in net position before transfers in the prior year was \$11,619,633 compared to this year of \$23,403,645, an increase of \$11,784,012.
  - Revenues increased by \$17,265,714 or 14.4% from the prior year. The largest increases were \$1,773,671 in sales tax, \$4,814,372 in property tax, and \$12,032,253 in capital grants and contributions related to dedicated developments and easements. These increases were offset by the decrease of \$1,481,366 in charges for services related in part to the change in state law disallowing fees for most business privilege licenses.
  - Expenses increased by \$5,481,702 or 5.1% over the prior year. The largest increases were \$3,495,174 in Public Safety due to vehicle and equipment purchases and increases in salary and benefits; and \$1,038,350 in General Government mainly due to increases in salaries and benefits. The City is working through a multi-year compensation strategy to improve employee pay overall and make our pay ranges competitive with the market. In addition to the market increase, eleven full time positions were added during fiscal year 2016 within the governmental activities.
- Transfers from (to) the Business-type Activities in the prior year were (\$279,647) compared to this year of (\$535,736) an increase of \$256,089.
  - This increase is a transfer from the debt service fund to the parking fund due to a prior year refinancing of a parking deck obligation that shortened the maturity resulting in a higher annual debt service payment.

**Business-type activities.** Business-type activities increased the City of Wilmington's net position by \$4,878,755 accounting for 16.9% of the total growth in the City's net position. Key elements of the increase are as follows:

- The increase in net position before transfers in the prior year was \$3,329,486 compared to this year of \$4,343,019, an increase of \$1,013,533.
  - The City implemented a 5.9% storm water rate increase over the prior year contributing to the increase in charges for service of \$1,197,235.
  - Expenses decreased by \$1,359,209 or 6.4% from the prior year. The largest decrease in expenses was in solid waste due to large workers compensation claims that were paid out in the prior year. The City received insurance reimbursement for these claims in the prior year as well as shown by the decrease in other revenues as compared to the prior year.
- Transfers from (to) the Governmental Activities in the prior year were \$279,647 compared to this year of \$535,736, an increase of \$256,089.
  - This increase is a transfer from the debt service fund to the parking fund due to a prior year refinancing of a parking deck obligation that shortened the maturity resulting in a higher annual debt service payment.

### **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 \$39,322,702, a 1.4% decrease from the prior year; while total fund balance was \$61,358,920, an 8.2% increase over the prior year (after the restatement of the prior year's fund balance amount for an accounting change). The City Council has determined that the City should maintain a minimum 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 39.6% of the operating budget, while total fund balance represents 61.8% 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 47.5% of total General Fund expenditures, while total fund balance represents 74% of that same amount.

At June 30, 2016, the governmental funds of the City of Wilmington reported a combined fund balance of \$120,149,530, a 5.7% increase (\$6,520,836) from the prior year. The General Fund, Special Purpose Fund, Streets and Sidewalks Fund, Debt Service Fund, and non-major special revenue and capital project funds are included in this combined amount.

The General Fund realized a \$4.7 million increase (after the restatement of the prior year's fund balance amount for an accounting change) mainly due to expenditure reductions and revenues over budgeted estimates. Sales tax and franchise tax receipts were higher than budgeted due to the continuing recovery of the economy. The General fund expenditures were less than budgeted due to prolonged position vacancies as well as reduced street lighting costs resulting from efficiency measures made by the City through an LED transition project. Contracted services were also less than budgeted due to the delay of consulting services related to the rewrite of the Land development code. The Streets and Sidewalks Fund saw an increase of \$2.4 million due to proceeds from the issuance of \$2,925,000 of taxable General Obligation Bonds to fund capital improvements on the riverfront. The increase in total fund balance in the governmental funds was offset by the decreases in the Special Purpose Fund of \$1.9 million, mainly due Convention Center operations, and non-major funds of \$2.3 million, largely due to construction of the Gary Shell Cross City Trail and the Cinema Drive fire station. Additionally, the Debt Service Fund had an increase of \$2.6 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 \$3,632,796 for the fiscal year. This increase was mainly due to an increase in sales tax receipts of \$1,140,830 and franchise tax of \$1,027,275. Property taxes and ABC revenues had smaller increases of \$396,317 and \$449,755, respectively.

Expenditures (excluding transfers) in the General Fund were \$4,078,522 less than the \$86,761,489 budget. The City experienced prolonged vacancies during the year which resulted in expenditure levels below the authorized budget in salaries and benefits as well as other operational expenditures such as utilities and contracted services.

**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 \$2,964,074, \$16,418,980, and 4,085,586, respectively. The unrestricted net position of the non-major Golf enterprise fund totaled \$28,982.

### **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, 2016 was \$449,922,368 (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.

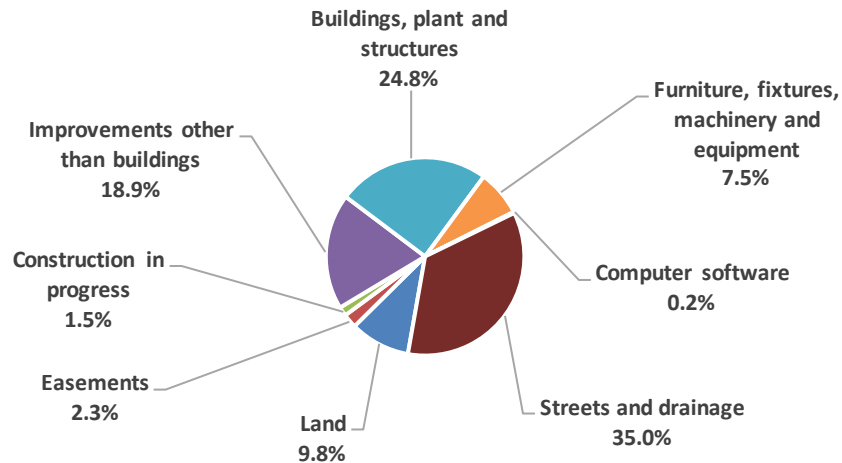
Major capital asset transactions during the year include the following:

- An increase of \$13,859,189 in streets and drainage for governmental activity capital assets (see Figure 4) represented the largest increase and was primarily comprised of \$10,862,813 of contributed streets from developments. Improvements other than buildings accounted for \$5,092,672 of the increase for the Gary Shell cross city trail, Riverwalk and other recreational park improvements. Additionally, the buildings and structures increased by \$4,325,565, most of which is the Cinema Drive fire station. The

increase in capital assets was offset by the net decrease in construction in progress related to the capitalization of previously mentioned projects.

- An increase of \$8,069,531 in improvements other than buildings for business-type activities represented the largest increase and was primarily comprised of Storm Water drainage improvements. This increase was offset by the decrease in construction in progress for related projects.

### Capital Assets



**Capital Assets  
Figure 4**

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 56,131,192	\$ 55,825,022	\$ 7,740,179	\$ 7,656,179	\$ 63,871,371	\$ 63,481,201
Easements	13,519,255	11,749,815	1,328,978	1,060,575	14,848,233	12,810,390
Construction in progress	<u>7,201,470</u>	<u>11,335,134</u>	<u>2,494,879</u>	<u>4,956,533</u>	<u>9,696,349</u>	<u>16,291,667</u>
Total non-depreciable assets	<u>76,851,917</u>	<u>78,909,971</u>	<u>11,564,036</u>	<u>13,673,287</u>	<u>88,415,953</u>	<u>92,583,258</u>
Improvements other than buildings	61,166,281	56,073,609	61,508,731	53,439,200	122,675,012	109,512,809
Buildings, plant and structures	145,242,900	140,917,335	15,518,808	15,518,808	160,761,708	156,436,143
Furniture, fixtures, machinery and equipment	47,065,758	46,477,052	1,421,252	1,270,969	48,487,010	47,748,021
Computer software	1,423,071	1,423,071	33,343	26,196	1,456,414	1,449,267
Streets and drainage	<u>226,894,296</u>	<u>213,035,107</u>	-	-	<u>226,894,296</u>	<u>213,035,107</u>
Total assets being depreciated	481,792,306	457,926,174	78,482,134	70,255,173	560,274,440	528,181,347
Accumulated depreciation	<u>(169,218,673)</u>	<u>(157,159,664)</u>	<u>(29,549,352)</u>	<u>(27,881,636)</u>	<u>(198,768,025)</u>	<u>(185,041,300)</u>
Total capital assets being depreciated, net	<u>312,573,633</u>	<u>300,766,510</u>	<u>48,932,782</u>	<u>42,373,537</u>	<u>361,506,415</u>	<u>343,140,047</u>
Total capital assets, net	<u>\$389,425,550</u>	<u>\$379,676,481</u>	<u>\$ 60,496,818</u>	<u>\$ 56,046,824</u>	<u>\$449,922,368</u>	<u>\$435,723,305</u>

Additional information on the City's capital assets can be found in note 3 on pages 64 - 66 of this report.

**Long-term Debt.** As of June 30, 2016, the City of Wilmington had \$44,000,000 in bonds authorized but unissued and total bonded debt outstanding of \$46,760,000. Of the amount outstanding, \$23,100,000 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.

**General Obligation and Revenue Bonds  
Figure 5**

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
General obligation bonds	\$ 23,100,000	\$ 22,850,000	\$ -	\$ -	\$ 23,100,000	\$ 22,850,000
Revenue bonds	-	-	23,660,000	24,365,000	23,660,000	24,365,000
<b>Total</b>	<b>\$ 23,100,000</b>	<b>\$ 22,850,000</b>	<b>\$ 23,660,000</b>	<b>\$ 24,365,000</b>	<b>\$ 46,760,000</b>	<b>\$ 47,215,000</b>

The City of Wilmington's total bonded debt decreased by \$455,000 during the past fiscal year. At June 30, 2016, the general obligation debt was rated AAA/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 \$901,399,760.

The City's total debt decreased by \$23,104,057 (10.5%) during the past fiscal year. The City issued \$2,925,000 taxable General Obligation Bonds for the Riverwalk Extension and \$6,650,000 Refunding General Obligation Bonds to refinance \$7,300,000 of the 2008 outstanding Bonds. The City also issued \$48,940,000 Refunded Limited Obligation Bonds to refinance \$50,355,000 of 2008 outstanding Certificates of Participation (COPS) issued for the Convention Center. The Cape Fear Public Utilities Authority (CFPUA) refinanced \$10,575,000 of the 2006 COPS that remained City debt after the creation of the authority. This debt now becomes CFPUA debt and is no longer reported in the City's financial statements. New Hanover County refinanced a portion of the 2010 joint Parks Bonds that resulted in a net reduction of \$812,936 for the City. The City also defeased an amount of \$555,000 which was a portion of this other long-term obligation to New Hanover County for the joint Parks Bond. The decrease in the City's total debt was also a result of principal retirements for the year ended June 30, 2016 totaling \$12,021,121.

**Total Debt Outstanding  
Figure 6**

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
General obligation bonds	\$ 23,100,000	\$ 22,850,000	\$ -	\$ -	\$ 23,100,000	\$ 22,850,000
Revenue bonds	-	-	23,660,000	24,365,000	23,660,000	24,365,000
Installment Obligations	129,877,594	148,985,157	6,932,406	7,789,843	136,810,000	156,775,000
Other Long term obligations	13,422,584	15,916,641	380,000	570,000	13,802,584	16,486,641
<b>Total</b>	<b>\$166,400,178</b>	<b>\$187,751,798</b>	<b>\$ 30,972,406</b>	<b>\$ 32,724,843</b>	<b>\$197,372,584</b>	<b>\$220,476,641</b>

Additional information on the City of Wilmington's long-term debt can be found in note 3 on pages 82 - 98 of this report.

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

The following key economic indicators reflect the conservative growth projections:

- The City of Wilmington's unemployment rate of 4.7% at June 30, 2016 was below the State average and the national average of 5.1%.
- Sales tax receipts (county-wide) ended the year up by 6% over the prior fiscal year and the City of Wilmington's distribution saw an 8.4% increase which was affected by changes in projected property levies that affect the distribution method selected by New Hanover County. Due to the steadily strengthening economy the projected sales tax is 5.1% over prior year's projections but is still conservative due to the signs of consumer spending tapering.

All of these factors were included in preparing the City of Wilmington's budget for the 2017 fiscal year.

## Budget Highlights for the Fiscal Year Ending June 30, 2017

**Governmental Activities.** The budget maintains 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 2014 voter approved Street and Sidewalks bond. Sales tax revenue was budgeted 5.1% higher or approximately \$1.1 million over the previous year's budget. The FY 2017 budget appropriates \$5,744,343 of fund balance for capital purchases of equipment and vehicles as well as capital expenditures dedicated to 8 capital projects. The budgeted expenditures, excluding transfers, in the General Fund are expected to increase by \$4.8 million from the adopted 2015-16 General Fund budget or 5.4% to \$88,806,641. This increase includes 21 new (full and part time) positions across various departments and 3% funding for the continuation of the multi-year employee compensation plan. The FY17 Adopted budget continues to fund efforts to aid in the reduction and prevention of youth violence in progressive and innovative ways. There are 12 organizations receiving \$675,903 in general fund dollars and \$150,000 in Community Development Block Grant (CDBG) funding for multiple programs serving at-risk youth in our community.

**Business-type Activities.** Stormwater rates increased by 5.9% to \$7.66 per month per residence. Solid Waste and Parking fees remain unchanged. A new \$2.00 pull cart fee as well as a new \$300 15-round punch card for non-city residents was added to the Golf Course beginning in FY 2017.

## 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, 2016**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents/investments	\$ 92,154,305	\$ 28,006,556	\$ 120,160,861	\$ 224,920
Taxes receivable, net	1,078,381	-	1,078,381	-
Accounts receivable, net	1,201,273	2,822,002	4,023,275	101,978
Other receivables	700,390	16,650	717,040	-
Internal balances	344,069	(344,069)	-	-
Due from component unit	400,000	-	400,000	-
Due from other governments	11,841,956	438,794	12,280,750	1,225,507
Inventories	865,713	59,927	925,640	207,681
Assets held for resale	63,914	-	63,914	-
Notes receivable	17,153,937	-	17,153,937	-
Prepays	833,294	131,436	964,730	24,800
Restricted assets:				
Cash and cash equivalents/investments	13,835,860	2,938,751	16,774,611	-
Accounts receivable	2,750,000	-	2,750,000	-
Other receivables	912	-	912	-
Due from other governments	920,255	-	920,255	-
Due from management company	316,558	-	316,558	-
Capital assets:				
Land, easements and construction in progress	76,851,917	11,564,036	88,415,953	2,788,914
Other capital assets, net of accumulated depreciation	312,573,633	48,932,782	361,506,415	19,557,858
Total assets	<u>533,886,367</u>	<u>94,566,865</u>	<u>628,453,232</u>	<u>24,131,658</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>9,034,558</u>	<u>982,250</u>	<u>10,016,808</u>	<u>71,072</u>
<b>LIABILITIES</b>				
Accounts payable	2,704,323	708,191	3,412,514	520,561
Due to other governments	2,690,541	-	2,690,541	-
Due to primary government	-	-	-	400,000
Accrued liabilities	5,324,841	822,299	6,147,140	41,713
Customer and escrow deposits	793,439	119,105	912,544	-
Unearned revenues	-	53,053	53,053	-
Restricted liabilities:				
Accounts payable	811,948	310,629	1,122,577	-
Accrued liabilities	24	-	24	-
Unearned revenues	59,069	-	59,069	-
Long-term liabilities:				
Net pension liability	5,675,634	437,172	6,112,806	69,790
Due within one year	13,903,910	2,216,567	16,120,477	153,079
Due in more than one year	194,090,122	34,585,017	228,675,139	-
Total liabilities	<u>226,053,851</u>	<u>39,252,033</u>	<u>265,305,884</u>	<u>1,185,143</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>2,019,921</u>	<u>278,765</u>	<u>2,298,686</u>	<u>36,272</u>
<b>NET POSITION</b>				
Net investment in capital assets	220,482,002	30,970,797	251,452,799	22,346,772
Restricted for:				
Stabilization by State statute	12,717,909	-	12,717,909	-
Community development housing loans	17,559,234	-	17,559,234	-
Convention center facility	5,683,602	-	5,683,602	-
Capital projects	2,840,889	1,549,898	4,390,787	-
Public safety	1,269,465	-	1,269,465	-
Transportation	239,609	-	239,609	-
Economic and physical development	174,556	-	174,556	-
Cultural and recreational	42,019	-	42,019	-
Transit	-	-	-	124,897
Unrestricted	53,837,868	23,497,622	77,335,490	509,646
Net position	<u>\$ 314,847,153</u>	<u>\$ 56,018,317</u>	<u>\$ 370,865,470</u>	<u>\$22,981,315</u>

See notes to financial statements.

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Activities**

**Year Ended June 30, 2016**

<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	\$ 21,981,320	\$ 1,614,695	\$ 27,972	\$ -
Public safety	48,796,835	936,090	958,100	129,417
Transportation	15,483,263	1,645,916	4,410,480	15,065,235
Economic and physical development	6,890,269	3,860,193	1,248,353	-
Environmental protection	17,854	26,446	-	-
Cultural and recreational	10,187,498	883,347	1,055	209,027
Transit system	1,523,022	-	-	-
Interest and other charges	8,773,139	-	907,043	-
Total governmental activities	<u>113,653,200</u>	<u>8,966,687</u>	<u>7,553,003</u>	<u>15,403,679</u>
Business-type activities:				
Solid waste management	8,800,178	8,996,252	73,830	-
Storm water management	6,909,622	9,928,041	-	405,208
Parking facilities	2,925,836	3,399,380	-	-
Golf	1,365,365	1,247,303	-	-
Total business-type activities	<u>20,001,001</u>	<u>23,570,976</u>	<u>73,830</u>	<u>405,208</u>
Total primary government	<u>\$ 133,654,201</u>	<u>\$ 32,537,663</u>	<u>\$ 7,626,833</u>	<u>\$ 15,808,887</u>
Component unit	<u>\$ 9,771,410</u>	<u>\$ 2,510,315</u>	<u>\$ 4,140,654</u>	<u>\$ 2,854,044</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	\$ (20,338,653)	\$ -	\$ (20,338,653)	\$ -
Public safety	(46,773,228)	-	(46,773,228)	-
Transportation	5,638,368	-	5,638,368	-
Economic and physical development	(1,781,723)	-	(1,781,723)	-
Environmental protection	8,592	-	8,592	-
Cultural and recreational	(9,094,069)	-	(9,094,069)	-
Transit system	(1,523,022)	-	(1,523,022)	-
Interest and other charges	(7,866,096)	-	(7,866,096)	-
Total governmental activities	<u>(81,729,831)</u>	<u>-</u>	<u>(81,729,831)</u>	<u>-</u>
Business-type activities:				
Solid waste management	-	269,904	269,904	-
Storm water management	-	3,423,627	3,423,627	-
Parking facilities	-	473,544	473,544	-
Golf	-	(118,062)	(118,062)	-
Total business-type activities	<u>-</u>	<u>4,049,013</u>	<u>4,049,013</u>	<u>-</u>
Total primary government	<u>(81,729,831)</u>	<u>4,049,013</u>	<u>(77,680,818)</u>	<u>-</u>
Component unit	<u>-</u>	<u>-</u>	<u>-</u>	<u>(266,397)</u>
General revenues:				
Ad valorem taxes	65,339,216	-	65,339,216	-
Room occupancy tax	3,337,377	-	3,337,377	-
Grants and contributions not restricted to specific programs	2,078,287	-	2,078,287	-
Operating subsidy from primary government	-	-	-	1,442,295
Operating subsidy from other governments	-	-	-	432,822
Local option sales tax	22,990,436	-	22,990,436	-
Franchise tax	8,392,055	-	8,392,055	-
Video programming sales tax	1,390,363	-	1,390,363	-
Rental vehicle tax	298,745	-	298,745	-
Investment earnings	336,799	93,856	430,655	-
Miscellaneous	970,198	200,150	1,170,348	143,403
Total general revenues not including transfers	<u>105,133,476</u>	<u>294,006</u>	<u>105,427,482</u>	<u>2,018,520</u>
Transfers from (to) other funds	<u>(535,736)</u>	<u>535,736</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers	<u>104,597,740</u>	<u>829,742</u>	<u>105,427,482</u>	<u>2,018,520</u>
Change in net position	<u>22,867,909</u>	<u>4,878,755</u>	<u>27,746,664</u>	<u>1,752,123</u>
Net position at beginning of year as previously stated	290,878,638	51,139,562	342,018,200	21,229,192
Restatement for accounting change (Note 8)	<u>1,100,606</u>	<u>-</u>	<u>1,100,606</u>	<u>-</u>
Net position at beginning of year as restated	<u>291,979,244</u>	<u>51,139,562</u>	<u>343,118,806</u>	<u>21,229,192</u>
Net position at end of year	<u>\$ 314,847,153</u>	<u>\$ 56,018,317</u>	<u>\$ 370,865,470</u>	<u>\$ 22,981,315</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Balance Sheet -  
Governmental Funds**

**June 30, 2016**

	General Fund	Special Purpose Fund	Streets and Sidewalks Fund
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents/investments	\$ 56,501,935	\$ 3,131	\$ 8,375,277
Taxes receivable, net	936,971	-	-
Accounts receivable, net	1,164,747	-	-
Other receivables	695,071	20	1,258
Due from other funds	542,326	12,500	-
Advances to other funds	52,000	-	-
Due from component unit	400,000	-	-
Due from other governments	10,193,375	720,934	487,203
Assets held for resale	-	-	-
Notes receivable, net	217,620	75,901	-
Inventories	693,674	-	-
Prepays	814,174	5,918	-
Restricted assets:			
Cash and cash equivalents/investments	-	6,450,860	3,238,670
Accounts receivable	-	-	2,750,000
Other receivables	-	895	-
Due from management company	-	316,558	-
Due from other governments	-	738,798	-
Total assets	<u>\$ 72,211,893</u>	<u>\$ 8,325,515</u>	<u>\$ 14,852,408</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 932,990	\$ 202,369	\$ 573,808
Due to other funds	12,500	-	-
Due to other governments	1,683,206	-	-
Accrued liabilities	5,392,844	45,173	-
Customer and escrow deposits	485,244	-	-
Restricted liabilities:			
Accounts payable	-	251,579	470,034
Accrued liabilities	-	24	-
Due to other funds	-	1,351	-
Unearned revenue	-	59,069	-
Total liabilities	<u>8,506,784</u>	<u>559,565</u>	<u>1,043,842</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Taxes receivable, net	936,971	-	-
Accounts receivable	1,172,717	-	-
Notes receivable	217,620	-	-
Prepaid property taxes	18,881	-	-
Total deferred inflows of resources	<u>2,346,189</u>	<u>-</u>	<u>-</u>

	Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents/investments	\$ 12,336,237	\$ 4,201,754	\$ 81,418,334
Taxes receivable, net	141,410	-	1,078,381
Accounts receivable, net	-	22,955	1,187,702
Other receivables	1,832	613	698,794
Due from other funds	-	-	554,826
Advances to other funds	-	-	52,000
Due from component unit	-	-	400,000
Due from other governments	68,177	372,267	11,841,956
Assets held for resale	-	63,914	63,914
Notes receivable, net	-	16,860,416	17,153,937
Inventories	-	-	693,674
Prepays	-	5,426	825,518
Restricted assets:			
Cash and cash equivalents/investments	874	4,145,456	13,835,860
Accounts receivable	-	-	2,750,000
Other receivables	-	17	912
Due from management company	-	-	316,558
Due from other governments	-	181,457	920,255
Total assets	<u>\$ 12,548,530</u>	<u>\$ 25,854,275</u>	<u>\$ 133,792,621</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 7,862	\$ 372,923	\$ 2,089,952
Due to other funds	11,574	213,991	238,065
Due to other governments	-	84	1,683,290
Accrued liabilities	-	17,586	5,455,603
Customer and escrow deposits	-	308,195	793,439
Restricted liabilities:			
Accounts payable	-	90,335	811,948
Accrued liabilities	-	-	24
Due to other funds	-	-	1,351
Unearned revenue	-	-	59,069
Total liabilities	<u>19,436</u>	<u>1,003,114</u>	<u>11,132,741</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Taxes receivable, net	141,410	-	1,078,381
Accounts receivable	-	850	1,173,567
Notes receivable	-	18,717	236,337
Prepaid property taxes	3,184	-	22,065
Total deferred inflows of resources	<u>144,594</u>	<u>19,567</u>	<u>2,510,350</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**June 30, 2016**

	<u>General Fund</u>	<u>Special Purpose Fund</u>	<u>Streets and Sidewalks Fund</u>
<b>FUND BALANCES</b>			
Non Spendable:			
Inventories	\$ 693,674	\$ -	\$ -
Prepays	814,174	5,918	-
Restricted:			
Stabilization by State statute	12,717,909	733,454	4,743,069
Community development loans	-	75,901	-
Convention center	-	5,683,602	-
Capital projects	-	-	5,518,636
Debt service	-	-	-
Public safety	-	1,055,301	-
Transportation	-	239,609	-
Economic and physical development	-	174,556	-
Cultural and recreational	-	42,019	-
Committed:			
Capital projects	-	-	3,546,861
Debt service	-	-	-
Public safety	939,498	-	-
Cultural and recreational	126,620	14,589	-
Assigned:			
Self-insurance	1,000,000	-	-
Subsequent year's expenditures	5,744,343	-	-
Unassigned (deficit)	39,322,702	(258,999)	-
Unassigned (deficit), reported in:			
Nonmajor special revenue funds	-	-	-
Nonmajor capital projects funds	-	-	-
Total fund balances	<u>61,358,920</u>	<u>7,765,950</u>	<u>13,808,566</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 72,211,893</u>	<u>\$ 8,325,515</u>	<u>\$ 14,852,408</u>

	Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
<b>FUND BALANCES</b>			
Non Spendable:			
Inventories	\$ -	\$ -	\$ 693,674
Prepays	-	5,426	825,518
Restricted:			
Stabilization by State statute	70,059	1,946,474	20,210,965
Community development loans	-	17,483,333	17,559,234
Convention center	-	-	5,683,602
Capital projects	-	3,942,531	9,461,167
Debt service	874	-	874
Public safety	-	214,164	1,269,465
Transportation	-	-	239,609
Economic and physical development	-	-	174,556
Cultural and recreational	-	-	42,019
Committed:			
Capital projects	-	1,667,573	5,214,434
Debt service	12,313,567	-	12,313,567
Public safety	-	-	939,498
Cultural and recreational	-	-	141,209
Assigned:			
Self-insurance	-	-	1,000,000
Subsequent year's expenditures	-	-	5,744,343
Unassigned (deficit)	-	-	39,063,703
Unassigned (deficit), reported in:			
Nonmajor special revenue funds	-	(372,127)	(372,127)
Nonmajor capital projects funds	-	(55,780)	(55,780)
Total fund balances	<u>12,384,500</u>	<u>24,831,594</u>	<u>120,149,530</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 12,548,530</u>	<u>\$ 25,854,275</u>	<u>\$ 133,792,621</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**June 30, 2016**

Total fund balances - governmental funds	\$ 120,149,530
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.	382,907,124
This amount represents the City's proportionate share of the net pension liability of the Local Governmental Employees' Retirement System (LGERS) relevant to governmental activities.	(3,644,360)
Contributions to the LGERS pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position.	3,121,825
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.	13,884,206
Liabilities for unavailable revenues considered deferred inflows of resources in fund statements.	2,488,285
This amount represents pension related deferrals from the City's participation in the LGERS pension plan.	(1,803,048)
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>(202,256,409)</u>
Net position - governmental activities	<u>\$ 314,847,153</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, 2016**

	<u>General Fund</u>	<u>Special Purpose Fund</u>	<u>Streets and Sidewalks Fund</u>
Revenues:			
Ad valorem taxes	\$ 55,836,584	\$ -	\$ -
Room occupancy tax	-	3,337,377	-
Other taxes	33,071,599	-	-
Unrestricted intergovernmental	1,917,812	-	-
Restricted intergovernmental	3,212,695	1,845,779	827,875
Licenses and permits	739,925	-	-
Sales and services	2,588,489	3,721,784	-
Fines and forfeits	208,172	-	-
Investment earnings	195,493	25,019	28,802
Donations	-	8,388	2,806,066
Miscellaneous	602,735	1,102,290	-
Total revenues	<u>98,373,504</u>	<u>10,040,637</u>	<u>3,662,743</u>
Expenditures:			
Current:			
General government	20,302,535	-	-
Public safety	46,195,238	1,036,406	-
Transportation	7,558,152	2,320,426	6,217,944
Economic and physical development	134,868	4,638,277	-
Cultural and recreational	7,233,448	5,209	546,168
Transit system	1,442,822	80,200	-
Debt service:			
Principal retirement	-	2,015,000	-
Interest and other charges	-	3,144,958	-
Total expenditures	<u>82,867,063</u>	<u>13,240,476</u>	<u>6,764,112</u>
Excess (deficiency) of revenues over (under) expenditures	<u>15,506,441</u>	<u>(3,199,839)</u>	<u>(3,101,369)</u>
Other financing sources (uses):			
Transfers from other funds	1,278,390	798,454	2,760,098
Transfers to other funds	(12,217,895)	(20,000)	(283,615)
Issuance of bonds	-	-	2,925,000
Issuance of refunding bonds	-	-	-
Issuance of refunding installment obligations	-	48,940,000	-
Premium on bonds	-	-	50,259
Premium on refunding bonds	-	-	-
Premium on refunding installment obligations	-	5,942,920	-
Payment to refunded bond escrow agent	-	-	-
Payment to refunded installment obligation escrow agent	-	(54,381,288)	-
Payment to defeased other long-term obligation escrow agent	-	-	-
Total other financing sources (uses)	<u>(10,939,505)</u>	<u>1,280,086</u>	<u>5,451,742</u>
Net change in fund balances	<u>4,566,936</u>	<u>(1,919,753)</u>	<u>2,350,373</u>
Fund balances at beginning of year as previously stated	55,607,154	9,685,703	11,458,193
Prior period adjustment (Note 8)	1,100,606	-	-
Fund balance at beginning of year as restated	56,707,760	9,685,703	11,458,193
Change in reserve for inventories	84,224	-	-
Fund balances at end of year	<u>\$ 61,358,920</u>	<u>\$ 7,765,950</u>	<u>\$ 13,808,566</u>

See notes to financial statements.

	Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
Revenues:			
Ad valorem taxes	\$ 9,358,545	\$ -	\$ 65,195,129
Room occupancy tax	-	-	3,337,377
Other taxes	-	-	33,071,599
Unrestricted intergovernmental	-	-	1,917,812
Restricted intergovernmental	1,962,043	1,445,610	9,294,002
Licenses and permits	-	-	739,925
Sales and services	-	-	6,310,273
Fines and forfeits	-	-	208,172
Investment earnings	35,310	21,852	306,476
Donations	-	35,948	2,850,402
Miscellaneous	-	192,298	1,897,323
Total revenues	<u>11,355,898</u>	<u>1,695,708</u>	<u>125,128,490</u>
Expenditures:			
Current:			
General government	-	720,246	21,022,781
Public safety	-	1,496,550	48,728,194
Transportation	-	162,824	16,259,346
Economic and physical development	-	1,048,334	5,821,479
Cultural and recreational	-	1,602,828	9,387,653
Transit system	-	-	1,523,022
Debt service:			
Principal retirement	7,850,621	-	9,865,621
Interest and other charges	5,997,292	-	9,142,250
Total expenditures	<u>13,847,913</u>	<u>5,030,782</u>	<u>121,750,346</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,492,015)</u>	<u>(3,335,074)</u>	<u>3,378,144</u>
Other financing sources (uses):			
Transfers from other funds	9,971,933	1,350,283	16,159,158
Transfers to other funds	(4,384,282)	(272,706)	(17,178,498)
Issuance of bonds	-	-	2,925,000
Issuance of refunding bonds	6,650,000	-	6,650,000
Issuance of refunding installment obligations	-	-	48,940,000
Premium on bonds	-	-	50,259
Premium on refunding bonds	1,286,956	-	1,286,956
Premium on refunding installment obligations	-	-	5,942,920
Payment to refunded bond escrow agent	(7,831,032)	-	(7,831,032)
Payment to refunded installment obligation escrow agent	-	-	(54,381,288)
Payment to defeased other long-term obligation escrow agent	(605,613)	-	(605,613)
Total other financing sources (uses)	<u>5,087,962</u>	<u>1,077,577</u>	<u>1,957,862</u>
Net change in fund balances	<u>2,595,947</u>	<u>(2,257,497)</u>	<u>5,336,006</u>
Fund balances at beginning of year	9,788,553	27,089,091	113,628,694
Prior period adjustment (Note 8)	-	-	1,100,606
Fund balance at beginning of year as restated	9,788,553	27,089,091	114,729,300
Change in reserve for inventories	-	-	84,224
Fund balances at end of year	<u>\$ 12,384,500</u>	<u>\$ 24,831,594</u>	<u>\$ 120,149,530</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, 2016

Net change in fund balances - total governmental funds	\$ 5,336,006
Amounts reported for governmental activities in the statement of activities are different because:	
Change in fund balance due to change in reserve for inventory	84,224
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.	10,283,706
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.	177,632
Contributions to the Local Governmental Retirement System (LGERS) pension plan in the current fiscal year are not included on the Statement of Activates.	3,121,825
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.	6,142,409
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.	(2,781,352)
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.	914,099
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>(410,640)</u>
Change in net position - governmental activities	<u>\$ 22,867,909</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, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Ad valorem tax	\$ 55,440,267	\$ 55,440,267	\$ 55,836,584	\$ 396,317
Local option sales tax	21,849,606	21,849,606	22,990,436	1,140,830
Franchise tax	6,464,780	7,364,780	8,392,055	1,027,275
Video programming tax	1,511,855	1,511,855	1,390,363	(121,492)
Rental vehicle tax	176,868	176,868	298,745	121,877
Unrestricted intergovernmental	1,448,450	1,448,450	1,917,812	469,362
Restricted intergovernmental	3,230,244	3,280,244	3,212,695	(67,549)
Licenses and permits	584,808	584,808	739,925	155,117
Sales and services	2,329,887	2,364,426	2,588,489	224,063
Fines and forfeits	133,700	133,700	208,172	74,472
Interest earnings	204,358	204,358	195,493	(8,865)
Miscellaneous	227,553	381,346	602,735	221,389
Total revenues	<u>93,602,376</u>	<u>94,740,708</u>	<u>98,373,504</u>	<u>3,632,796</u>
Expenditures:				
General Government	14,548,307	15,393,292	13,442,030	1,951,262
Public Safety	45,244,588	46,592,946	46,195,238	397,708
Transportation	15,321,063	15,579,294	14,369,429	1,209,865
Cultural and Recreational	7,761,395	7,753,135	7,233,448	519,687
Transit System	1,442,822	1,442,822	1,442,822	-
Total expenditures	<u>84,318,175</u>	<u>86,761,489</u>	<u>82,682,967</u>	<u>4,078,522</u>
Excess of revenues over expenditures	<u>9,284,201</u>	<u>7,979,219</u>	<u>15,690,537</u>	<u>7,711,318</u>
Other financing sources (uses):				
Transfers from other funds	-	1,278,390	1,278,390	-
Transfers to other funds	(10,723,783)	(12,468,670)	(12,401,991)	66,679
Appropriated fund balance	1,439,582	3,211,061	-	(3,211,061)
Total other financing uses	<u>(9,284,201)</u>	<u>(7,979,219)</u>	<u>(11,123,601)</u>	<u>(3,144,382)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>4,566,936</u>	<u>\$ 4,566,936</u>
Fund balance at beginning of year as previously reported			55,607,154	
Prior period adjustment (Note 8)			<u>1,100,606</u>	
Fund balance at beginning of year as restated			56,707,760	
Change in reserve for inventories			<u>84,224</u>	
Fund balance at end of year			<u>\$ 61,358,920</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			184,096	
General government expenditures			(49,228)	
Economic and physical development expenditures			(134,868)	
Fund balance at beginning of year			<u>-</u>	
Fund balance at end of year			<u>\$ 61,358,920</u>	

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Net Position -  
Proprietary Funds**

**June 30, 2016**

	<b>Enterprise Funds</b>		
	<u>Solid Waste Management Fund</u>	<u>Storm Water Management Fund</u>	<u>Parking Facilities Fund</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 4,528,539	\$ 18,593,153	\$ 4,382,305
Accounts receivable:			
Customers, net	1,532,552	1,285,092	4,358
Other receivables	2,656	2,787	652
Due from other governments	171,866	265,263	1,665
Inventory of materials and supplies	-	40,029	-
Prepays	44,673	76,194	-
Restricted assets:			
Cash and cash equivalents	-	2,938,680	71
Total current assets	<u>6,280,286</u>	<u>23,201,198</u>	<u>4,389,051</u>
Noncurrent assets:			
Capital assets:			
Land	-	1,107,671	6,523,115
Easements	-	1,328,978	-
Improvements other than buildings	-	59,018,023	231,282
Buildings, plant and structures	-	1,202,630	13,830,830
Intangible software	-	-	33,343
Furniture, fixtures, machinery and equipment	37,628	520,990	473,934
Construction in progress	5,990	2,180,706	308,183
Less accumulated depreciation	<u>(29,242)</u>	<u>(19,435,685)</u>	<u>(8,658,809)</u>
Total capital assets, net of accumulated depreciation	<u>14,376</u>	<u>45,923,313</u>	<u>12,741,878</u>
Total assets	<u>6,294,662</u>	<u>69,124,511</u>	<u>17,130,929</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension deferrals	5,272	4,788	173
Contributions to pension plan in current fiscal year	181,494	148,793	7,489
Charge on refunding	<u>-</u>	<u>327,485</u>	<u>274,457</u>
Total deferred outflows of resources	<u>186,766</u>	<u>481,066</u>	<u>282,119</u>

	Nonmajor Golf Fund	Total	Internal Service Funds
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 502,559	\$ 28,006,556	\$ 10,735,971
Accounts receivable:			
Customers, net	-	2,822,002	13,571
Other receivables	10,555	16,650	1,596
Due from other governments	-	438,794	-
Inventory of materials and supplies	19,898	59,927	172,039
Prepays	10,569	131,436	7,776
Restricted assets:			
Cash and cash equivalents	-	2,938,751	-
Total current assets	<u>543,581</u>	<u>34,414,116</u>	<u>10,930,953</u>
Noncurrent assets:			
Capital assets:			
Land	109,393	7,740,179	-
Easements	-	1,328,978	-
Improvements other than buildings	2,259,426	61,508,731	-
Buildings, plant and structures	485,348	15,518,808	-
Intangible software	-	33,343	-
Furniture, fixtures, machinery and equipment	388,700	1,421,252	21,866,021
Construction in progress	-	2,494,879	432,837
Less accumulated depreciation	<u>(1,425,616)</u>	<u>(29,549,352)</u>	<u>(15,780,432)</u>
Total capital assets, net of accumulated depreciation	<u>1,817,251</u>	<u>60,496,818</u>	<u>6,518,426</u>
Total assets	<u>2,360,832</u>	<u>94,910,934</u>	<u>17,449,379</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension deferrals	947	11,180	1,172
Contributions to pension plan in current fiscal year	31,352	369,128	40,242
Charge on refunding	<u>-</u>	<u>601,942</u>	<u>-</u>
Total deferred outflows of resources	<u>32,299</u>	<u>982,250</u>	<u>41,414</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**June 30, 2016**

	<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	\$ 183,102	\$ 169,254	\$ 157,802
Contracts and retainage	-	154,216	12,671
Accrued liabilities:			
Personnel costs	551,157	134,975	6,574
Interest	405	83,434	20,851
Current portion of long-term liabilities:			
Due to other funds	118,863	124,263	7,325
Bonds payable	-	750,000	-
Installment obligations	-	80,000	847,687
Other long-term obligations	190,000	-	-
Accrued vacation and sick leave	159,229	124,284	9,713
Customer and escrow deposits	-	119,105	-
Unearned revenues	-	-	-
Restricted liabilities:			
Contracts and retainage payable	-	310,629	-
Total current liabilities	<u>1,202,756</u>	<u>2,050,160</u>	<u>1,062,623</u>
Noncurrent liabilities:			
Noncurrent portion of long-term liabilities:			
Advances from other funds	-	-	-
Bonds payable	-	24,493,186	-
Installment obligations	-	692,641	5,897,451
Other long-term obligations	190,000	-	-
Accrued vacation and sick leave	71,004	55,421	6,079
Accrued other postemployment benefits	1,697,207	1,175,512	77,380
Net pension liability	<u>201,254</u>	<u>192,696</u>	<u>5,632</u>
Total noncurrent liabilities	<u>2,159,465</u>	<u>26,609,456</u>	<u>5,986,542</u>
Total liabilities	<u>3,362,221</u>	<u>28,659,616</u>	<u>7,049,165</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension deferrals	140,757	103,606	7,029
Charge on refunding	-	5,575	-
Total deferred inflows of resources	<u>140,757</u>	<u>109,181</u>	<u>7,029</u>
<b>NET POSITION</b>			
Net investment in capital assets	14,376	22,867,902	6,271,268
Restricted for:			
Capital projects	-	1,549,898	-
Unrestricted	<u>2,964,074</u>	<u>16,418,980</u>	<u>4,085,586</u>
Net Position	<u>\$ 2,978,450</u>	<u>\$ 40,836,780</u>	<u>\$ 10,356,854</u>



	Nonmajor Golf Fund	Total	Internal Service Funds
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable:			
Trade	\$ 28,523	\$ 538,681	\$ 614,371
Contracts and retainage	2,623	169,510	-
Accrued liabilities:			
Personnel costs	24,903	717,609	33,958
Interest	-	104,690	12,792
Current portion of long-term liabilities:			
Due to other funds	41,618	292,069	23,341
Bonds payable	-	750,000	-
Installment obligations	-	927,687	-
Other long-term obligations	-	190,000	410,000
Accrued vacation and sick leave	55,654	348,880	47,989
Customer and escrow deposits	-	119,105	-
Unearned revenues	53,053	53,053	-
Restricted liabilities:			
Contracts and retainage payable	-	310,629	-
Total current liabilities	<u>206,374</u>	<u>4,521,913</u>	<u>1,142,451</u>
Noncurrent liabilities:			
Noncurrent portion of long-term liabilities:			
Advances from other funds	52,000	52,000	-
Bonds payable	-	24,493,186	-
Installment obligations	-	6,590,092	-
Other long-term obligations	-	190,000	2,050,000
Accrued vacation and sick leave	29,101	161,605	39,954
Accrued other postemployment benefits	200,035	3,150,134	296,245
Net pension liability	<u>37,590</u>	<u>437,172</u>	<u>43,423</u>
Total noncurrent liabilities	<u>318,726</u>	<u>35,074,189</u>	<u>2,429,622</u>
Total liabilities	<u>525,100</u>	<u>39,596,102</u>	<u>3,572,073</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension deferrals	21,798	273,190	34,514
Charge on refunding	-	5,575	-
Total deferred inflows of resources	<u>21,798</u>	<u>278,765</u>	<u>34,514</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,817,251	30,970,797	4,058,426
Restricted for:			
Capital projects	-	1,549,898	-
Unrestricted	<u>28,982</u>	<u>23,497,622</u>	<u>9,825,780</u>
Net Position	<u>\$ 1,846,233</u>	<u>\$ 56,018,317</u>	<u>\$ 13,884,206</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2016**

	<b>Enterprise Funds</b>		
	<u>Solid Waste Management Fund</u>	<u>Storm Water Management Fund</u>	<u>Parking Facilities Fund</u>
Operating revenues:			
Charges for services	\$ 8,996,252	\$ 9,928,041	\$ 3,399,380
Other operating revenues	<u>93,428</u>	<u>81,548</u>	<u>304</u>
Total operating revenues	<u>9,089,680</u>	<u>10,009,589</u>	<u>3,399,684</u>
Operating expenses:			
Salaries, employee benefits and other personnel costs	4,305,922	2,884,011	144,128
Materials and fuels consumed	503,537	337,243	2,111
Landfill disposal fees	1,525,602	-	-
Services	1,170,012	788,957	1,441,463
Utilities	20,793	39,888	67,339
Depreciation	4,436	939,432	637,615
Amortization	-	615	-
Other operating expenses	<u>1,263,391</u>	<u>1,299,779</u>	<u>394,957</u>
Total operating expenses	<u>8,793,693</u>	<u>6,289,925</u>	<u>2,687,613</u>
Operating income (loss)	<u>295,987</u>	<u>3,719,664</u>	<u>712,071</u>
Nonoperating revenues (expenses):			
Investment earnings	14,235	63,820	13,989
Restricted intergovernmental	73,830	-	-
Interest and other charges	(6,485)	(619,697)	(238,223)
Gain on disposal of capital assets, net	<u>-</u>	<u>-</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>81,580</u>	<u>(555,877)</u>	<u>(224,234)</u>
Income (loss) before capital contributions and transfers	<u>377,567</u>	<u>3,163,787</u>	<u>487,837</u>
Capital contributions	-	405,208	-
Transfers from other funds	-	-	558,740
Transfers to other funds	<u>-</u>	<u>(19,400)</u>	<u>(3,604)</u>
Change in net position	<u>377,567</u>	<u>3,549,595</u>	<u>1,042,973</u>
Net position at beginning of year	<u>2,600,883</u>	<u>37,287,185</u>	<u>9,313,881</u>
Net position at end of year	<u>\$ 2,978,450</u>	<u>\$ 40,836,780</u>	<u>\$ 10,356,854</u>

	Nonmajor Golf Fund	Total	Internal Service Funds
Operating revenues:			
Charges for services	\$ 1,247,303	\$ 23,570,976	\$ 6,081,405
Other operating revenues	24,870	200,150	212,037
Total operating revenues	<u>1,272,173</u>	<u>23,771,126</u>	<u>6,293,442</u>
Operating expenses:			
Salaries, employee benefits and other personnel costs	618,814	7,952,875	787,736
Materials and fuels consumed	255,302	1,098,193	13,126
Landfill disposal fees	-	1,525,602	-
Services	61,113	3,461,545	882,461
Utilities	33,265	161,285	5,541
Depreciation	110,819	1,692,302	2,081,655
Amortization	-	615	-
Other operating expenses	<u>286,052</u>	<u>3,244,179</u>	<u>1,249,681</u>
Total operating expenses	<u>1,365,365</u>	<u>19,136,596</u>	<u>5,020,200</u>
Operating income (loss)	<u>(93,192)</u>	<u>4,634,530</u>	<u>1,273,242</u>
Nonoperating revenues (expenses):			
Investment earnings	1,812	93,856	30,323
Restricted intergovernmental	-	73,830	-
Interest and other charges	-	(864,405)	(41,078)
Gain on disposal of capital assets, net	<u>-</u>	<u>-</u>	<u>187,269</u>
Total nonoperating revenues (expenses)	<u>1,812</u>	<u>(696,719)</u>	<u>176,514</u>
Income (loss) before capital contributions and transfers	(91,380)	3,937,811	1,449,756
Capital contributions	-	405,208	148,006
Transfers from other funds	-	558,740	480,000
Transfers to other funds	<u>-</u>	<u>(23,004)</u>	<u>(1,163,663)</u>
Change in net position	(91,380)	4,878,755	914,099
Net position at beginning of year	<u>1,937,613</u>	<u>51,139,562</u>	<u>12,970,107</u>
Net position at end of year	<u>\$ 1,846,233</u>	<u>\$ 56,018,317</u>	<u>\$ 13,884,206</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Cash Flows -  
Proprietary Funds**

**Year Ended June 30, 2016**

	<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	\$ 9,308,774	\$ 7,501,725	\$ 3,401,332
Receipts from interfund services provided	37,513	2,445,852	-
Payments to suppliers	(3,720,847)	(1,850,713)	(1,940,814)
Payments to or on behalf of employees	(3,844,653)	(3,005,516)	(154,927)
Payments for interfund services used	(1,138,923)	(673,134)	(9,001)
Net cash provided by (used in) operating activities	641,864	4,418,214	1,296,590
Cash flows from noncapital and related financing activities:			
Advances from other funds	-	-	-
Due from other funds	-	-	6,600
Dues to other funds	59,845	-	7,325
Transfers from other funds	-	-	558,740
Transfers to other funds	-	(19,400)	-
Restricted intergovernmental	73,830	-	-
Net cash provided by (used in) noncapital and related financing activities	133,675	(19,400)	572,665
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(5,990)	(5,762,881)	(178,407)
Principal payments on bonds	-	(705,000)	-
Principal payments on installment obligations	-	-	(857,437)
Principal payments on other long-term obligations	(190,000)	-	-
Interest and other charges	(6,688)	(975,554)	(264,252)
Proceeds from sale of capital assets	-	-	-
Net cash used in capital and related financing activities	(202,678)	(7,443,435)	(1,300,096)
Cash flows from investing activities:			
Investment earnings	14,764	66,071	14,504
Net increase (decrease) in cash and cash equivalents	587,625	(2,978,550)	583,663
Cash and cash equivalents at beginning of year	3,940,914	24,510,383	3,798,713
Cash and cash equivalents at end of year	\$ 4,528,539	\$ 21,531,833	\$ 4,382,376

	Nonmajor Golf Fund	Total	Internal Service Funds
Cash flows from operating activities:			
Receipts from customers and users	\$ 1,263,485	\$ 21,475,316	\$ 474,472
Receipts from interfund services provided	-	2,483,365	5,979,796
Payments to suppliers	(616,465)	(8,128,839)	(1,534,615)
Payments to or on behalf of employees	(685,744)	(7,690,840)	(796,257)
Payments for interfund services used	(36,217)	(1,857,275)	(6,094)
Net cash provided by (used in) operating activities	<u>(74,941)</u>	<u>6,281,727</u>	<u>4,117,302</u>
Cash flows from noncapital and related financing activities:			
Advances from other funds	(26,000)	(26,000)	-
Due from other funds	-	6,600	-
Dues to other funds	9,512	76,682	(4,485)
Transfers from other funds	-	558,740	480,000
Transfers to other funds	-	(19,400)	-
Restricted intergovernmental	-	73,830	-
Net cash provided by (used in) noncapital and related financing activities	<u>(16,488)</u>	<u>670,452</u>	<u>475,515</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(11,900)	(5,959,178)	(2,154,553)
Principal payments on bonds	-	(705,000)	-
Principal payments on installment obligations	-	(857,437)	-
Principal payments on other long-term obligations	-	(190,000)	(403,064)
Interest and other charges	-	(1,246,494)	(40,141)
Proceeds from sale of capital assets	-	-	187,269
Net cash used in capital and related financing activities	<u>(11,900)</u>	<u>(8,958,109)</u>	<u>(2,410,489)</u>
Cash flows from investing activities:			
Investment earnings	<u>1,923</u>	<u>97,262</u>	<u>31,355</u>
Net increase (decrease) in cash and cash equivalents	(101,406)	(1,908,668)	2,213,683
Cash and cash equivalents at beginning of year	<u>603,965</u>	<u>32,853,975</u>	<u>8,522,288</u>
Cash and cash equivalents at end of year	<u>\$ 502,559</u>	<u>\$ 30,945,307</u>	<u>\$ 10,735,971</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2016**

	<b>Enterprise Funds</b>		
	Solid Waste Management Fund	Storm Water Management Fund	Parking Facilities Fund
Reconciliation to Statement of Net Position:			
Cash and cash equivalents	\$ 4,528,539	\$ 18,593,153	\$ 4,382,305
Restricted cash and cash equivalents	<u>-</u>	<u>2,938,680</u>	<u>71</u>
Total cash and cash equivalents	<u>\$ 4,528,539</u>	<u>\$ 21,531,833</u>	<u>\$ 4,382,376</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 295,987	\$ 3,719,664	\$ 712,071
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	4,436	940,047	637,615
Changes in assets and liabilities:			
Accounts receivable	-	(44,370)	-
Other receivables	348,415	-	-
Due from component unit	-	-	-
Due from other governments	(91,808)	(91,070)	1,648
Inventory of materials and supplies	-	25,610	-
Prepays	2,121	(21,698)	11,747
Net pension asset	274,394	239,358	9,996
Deferred outflows of resources for pensions	(10,521)	6,511	(1,871)
Net pension liability	201,254	192,696	5,632
Deferred inflows of resources for pensions	(532,079)	(483,314)	(17,482)
Accounts payable and accrued liabilities	(142,731)	(70,212)	(59,776)
Accrued vacation and sick leave	5,790	(36,551)	4,192
Accrued other postemployment benefits	286,606	41,543	(7,182)
Unearned revenues	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>\$ 641,864</u>	<u>\$ 4,418,214</u>	<u>\$ 1,296,590</u>
Noncash investing, capital and financing activities:			
Capital assets acquired on account	\$ -	\$ (599,912)	\$ 37,885
Disposal of capital assets	-	23,041	-
Capital contributions from others	-	317,396	-
Capital contributions from governmental funds	-	-	-
Donation of capital assets to governmental funds	<u>-</u>	<u>-</u>	<u>(3,604)</u>
Net effect of noncash activities	<u>\$ -</u>	<u>\$ (259,475)</u>	<u>\$ 34,281</u>

	Nonmajor Golf Fund	Total	Internal Service Funds
<b>Reconciliation to Statement of Net Position:</b>			
Cash and cash equivalents	\$ 502,559	\$ 28,006,556	\$ 10,735,971
Restricted cash and cash equivalents	-	<u>2,938,751</u>	-
Total cash and cash equivalents	<u>\$ 502,559</u>	<u>\$ 30,945,307</u>	<u>\$ 10,735,971</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>			
Operating income (loss)	\$ (93,192)	\$ 4,634,530	\$ 1,273,242
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	110,819	1,692,917	2,081,655
Changes in assets and liabilities:			
Accounts receivable	(10,085)	(54,455)	(13,571)
Other receivables	-	348,415	-
Due from component unit	-	-	152,054
Due from other governments	488	(180,742)	22,343
Inventory of materials and supplies	11,660	37,270	5,094
Prepays	4,405	(3,425)	566,081
Net pension asset	47,884	571,632	62,312
Deferred outflows of resources for pensions	(628)	(6,509)	(2,235)
Net pension liability	37,590	437,172	43,423
Deferred inflows of resources for pensions	(95,616)	(1,128,491)	(118,280)
Accounts payable and accrued liabilities	(54,677)	(327,396)	9,666
Accrued vacation and sick leave	(14,047)	(40,616)	9,559
Accrued other postemployment benefits	(20,451)	300,516	25,959
Unearned revenues	<u>909</u>	<u>909</u>	-
Net cash provided by (used in) operating activities	<u>\$ (74,941)</u>	<u>\$ 6,281,727</u>	<u>\$ 4,117,302</u>
<b>Noncash investing, capital and financing activities:</b>			
Capital assets acquired on account	\$ -	\$ (562,027)	\$ 408,122
Disposal of capital assets	-	23,041	-
Capital contributions from others	-	317,396	-
Capital contributions from governmental funds	-	-	148,006
Donation of capital assets to governmental funds	-	<u>(3,604)</u>	<u>(1,163,663)</u>
Net effect of noncash activities	<u>\$ -</u>	<u>\$ (225,194)</u>	<u>\$ (607,535)</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**June 30, 2016**

	Other Postemployment Benefits Trust Fund	Agency Funds
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,278,390	\$ 523,312
Investments:		
North Carolina Capital Management Trust, Cash Portfolio	772,332	-
North Carolina Capital Management Trust, Term Portfolio	-	11,875
U.S. Government Agencies	-	21,271
Other receivables	<u>-</u>	<u>38</u>
Total assets	<u>2,050,722</u>	<u>556,496</u>
 <b>LIABILITIES</b>		
Accounts payable	675	5,292
Escrow funds and deposits	<u>-</u>	<u>551,204</u>
Total liabilities	<u>675</u>	<u>556,496</u>
 <b>NET POSITION</b>		
Restricted for other postemployment benefits	<u>\$ 2,050,047</u>	<u>\$ -</u>

See notes to financial statements.



**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2016**

	<u>Other Postemployment Benefits Trust Fund</u>
Additions:	
Contributions:	
Employer	\$ 3,089,486
Plan members	<u>366,290</u>
Total contributions	3,455,776
Investment earnings	<u>1,498</u>
Total additions	<u>3,457,274</u>
Deductions:	
Benefit payments	2,001,054
Administrative expense	<u>179,032</u>
Total deductions	<u>2,180,086</u>
Change in net position	1,277,188
Net position at beginning of year (1)	<u>772,859</u>
Net position at end of year	<u>\$ 2,050,047</u>

(1) The beginning net position is different from the prior year ending balance as a result of the consolidation of the Law Enforcement Officers' Pension Trust Fund into the General Fund pursuant to the implementation of GASB 73.

See notes to financial statements.

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# **CITY OF WILMINGTON, NORTH CAROLINA**

## **Notes to Financial Statements June 30, 2016**

### **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 115,498. 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, 2017. 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, 2016

### 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 for the Authority system to nonprofit agencies who provide assistance to members of the community in need and individuals who otherwise would not have access to transportation. These subsidies are returned to the Authority through fares. The Foundation is considered to almost exclusively benefit the Authority. 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, 2016 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, 2016

### 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, 2016

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

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

**Special Purpose Fund.** 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.

**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.

The City reports the following major enterprise funds:

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

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

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

Additionally, the City reports the following fund types:

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

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued)

June 30, 2016

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

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

**Pension Trust Funds.** 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 Other Postemployment Benefits Trust Fund accounts for the City's contributions for healthcare coverage provided to qualified retirees.

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

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

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

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued)

June 30, 2016

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

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

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

The City considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable 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.

#### D. BUDGETARY DATA

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



# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued)

June 30, 2016

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

#### D. BUDGETARY DATA (continued)

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

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

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

##### DEPOSITS AND INVESTMENTS

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

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

The City's investments with a maturity of more than one year at acquisition are reported at fair value. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a-7) external investment pool, are measured at amortized cost, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost.

##### CASH AND CASH EQUIVALENTS

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

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2016

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

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

##### RESTRICTED ASSETS

Unspent donations are classified as restricted assets because they are restricted to the capital projects for which the funds were collected. Unexpended proceeds of the City's general obligation bonds, certificates of participation, limited obligation bonds and other long-term obligations are classified as restricted assets because their use is limited by bond covenants, bond indentures and other financing agreements to the purpose for which the debt was originally issued. Certain receivables from New Hanover County for unexpended proceeds of park development bonds issued by the County on behalf of the City are classified as restricted assets. The 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	Debt Service Fund	Nonmajor Governmental Funds	Governmental Activities
Room occupancy tax proceeds and related interest earnings	\$4,838,003	\$ -	\$ -	\$ -	\$ 4,838,003
Red light camera fines	95,766	-	-	-	95,766
Debt proceeds and related interest earnings	2,856	3,178,185	874	3,999,793	7,181,708
Federal forfeiture funds	1,015,826	-	-	-	1,015,826
Unauthorized substance tax	48,364	-	-	-	48,364
Firemen's relief funds	-	-	-	115,259	115,259
Donations	214,026	60,485	-	30,404	304,915
Grant matches restricted by related grant award	236,019	-	-	-	236,019
	<u>\$6,450,860</u>	<u>\$ 3,238,670</u>	<u>\$ 874</u>	<u>\$ 4,145,456</u>	<u>\$ 13,835,860</u>

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>\$ 2,938,680</u>	<u>\$ 71</u>	<u>\$ 2,938,751</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2016

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

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

##### 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, 2015. 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.

##### 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 prior to July 1, 2015 are recorded at their estimated fair value at the date of donation or effective date of annexation. Donated capital assets and those acquired by annexation after July 1, 2015 are recorded at acquisition value. 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.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2016

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

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

##### CAPITAL ASSETS (continued)

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, 2016, a total of \$424,340 was capitalized in the Storm Water Management Fund and \$7,012 was capitalized in the Parking Facilities Fund.

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

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

The Authority's capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. All purchased capital assets are valued at original cost at the time of acquisition, with cost including 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.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2016

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

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

##### CAPITAL ASSETS (continued)

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

Asset class	Estimated useful lives
Buildings and improvements	20 - 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 several items that meet this criterion in the statement of net position – a loss on refunding, 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” and contributions made to the pension plan in the current 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 current 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 several 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. The Authority has one item that meets the criterion for this category – deferrals of pension expense that result from the implementation of GASB 68.

##### LONG-TERM OBLIGATIONS

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

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2016

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

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

##### LONG-TERM OBLIGATIONS (continued)

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

##### 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, 2016 the Authority recorded a liability of \$153,079 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.

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.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2016

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

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

##### 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, 2016:

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, 2016:

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

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

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.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2016

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

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

##### FUND BALANCES (continued)

Restricted for debt service - portion of fund balance that is restricted by loan documents for issuance 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 a rail realignment study.

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 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 ordinance prior to the end of the fiscal year, commit fund balance in the form of a transfer out of the general fund to another fund appropriate for the designated purpose or by amending the fee schedule to reserve proceeds of certain fees for specific purposes. Once adopted, any modification or rescission of the specific purpose imposed by the ordinance including transfer of these funds out of their respective funds requires a subsequent ordinance by majority action of the City Council. The following are the City’s committed fund balances as of June 30, 2016:

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.

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

Committed for public safety – portion of fund balance committed by City Council for Law Enforcement Officers’ Special Separation Allowance obligations.

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, 2016:



# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2016

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

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

##### FUND BALANCES (continued)

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, 2016. 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, 2016, the portion of fund balance that is available for appropriation equates to unassigned fund balance.

#### PENSIONS

For purposes of measuring the net pension liability, 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.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2016

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

#### F. COMPARATIVE DATA

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

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

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

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

The details of that item are as follows:

Bonds payable	\$ 23,100,000
Installment obligations	129,877,594
Other long-term obligations	10,962,584
Unamortized premiums	14,958,303
Unamortized deferred outflows of resources	(5,781,318)
Unamortized deferred inflows of resources	70,293
Accrued interest payable	829,739
Accrued vacation and sick leave	6,803,756
Accrued other postemployment benefits	19,447,607
Net pension liability	<u>1,987,851</u>
	<u>\$ 202,256,409</u>

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

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

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2016

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

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

The details of those items are as follows:

Capital outlay	\$	9,301,856
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.		12,032,253
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.		1,019,261
Depreciation expense		<u>(12,069,664)</u>
	\$	<u>10,283,706</u>

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

The details of this item are as follows:

Debt issued:		
Issuance of bonds	\$	(2,925,000)
Issuance of refunding bonds		(6,650,000)
Issuance of refunding installment obligations		(48,940,000)
Issuance premium (to be amortized over the life of the obligation)		(7,280,135)
Principal payments:		
Bonds payable		2,025,000
Installment obligations		6,062,563
Other long-term obligations		723,058
Refunded bonds		7,831,032
Refunded installment obligations		54,381,288
Defeased other long-term obligations		555,000
Amortization of premiums and loss on refundings		<u>359,603</u>
	\$	<u>6,142,409</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2016

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

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

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

Accrued vacation and sick leave	\$ 33,278
Accrued other postemployment benefits	(960,101)
Pension expense	(1,955,728)
Accrued interest payable	<u>101,199</u>
	<u>\$ (2,781,352)</u>

### NOTE 3 – DETAIL NOTES ON ALL FUNDS

#### A. ASSETS

##### DEPOSITS AND INVESTMENTS

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

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

At June 30, 2016, the City's deposits had a carrying amount of \$95,429,707 and a bank balance of \$97,515,960. Of the bank balance, \$1,250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. Cash on hand at June 30, 2016, was \$19,149.

At June 30, 2016, the Authority's deposits had a carrying amount of \$211,612 and a bank balance of \$264,241 of which, \$250,000 was fully covered by federal depository insurance. The Authority's cash on hand at June 30, 2016 consisted of various petty cash funds totaling \$1,800.

At June 30, 2016, the Foundation's deposits had a carrying amount and bank balance of \$10,663 which was fully covered by federal depository insurance.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2016

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

#### A. ASSETS (continued)

#### DEPOSITS AND INVESTMENTS (continued)

At June 30, 2016, the investments and related maturities of the City were as follows:

Investment Type	Valuation Measurement Method	Fair Value	Less Than 6 Months	1 - 3 Years
North Carolina Capital Management Trust - Cash Portfolio	Amortized Cost	\$ 30,056,002	\$ 30,056,002	\$ -
North Carolina Capital Management Trust - Term Portfolio *	Fair Value-Level 1	5,029,234	5,029,234	-
U.S. Government Agencies	Fair Value-Level 2	9,008,560	-	9,008,560
Total investments		<u>\$ 44,093,796</u>	<u>\$ 35,085,236</u>	<u>\$ 9,008,560</u>

*\* Because the North Carolina Capital Management Trust Term Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.*

All investments are measured using the market approach which uses prices and other relevant information generated by market transactions involving identical or comparable assets or groups of assets. Level one debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level two debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

At June 30, 2016, the Authority's investments consisted of \$845 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, 2016 is 1.1 months. Certain 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, 2016, 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 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.

**CITY OF WILMINGTON, NORTH CAROLINA**

**Notes to Financial Statements (Continued)**  
**June 30, 2016**

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

**A. ASSETS (continued)**

**DEPOSITS AND INVESTMENTS (continued)**

**Concentration of Credit Risk**

The City’s investment policy limits the amount that the City may invest in any one issuer to 25% of the City’s total investments. More than 5 percent of the City’s investments are in the Federal Home Loan Mortgage Corporation and the Federal Farm Credit Bank securities. These investments are 9.1% and 6.8%, respectively, of the City’s total investments.

**RECEIVABLES**

Current receivables for governmental activities at the government-wide level at June 30, 2016, were as follows:

	Taxes	Accounts	Other Governments	Notes	Restricted	Other	Total
General Fund	\$ 2,374,215	\$ 2,062,455	\$ 10,193,375	\$ 217,620	\$ -	\$ 695,071	\$ 15,542,736
Special Purpose Fund	-	-	720,934	98,467	1,056,251	20	1,875,672
Streets and Sidewalks Fund	-	-	487,203	-	2,750,000	1,258	3,238,461
Debt Service Fund	222,741	-	68,177	-	-	1,832	292,750
Nonmajor							
Governmental Funds	-	22,955	372,267	17,374,201	181,474	613	17,951,510
Internal Service Funds	-	13,571	-	-	-	1,596	15,167
Total receivables	2,596,956	2,098,981	11,841,956	17,690,288	3,987,725	700,390	38,916,296
Allowance for doubtful accounts	<u>(1,518,575)</u>	<u>(897,708)</u>	-	<u>(536,351)</u>	-	-	<u>(2,952,634)</u>
Total governmental activities	<u>\$ 1,078,381</u>	<u>\$ 1,201,273</u>	<u>\$ 11,841,956</u>	<u>\$ 17,153,937</u>	<u>\$ 3,987,725</u>	<u>\$ 700,390</u>	<u>\$ 35,963,662</u>

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

Local government sales and use taxes	\$ 6,405,674
Franchise tax	1,811,330
Video programming sales tax	360,480
PEG channel support	6,993
Refund of sales and use tax paid	562,079
Motor vehicle tax	433,453
ABC revenues	349,157
Other grants and reimbursements	<u>1,912,790</u>
	<u>\$ 11,841,956</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2016

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

#### A. ASSETS (continued)

#### RECEIVABLES (continued)

The restricted receivables for governmental activities consist of the following:

Interest on room occupancy tax	\$	895
Due from other governments - Room occupancy tax		738,798
Due from other governments - Unexpended parks development bond proceeds held by New Hanover County		82,569
Due from management company for convention center		316,558
River Road payment required by development agreement		2,750,000
Interest on Firemen's Relief Funds		17
Due from other governments - Firemen's Relief Funds		<u>98,888</u>
	\$	<u><u>3,987,725</u></u>

Receivables for business-type activities at the government-wide level at June 30, 2016, were as follows:

	Accounts	Other Governments	Other	Total
Solid Waste Management Fund	\$ 2,110,212	\$ 171,866	\$ 2,656	\$ 2,284,734
Storm Water Management Fund	1,671,991	265,263	2,787	1,940,041
Parking Facilities Fund	4,358	1,665	652	6,675
Nonmajor Golf Fund	<u>-</u>	<u>-</u>	<u>10,555</u>	<u>10,555</u>
Total receivables	3,786,561	438,794	16,650	4,242,005
Allowance for doubtful accounts	<u>(964,559)</u>	<u>-</u>	<u>-</u>	<u>(964,559)</u>
Total business-type activities	<u><u>\$ 2,822,002</u></u>	<u><u>\$ 438,794</u></u>	<u><u>\$ 16,650</u></u>	<u><u>\$ 3,277,446</u></u>

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

Refund of sales and use tax paid	\$	33,717
Solid waste disposal tax		18,287
Cape Fear Public Utility Authority		277,313
New Hanover County		20,000
Other grants and reimbursements		<u>89,478</u>
	\$	<u><u>438,794</u></u>

The amount due from other governments for the Authority as of June 30, 2016 consists of the following:

State operating grant revenues	\$	74,062
Federal operating grant revenues		818,045
Local government sales and use taxes		63,825
City of Wilmington		163,391
New Hanover County		105,342
Other		<u>842</u>
	\$	<u><u>1,225,507</u></u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2016

### 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, 2016, was as follows:

	July 1, 2015	Increases	Decreases	Transfers	June 30, 2016
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 55,825,022	\$ 306,170	\$ -	\$ -	\$ 56,131,192
Easements	11,749,815	1,769,440	-	-	13,519,255
Construction in progress	<u>11,335,134</u>	<u>4,404,006</u>	-	<u>(8,537,670)</u>	<u>7,201,470</u>
Total capital assets not being depreciated	<u>78,909,971</u>	<u>\$ 6,479,616</u>	<u>\$ -</u>	<u>\$ (8,537,670)</u>	<u>76,851,917</u>
Capital assets being depreciated:					
Improvements other than buildings	56,073,609	\$ 1,153,587	\$ -	\$ 3,939,085	61,166,281
Buildings, plant and structures	140,917,335	1,166,576	-	3,158,989	145,242,900
Furniture, fixtures, machinery and equipment	46,477,052	2,677,412	(2,093,855)	5,149	47,065,758
Computer software	1,423,071	-	-	-	1,423,071
Streets and drainage	<u>213,035,107</u>	<u>12,419,593</u>	-	<u>1,439,596</u>	<u>226,894,296</u>
Total capital assets being depreciated	<u>457,926,174</u>	<u>\$ 17,417,168</u>	<u>\$ (2,093,855)</u>	<u>\$ 8,542,819</u>	<u>481,792,306</u>
Less accumulated depreciation for:					
Improvements other than buildings	18,034,990	\$ 2,792,314	\$ -	\$ -	20,827,304
Buildings, plant and structures	34,484,737	3,518,381	-	-	38,003,118
Furniture, fixtures, machinery and equipment	35,625,460	3,470,464	(2,093,855)	1,545	37,003,614
Computer software	1,240,672	97,083	-	-	1,337,755
Streets and drainage	<u>67,773,805</u>	<u>4,273,077</u>	-	-	<u>72,046,882</u>
Total accumulated depreciation	<u>157,159,664</u>	<u>\$ 14,151,319</u>	<u>\$ (2,093,855)</u>	<u>\$ 1,545</u>	<u>169,218,673</u>
Total capital assets being depreciated, net	<u>300,766,510</u>				<u>312,573,633</u>
Governmental activities capital assets, net	<u>\$ 379,676,481</u>				<u>\$ 389,425,550</u>

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

General government	\$ 1,085,028
Public safety	2,303,859
Transportation	4,694,168
Economic and physical development	1,244,042
Cultural and recreational	2,742,567
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>2,081,655</u>
	<u>\$ 14,151,319</u>



# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2016

### 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, 2016, was as follows:

	July 1, 2015	Increases	Decreases	Transfers	June 30, 2016
Solid waste:					
Capital assets not being depreciated:					
Construction in progress	\$ -	\$ 5,990	\$ -	\$ -	\$ 5,990
Capital assets being depreciated:					
Furniture, fixtures, machinery and equipment	37,628	\$ -	\$ -	\$ -	37,628
Less accumulated depreciation for:					
Furniture, fixtures, machinery and equipment	24,806	\$ 4,436	\$ -	\$ -	29,242
Total capital assets being depreciated, net	12,822				8,386
Solid waste capital assets, net	12,822				14,376
Storm water:					
Capital assets not being depreciated:					
Land	1,023,671	\$ 84,000	\$ -	\$ -	1,107,671
Easements	1,060,575	268,403	-	-	1,328,978
Construction in progress	4,841,516	835,313	-	(3,496,123)	2,180,706
Total capital assets not being depreciated	6,925,762	\$ 1,187,716	\$ -	\$ (3,496,123)	4,617,355
Capital assets being depreciated:					
Improvements other than buildings	50,950,394	\$ 4,571,506	\$ -	\$ 3,496,123	59,018,023
Buildings, plant and structures	1,202,630	-	-	-	1,202,630
Furniture, fixtures, machinery and equipment	398,548	145,483	(23,041)	-	520,990
Total capital assets being depreciated	52,551,572	\$ 4,716,989	\$ (23,041)	\$ 3,496,123	60,741,643
Less accumulated depreciation for:					
Improvements other than buildings	17,956,823	\$ 893,251	\$ -	\$ -	18,850,074
Buildings, plant and structures	195,107	30,066	-	-	225,173
Furniture, fixtures, machinery and equipment	367,364	16,115	(23,041)	-	360,438
Total accumulated depreciation	18,519,294	\$ 939,432	\$ (23,041)	\$ -	19,435,685
Total capital assets being depreciated, net	34,032,278				41,305,958
Storm water capital assets, net	40,958,040				45,923,313

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2016

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

#### A. ASSETS (continued)

#### CAPITAL ASSETS (continued)

	July 1, 2015	Increases	Decreases	Transfers	June 30, 2016
Parking facilities:					
Capital assets not being depreciated:					
Land	\$ 6,523,115	\$ -	\$ -	\$ -	\$ 6,523,115
Construction in progress	<u>115,017</u>	<u>193,166</u>	<u>-</u>	<u>-</u>	<u>308,183</u>
Total capital assets not being depreciated	<u>6,638,132</u>	<u>\$ 193,166</u>	<u>\$ -</u>	<u>\$ -</u>	<u>6,831,298</u>
Capital assets being depreciated:					
Improvements other than buildings	229,380	\$ 1,902	\$ -	\$ -	231,282
Buildings, plant and structures	13,830,830	-	-	-	13,830,830
Furniture, fixtures, machinery and equipment	457,993	21,090	-	(5,149)	473,934
Computer Software	<u>26,196</u>	<u>7,147</u>	<u>-</u>	<u>-</u>	<u>33,343</u>
Total capital assets being depreciated	<u>14,544,399</u>	<u>\$ 30,139</u>	<u>\$ -</u>	<u>\$ (5,149)</u>	<u>14,569,389</u>
Less accumulated depreciation for:					
Improvements other than buildings	5,735	\$ 11,517	\$ -	\$ -	17,252
Buildings, plant and structures	7,685,522	576,855	-	-	8,262,377
Furniture, fixtures, machinery and equipment	328,862	43,289	-	(1,545)	370,606
Computer Software	<u>2,620</u>	<u>5,954</u>	<u>-</u>	<u>-</u>	<u>8,574</u>
Total accumulated depreciation	<u>8,022,739</u>	<u>\$ 637,615</u>	<u>\$ -</u>	<u>\$ (1,545)</u>	<u>8,658,809</u>
Total capital assets being depreciated, net	<u>6,521,660</u>				<u>5,910,580</u>
Parking facilities capital assets, net	<u>13,159,792</u>				<u>12,741,878</u>
Golf:					
Capital assets not being depreciated:					
Land	<u>109,393</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>109,393</u>
Capital assets being depreciated:					
Improvements other than buildings	2,259,426	\$ -	\$ -	\$ -	2,259,426
Buildings, plant and structures	485,348	-	-	-	485,348
Furniture, fixtures, machinery and equipment	<u>376,800</u>	<u>11,900</u>	<u>-</u>	<u>-</u>	<u>388,700</u>
Total capital assets being depreciated	<u>3,121,574</u>	<u>\$ 11,900</u>	<u>\$ -</u>	<u>\$ -</u>	<u>3,133,474</u>
Less accumulated depreciation for:					
Improvements other than buildings	744,784	\$ 89,755	\$ -	\$ -	834,539
Buildings, plant and structures	212,811	10,134	-	-	222,945
Furniture, fixtures, machinery and equipment	<u>357,202</u>	<u>10,930</u>	<u>-</u>	<u>-</u>	<u>368,132</u>
Total accumulated depreciation	<u>1,314,797</u>	<u>\$ 110,819</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,425,616</u>
Total capital assets being depreciated, net	<u>1,806,777</u>				<u>1,707,858</u>
Golf capital assets, net	<u>1,916,170</u>				<u>1,817,251</u>
Business-type activities capital assets, net	<u>\$ 56,046,824</u>				<u>\$ 60,496,818</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2016

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

#### A. ASSETS (continued)

#### CAPITAL ASSETS (continued)

#### COMMITMENTS FOR CAPITAL PROJECTS

At June 30, 2016, the City has commitments for active projects as follows:

	Spent to date	Remaining commitment
Governmental funds:		
Capital projects	\$ 13,668,421	\$ 6,990,112
Enterprise funds:		
Storm Water capital projects	\$ 6,829,693	\$ 738,436
Parking Facilities capital projects	168,062	26,487
Total enterprise funds	<u>\$ 6,997,755</u>	<u>\$ 764,923</u>

#### DISCRETELY PRESENTED COMPONENT UNIT

Activity for the Cape Fear Public Transportation Authority for the year ended June 30, 2016, is as follows:

	June 30, 2015	Increases	Decreases	June 30, 2016
Capital assets not being depreciated:				
Land	\$ 2,717,404	\$ -	\$ -	\$ 2,717,404
Construction in progress	875	70,635	-	71,510
Total capital assets not being depreciated	<u>2,718,279</u>	<u>\$ 70,635</u>	<u>\$ -</u>	<u>2,788,914</u>
Capital assets being depreciated:				
Buildings and improvements	16,429,846	\$ -	\$ (545,899)	15,883,947
Furniture, fixtures, machinery and equipment	13,736,786	2,490,161	(1,890,121)	14,336,826
Total capital assets being depreciated	<u>30,166,632</u>	<u>\$ 2,490,161</u>	<u>\$ (2,436,020)</u>	<u>30,220,773</u>
Less accumulated depreciation for:				
Buildings and improvements	1,195,995	\$ 600,025	\$ (545,899)	1,250,121
Furniture, fixtures, machinery and equipment	10,404,015	828,285	(1,819,506)	9,412,794
Total accumulated depreciation	<u>11,600,010</u>	<u>\$ 1,428,310</u>	<u>\$ (2,365,405)</u>	<u>10,662,915</u>
Total capital assets being depreciated, net	<u>18,566,622</u>			<u>19,557,858</u>
Authority capital assets, net	<u>\$ 21,284,901</u>			<u>\$ 22,346,772</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued)

June 30, 2016

### 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, 2016

### 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, 2016, was 7.15% of compensation for law enforcement officers and 6.67% 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 \$3,531,195 and \$63,996, respectively for the year ended June 30, 2016.

*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, 2016, the City and the Authority reported a liability of \$4,124,955 and \$69,790, respectively for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 utilizing update procedures incorporating the actuarial assumptions. The City's and the Authority's proportion of the net pension liability 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, 2015, the City's proportion was 0.919%, which was an increase of 0.052% from its proportion measured as of June 30, 2014. At June 30, 2015, the Authority's proportion was 0.016%, which was an increase of 0.001% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the City recognized pension expense of \$2,224,122. At June 30, 2016, 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	\$ -	\$ 969,599
Net difference between projected and actual earnings on pension plan investments	-	1,174,376
Changes in proportion and differences between City contributions and proportionate share of contributions	102,353	56,778
City contributions subsequent to the measurement date	3,531,195	-
Total	\$ 3,633,548	\$ 2,200,753

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2016

### 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)*

\$3,531,195 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ (1,360,532)
2018	(1,360,532)
2019	(1,358,858)
2020	<u>1,981,522</u>
	<u>\$ (2,098,400)</u>

For the year ended June 30, 2016, the Authority recognized pension expense of \$33,753. At June 30, 2016, 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
Differences between expected and actual experience	\$ -	\$ 16,404
Net difference between projected and actual earnings on pension plan investments	-	19,868
Changes in proportion and differences between contributions and proportionate share of contributions	7,076	-
Contributions subsequent to the measurement date	<u>63,996</u>	<u>-</u>
Total	<u>\$ 71,072</u>	<u>\$ 36,272</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2016

### 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)*

\$63,996 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ (21,260)
2018	(21,260)
2019	(21,236)
2020	<u>34,560</u>
	<u>\$ (29,196)</u>

*Actuarial Assumptions.* The total pension liability in the December 31, 2014 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, 2014 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.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2016

### 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 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, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	2.2%
Global Equity	42.0%	5.8%
Real Estate	8.0%	5.2%
Alternatives	8.0%	9.8%
Credit	7.0%	6.8%
Inflation Protection	6.0%	3.4%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2014 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 3.00%. All rates of return and inflation are annualized.

*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.



# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2016

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

#### B. LIABILITIES (continued)

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

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

*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 liability 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)	\$ 28,763,886	\$ 4,124,955	\$(16,632,799)
Authority's proportionate share of the pension liability (asset)	\$ 486,634	\$ 69,790	\$ (281,398)

*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.

##### 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.

All full-time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2015, the date of the latest actuarial valuation, the Separation Allowance's membership consisted of:

Retirees currently receiving benefits	22
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	271
Total	293

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2016

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

#### B. LIABILITIES (continued)

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

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

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

*Basis of Accounting.* The City has chosen to fund the Special Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. 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.

##### c. Contributions.

The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are paid by the City.

The annual required contribution for the current fiscal year was determined as part of the December 31, 2014 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% 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, 2014 was 16 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	\$ 884,381
Interest on net pension obligation	78,861
Adjustment to annual required contribution	<u>(138,599)</u>
Annual pension cost	824,643
Benefit payments made	<u>(414,003)</u>
Change in net pension obligation	410,640
Net pension obligation, beginning of year	<u>1,577,211</u>
Net pension obligation, end of year	<u>\$ 1,987,851</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2016

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

#### B. LIABILITIES (continued)

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

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

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

Annual Pension Cost and Net Pension Obligation (continued)

#### Three Year Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2014	557,532	44.84	1,134,814
June 30, 2015	692,397	36.11	1,577,211
June 30, 2016	824,643	50.20	1,987,851

Assets reserved to pay benefits are reported as committed fund balance in the General Fund. Benefit payments reduce the net pension obligation.

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

As of December 31, 2015, the most recent actuarial valuation date, the plan was 8.39% funded. The actuarial accrued liability for benefits was \$10,964,122, and the actuarial value of assets was \$919,517, resulting in an unfunded actuarial liability (UAAL) of \$10,044,605. The covered payroll (annual payroll of active employees covered by the plan) was \$15,426,775, and the ratio of the UAAL to the covered payroll was 65.11%.

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

#### 3. Supplemental Retirement Income Plan

*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.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2016

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

#### B. LIABILITIES (continued)

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

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

*Funding Policy.* 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, 2016, the City's required contribution was \$768,729 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 \$1,455,132 for the year ended June 30, 2016. Employee contributions to this plan, including law enforcement officers, included in salary expense for the year ended June 30, 2016, were \$1,153,119.

#### 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.

Membership of the plan consisted of the following at December 31, 2015, the date of the latest actuarial valuation:

	General Employees	Firefighters	Law Enforcement Officers
Retirees and dependents receiving benefits	57	57	48
Terminated plan members entitled to but not yet receiving benefits	-	-	-
Active plan members	327	143	185
Total	384	200	233

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2016

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

#### B. LIABILITIES (continued)

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

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

*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, 2016 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.

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, 2015.

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:

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2016

### 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)*

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

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

The City initially elected to fund the healthcare benefits on a pay as you go basis; however, during the fiscal year-ended June 30, 2009, the City established an irrevocable trust for these benefits at First Citizens Bank and prefunded an additional amount to partially pay the future cost of coverage for benefits. The current annual required contribution is 13.14% of annual covered payroll. For the current year, the City contributed \$3,089,486 or 8.62% of annual covered payroll, including \$1,811,096 for current premiums and an additional \$1,278,390 to prefund benefits. The City is self-insured. Contributions of \$366,290 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.

*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) external investment pool, are valued at amortized cost, 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.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2016

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

Annual required contribution	\$ 4,713,266
Interest on net OPEB obligation	864,296
Adjustment to annual required contribution	<u>(1,201,500)</u>
Annual OPEB cost	4,376,062
Contributions made	<u>(3,089,486)</u>
Change in net OPEB obligation	1,286,576
Net OPEB obligation, beginning of year	<u>21,607,410</u>
Net OPEB obligation, end of year	<u><u>\$ 22,893,986</u></u>

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the healthcare plan and the net OPEB obligation for 2016, 2015, and 2014 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2014	5,522,838	23.60	17,965,882
June 30, 2015	5,457,018	33.30	21,607,410
June 30, 2016	4,376,062	70.60	22,893,986

*Funded Status and Funding Progress.* As of December 31, 2015, the most recent actuarial valuation date, the plan was funded 1.71%. The actuarial liability for benefits was \$45,217,890 and the actuarial value of assets was \$772,448 resulting in an unfunded actuarial accrued liability (UAAL) of \$44,445,442. The covered payroll (annual payroll of active employees covered by the plan) was \$35,860,531, and the ratio of the UAAL to the covered payroll was 123.9%.

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.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2016

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

#### B. LIABILITIES (continued)

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

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

*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, 2015 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, 2015, was 30 years.

#### 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, 2016, were \$303,135 that was matched by the City.

Employer contributions to the 457 Deferred Compensation Plan totaled \$1,514,687 for the year ended June 30, 2016. 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, 2016, were \$531,749.



# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2016

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

#### B. LIABILITIES (continued)

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

#### 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, 2016, the City made contributions to the State for death benefits of \$21,524. 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.

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, 2016, the City paid \$82,867 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, 2016 is summarized as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Deferred amount for loss on refunded debt	\$ 5,781,318	\$ 601,942
Contributions to pension plan in current year	3,162,067	369,128
Pension deferrals	<u>91,173</u>	<u>11,180</u>
	<u>\$ 9,034,558</u>	<u>\$ 982,250</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2016

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

#### B. LIABILITIES (continued)

#### DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES (continued)

The balance in deferred inflows of resources at the government-wide level of the City at June 30, 2016 is summarized as follows:

	Governmental Activities	Business-type Activities
Deferred amount for gain on refunded debt	\$ 70,293	\$ 5,575
Pension deferrals	1,927,563	273,190
Unearned Revenue:		
Prepaid property taxes	22,065	-
	\$ 2,019,921	\$ 278,765

Deferred outflows of resources for the Authority at June 30, 2016 of \$71,072 is primarily comprised of contributions to the pension plan in the current fiscal year. Deferred inflows of resources at June 30, 2016 is comprised 36,272 of pension deferrals.

#### UNEARNED REVENUES

The balance in unearned revenues at June 30, 2016 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	\$ -	\$ 59,069	\$ 59,069	\$ -
Prepaid golf course green fees	53,053	-	-	53,053
	\$ 53,053	\$ 59,069	\$ 59,069	\$ 53,053

#### 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 and Public Improvements Bonds, Series 2016 also issued for the North Riverwalk and related projects. Principal and interest requirements are provided by appropriation in the year in which they become due. At June 30, 2016, 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.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2016

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

#### General Obligation Bonds (continued)

General obligation bonds outstanding at June 30, 2016 are comprised of the following issues:

	<u>Governmental activities</u>
<p>\$3,580,000 Public Improvements Bonds, Series 2003A issued for streets and sidewalks; principal payments due annually on March 1 in installments of \$255,000 through March 1, 2018; semiannual interest payments due March 1 and September 1 with rates from 3.75 to 3.875 percent.</p>	\$ 510,000
<p>\$5,605,000 General Obligation Bonds, Series 2008A issued for streets and highways; principal payments due annually on September 1 in installments of \$280,000 through September 1, 2018; semiannual interest payments due March 1 and September 1 with rates from 3.50 to 4.00 percent; \$2,800,000 of this series was refunded with the issuance of General Obligation Refunding Bonds, Series 2016B.</p>	840,000
<p>\$9,000,000 General Obligation Bonds, Series 2008B issued for streets, highways and sidewalks; principal payments due annually on September 1 in installments of \$450,000 through September 1, 2018; semiannual interest payments due March 1 and September 1 with rates from 3.50 to 4.00 percent; \$4,500,000 of this series was refunded with the issuance of General Obligation Refunding Bonds, Series 2016B.</p>	1,350,000
<p>\$3,660,000 Public Improvement 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.</p>	3,120,000
<p>\$3,120,000 Refunding General Obligation Bonds, Series 2011B 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 \$420,000 through January 1, 2018; semiannual interest payments due January 1 and July 1 with rates from 2.00 to 2.25 percent.</p>	725,000

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2016

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

#### General Obligation Bonds (continued)

	<u>Governmental activities</u>
<p>\$5,000,000 Public Improvements Bonds, Series 2011C 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.</p>	\$ 4,240,000
<p>\$3,050,000 Taxable Public Improvements Bonds, Series 2014 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.</p>	2,740,000
<p>\$2,925,000 Taxable Public Improvement Bonds, Series 2016A issued for extension of North Riverwalk and related projects; principal payments due June 1 in installments ranging from \$145,000 to \$150,000 through June 1, 2036; semiannual interest payments due June 1 and December 1 with rates from 2.00 to 3.00 percent.</p>	2,925,000
<p>\$6,650,000 Refunding General Obligation Bonds, Series 2016B issued to refund \$2,800,000, a portion of outstanding General Obligation Bonds, Series 2008A and \$4,500,000, a portion of outstanding General Obligation Bonds, Series 2008B; principal payments due annually on September 1, in installments ranging from \$650,000 to \$675,000, beginning September 1, 2019 through September 1, 2028; semiannual interest payments due on September 1 and March 1 at rates from 3.00 to 5.00 percent.</p>	<u>6,650,000</u>
<p>Serviced by Debt Service Fund</p>	<u>\$ 23,100,000</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2016

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

#### General Obligation Bonds (continued)

Annual debt service requirements to maturity for general obligation bonds at June 30, 2016 are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2017	\$ 2,170,000	\$ 744,319
2018	2,055,000	760,100
2019	1,495,000	694,531
2020	1,425,000	641,981
2021	1,425,000	587,531
2022-2026	7,145,000	2,074,407
2027-2031	5,750,000	768,913
2032-2036	1,635,000	111,950
	\$ 23,100,000	\$ 6,383,732

#### Defeased Debt

The City has defeased certain general obligation 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 general obligation bonds are not included in the City's financial statements. At June 30, 2016, \$7,300,000 of outstanding general obligation bonds are considered defeased.

#### Advance Refunding

In June 2016, the City issued \$6,650,000 of refunding 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 the future debt service payments, amounting to \$2,800,000 of Series 2008A General Obligation Bonds and \$4,500,000 of Series 2008B General Obligation Bonds. As a result, the refunded general obligation bonds are considered defeased and the liability has been removed from the governmental activities of the Statement of Net Position. The reacquisition price of the combined transaction exceeded the carrying amount of the old debt by \$473,322. 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 \$828,531 and a decrease of \$996,746 in future debt service payments.

#### 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.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2016

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

#### Revenue Bonds (continued)

Revenue bonds outstanding at June 30, 2016 are comprised of the following individual issue:

\$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 at 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.	\$ 3,155,000
\$19,425,000 Storm Water Fee Revenue Bonds, Series 2015A issued for storm water system improvements and to refund \$6,960,000 of outstanding Series 2007 Storm Water Fee Revenue Bonds; principal installments due annually on June 1, in varying amounts from \$500,000 to \$1,250,000 beginning June 1, 2019 through June 1, 2040; semiannual interest payments due June 1 and December 1, with rates from 1.10 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, in varying amounts from \$170,000 to \$185,000 through June 1, 2022; semiannual interest payments due June 1 and December 1 with rates from 1.10 to 2.625 percent.	1,080,000
Serviced by Storm Water Management Fund	\$ 23,660,000

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

Year Ending June 30	Business-type Activities	
	Principal	Interest
2017	\$ 750,000	\$ 972,666
2018	775,000	946,619
2019	810,000	917,294
2020	840,000	887,509
2021	865,000	856,244
2022-2026	4,920,000	3,685,643
2027-2031	5,980,000	2,623,050
2032-2036	5,110,000	1,304,075
2037-2040	3,610,000	365,875
	\$ 23,660,000	\$ 12,558,975

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2016

### 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 \$1,644,663 or 34.82% of available net revenues of \$4,723,531.

Certain covenants are contained in the revenue bond order. The City was in compliance with the covenants during the fiscal year ended June 30, 2016. The revenue coverage calculation as of June 30, 2016 is as follows:

Revenues (1)		
Operating revenues	\$ 9,928,041	
Other operating revenue	81,548	
Investment earnings	<u>63,820</u>	<u>\$ 10,073,409</u>
Current Expenses (2)		
Operating expenses	6,289,925	
Less depreciation	(939,432)	
Less amortization	<u>(615)</u>	<u>5,349,878</u>
Revenues available for debt service		<u>4,723,531</u>
Principal and interest requirements (3)		
Revenue bonds (at 120%)	2,067,200	
Other indebtedness (at 100%)	<u>108,550</u>	<u>2,175,750</u>
Revenues in excess of principal and interest requirements		<u>\$ 2,547,781</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.

#### 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, 2016, \$6,960,000 of outstanding revenue bonds are considered defeased.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2016

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

##### Installment Obligations

Certificates of Participation and Limited Obligation Bonds have been issued for the purchase of real property, construction of public facilities, construction of parking facilities and improvements to streets, 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.

Installment obligations outstanding at June 30, 2016 are comprised of the following individual issues:

	Governmental activities	Business-type activities
<p>\$46,560,000 Certificates of Participation, Series 2008A issued for construction of the Convention Center; principal payments due annually on June 1 in installments ranging from \$1,010,000 to \$1,050,000 beginning June 1, 2017 through June 1, 2018; semiannual interest payments due June 1 and December 1 at rates from 4.00 to 4.10 percent; \$44,500,000 of this series was refunded with the issuance of Limited Obligation Refunding Bonds, Series 2016.</p> <p style="padding-left: 20px;">Serviced by Convention Center Fund</p>	\$ 2,060,000	\$ -
<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 \$445,000 to \$465,000 through June 1, 2018; annual interest payments due June 1 at a rate of 4.21 percent; \$5,855,000 of this series was refunded with the issuance of Limited Obligation Refunding Bonds, Series 2016</p> <p style="padding-left: 20px;">Serviced by Convention Center Fund</p>	910,000	-



# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2016

### 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 \$1,400,000 through June 1, 2030; semiannual interest payments due June 1 and December 1 at rates from 4.18 to 6.33 percent.</p> <p>Serviced by Debt Service Fund</p>	\$ 19,270,000	\$ -
<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 3.50 to 5.00 percent.</p> <p>Serviced by Debt Service Fund</p> <p>Serviced by Parking Facilities Fund</p>	18,285,500 -	- 4,594,500

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2016

### 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, in installments ranging from \$435,000 to \$1,485,000 beginning June 1, 2017 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 issued to refund \$2,170,000, a portion of the Certificates of Participation, Series 2005A; principal payments due annually on June 1, 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 1.50 to 2.0 percent.</p>		
Serviced by Debt Service Fund	1,545,000	-
<p>\$16,130,000 Limited Obligation Bonds, Series 2015A issued 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, in installments ranging from \$890,000 to \$1,100,000 beginning June 1, 2020 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, 2016

### 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 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 1.30 to 2.65 percent.</p>		
Served by Debt Service Fund	\$ 1,852,094	\$ -
Served by Parking Facilities Fund	-	1,657,906
<p>\$48,940,000 Limited Obligation Refunding Bonds, Series 2016 to refund \$44,500,000, a portion of the Certificates of Participation, Series 2008A and \$5,855,000, a portion of the Certificates of Participation, Series 2008B; principal payments due annually on June 1 in installments ranging from \$25,000 to \$3,895,000 beginning June 1, 2019 through June 1, 2038; semiannual interest payments due on June 1 and December 1 at rates from 3.00 to 5.00 percent.</p>		
Served by Convention Center Fund	\$ 48,940,000	\$ -
	<u>\$ 129,877,594</u>	<u>\$ 6,932,406</u>
<p>Installment Obligations Served By:</p>		
Debt Service Fund	\$ 77,967,594	\$ -
Convention Center Fund	51,910,000	-
Storm Water Management Fund	-	680,000
Parking Facilities Fund	-	6,252,406
	<u>\$ 129,877,594</u>	<u>\$ 6,932,406</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2016

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

#### Installment Obligations (continued)

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

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2017	\$ 5,817,313	\$ 5,697,709	\$ 927,687	\$ 278,758
2018	6,875,563	5,399,371	924,437	256,476
2019	5,107,313	5,154,864	992,687	231,986
2020	5,982,155	4,948,911	572,845	200,589
2021	6,111,750	4,672,798	468,250	174,288
2022-2026	35,488,500	18,610,337	2,256,500	526,587
2027-2031	34,665,000	9,762,179	790,000	59,250
2032-2036	22,155,000	3,464,438	-	-
2037-2038	7,675,000	347,100	-	-
	<u>\$ 129,877,594</u>	<u>\$ 58,057,707</u>	<u>\$ 6,932,406</u>	<u>\$ 1,727,934</u>

#### Defeased Debt

The City has defeased certain certificates of participation 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 certificates of participation are not included in the City's financial statements. At June 30, 2016, \$50,355,000 of outstanding certificates of participation are considered defeased.

#### Advance Refundings

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 continued to be obligations of the City and were reimbursed to the City by the CFPUA. In June 2016, the CFPUA issued Water and Sewer System Refunding Bonds, Series 2016, a portion of which was used to provide resources to prepay all future debt service payments, amounting to \$10,575,000 of the City's Certificates of Participation, Series 2006A. As a result, the refunded certificates of participation are considered to be defeased and the liability and related long-term receivable have been removed from the governmental activities of the Statement of Net Position.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued)

June 30, 2016

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

#### Advance Refundings (continued)

In April 2016, the City issued limited obligation refunding bonds 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 \$44,500,000 of the Series 2008A Certificates of Participation and \$5,855,000 of the Series 2008B Certificates of Participation. As a result, the refunded certificates are considered to be defeased and the liability has been removed from the governmental activities of the Statement of Net Position. The reacquisition price of the combined transaction exceeded the carrying amount of the old debt by \$4,063,285. 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 \$8,690,806 and a decrease of \$8,163,299 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.

Other long-term obligations outstanding at June 30, 2016 are comprised of the following individual issues:

	<u>Governmental activities</u>	<u>Business-Type activities</u>
\$12,000,000 installment agreement executed in June 2008 for development of parks; principal payments due annually on June 1 in the amount of \$470,000 through June 1, 2018; semiannual interest payments due June 1 and December 1 at rates from 3.75 to 4.00 percent; \$555,000 of this series was defeased by the City in December 2015; \$7,035,000 of this series was refunded with the issuance of General Obligation Refunding Bonds by New Hanover County. This obligation is payable by interlocal agreement to New Hanover County and represents a portion of general obligation bonds issued by the County for park development.		
Serviced by Debt Service Fund	\$ 940,000	\$ -

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2016

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

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

	Governmental activities	Business-Type activities
<p>\$5,065,808 installment agreement executed in June 2010 for development of parks; principal payments due annually on August 1 in installments of \$253,058 through August 1, 2020; semiannual interest payments due August 1 and February 1 at rates from 3.0 to 5.0 percent; \$2,535,233 of this series was refunded with the issuance of General Obligation Refunding Bonds by New Hanover County. This obligation is payable by interlocal agreement to New Hanover County and represents a portion of general obligation bonds issued by the County for park development.</p>		
Served by Debt Service Fund	\$ 1,265,288	\$ -
<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>		
Served by Solid Waste Management Fund	-	380,000
<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 12 installments of \$205,000 plus interest at 1.56 percent through March 1, 2022.</p>		
Served by Equipment Maintenance and Replacement Fund	2,460,000	-

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2016

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

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

	Governmental activities	Business-type activities
<p>\$6,265,838 installment agreement executed in May 2016 for the refunding of a portion of the 2008 New Hanover County Parks Bonds; principal payments due annually on August 1 in installments ranging from \$404,458 to \$622,996 beginning on August 1, 2018 through August 1, 2028; semiannual interest payments due August 1 and February 1 at rates from 1.50% to 5.00%. This obligation is payable by interlocal agreement to New Hanover County and represents a portion of the refunding general obligation bonds issued by the County.</p>		
Serviced by Debt Service Fund	\$ 6,265,838	\$ -
<p>\$2,491,458 installment agreement executed in May 2016 for the refunding of a portion of the 2010 New Hanover County Parks Bonds; principal payments due annually on August 1 in installments ranging from \$239,085 to \$252,753 beginning on August 1, 2021 through August 1, 2030; semiannual interest payments due August 1 and February 1 at rates from 1.50% to 5.00%. This obligation is payable by interlocal agreement to New Hanover County and represents a portion of the refunding general obligation bonds issued by the County.</p>		
Serviced by Debt Service Fund	<u>2,491,458</u>	<u>-</u>
	<u>\$ 13,422,584</u>	<u>\$ 380,000</u>
<p>Other Long-Term Obligations Serviced By:</p>		
Debt Service Fund	\$ 10,962,584	\$ -
Solid Waste Management Fund	-	380,000
Equipment Maintenance and Replacement Fund	<u>2,460,000</u>	<u>-</u>
	<u>\$ 13,422,584</u>	<u>\$ 380,000</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2016

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

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

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

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2017	\$ 1,133,058	\$ 386,259	\$ 190,000	\$ 4,256
2018	1,133,058	472,298	190,000	1,824
2019	1,070,777	427,870	-	-
2020	1,067,516	393,619	-	-
2021	1,279,530	362,486	-	-
2022-2026	4,738,087	1,166,683	-	-
2027-2031	3,000,558	209,137	-	-
	<u>\$ 13,422,584</u>	<u>\$ 3,418,352</u>	<u>\$ 380,000</u>	<u>\$ 6,080</u>

#### Defeased Debt

The City has defeased a portion of other long-term obligations payable by interlocal agreement to New Hanover County, representing a portion of general obligation bonds issued by the County for park development, by placing the proceeds in an irrevocable trust to provide for all future debt service payments on the old debt. Accordingly, the trust account assets and liabilities for the defeased certificates are not included in the City's financial statements. At June 30, 2016, \$555,000 of outstanding other long-term obligations are considered defeased.

#### Advance Refundings

In May 2016, New Hanover County issued refunding general obligation bonds which provided resources for future debt service payments of certain general obligation bonds issued by the County. Included in this transaction is the issuance of \$8,757,296 of general obligation bonds to refund debt service on \$7,035,000 of Series 2008 and \$2,535,231 of Series 2010 general obligation bonds issued by the County for park development for which the City is obligated to the County by interlocal agreement. As a result, these obligations to the County are considered defeased and the liability has been removed from the governmental activities of the City's Statement of Net Position. The carrying value of the City's portion of the refunding debt exceeded the carrying amount of the refunded debt by \$667,027. This amount is reported as a deferred outflow of resources and amortized over the life of the refunded debt. The County's transaction resulted in an economic gain to the City of \$1,066,007 and a decrease of \$1,334,545 in future debt service payments.



# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2016

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

#### 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, 2016 amounts to \$1,075,112,344 resulting in a legal debt margin of \$901,399,760.

Changes in long-term liabilities for governmental activities during fiscal year 2016 were as follows:

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Due Within One Year
General obligation bonds	\$ 22,850,000	\$ 9,575,000	\$ (9,325,000)	\$ 23,100,000	\$ 2,170,000
Installment obligations	148,985,157	48,940,000	(68,047,563)	129,877,594	5,817,313
Other long-term obligations	15,916,641	8,757,296	(11,251,353)	13,422,584	1,133,057
Less deferred amounts:					
For issuance discount	(36,997)	-	36,997	-	-
Plus deferred amounts:					
For issuance premium	6,700,064	9,028,165	(769,926)	14,958,303	-
Compensated absences	6,915,418	4,790,318	(4,814,036)	6,891,699	4,783,540
Net pension liability (LGERS)	-	3,687,783	-	3,687,783	-
Net pension liability (Separation Allowance)	1,577,211	824,643	(414,003)	1,987,851	-
Other postemployment benefits	18,757,792	3,872,214	(2,886,154)	19,743,852	-
Governmental activity long-term liabilities	<u>\$221,665,286</u>	<u>\$ 89,475,419</u>	<u>\$ (97,471,038)</u>	<u>\$213,669,666</u>	<u>\$ 13,903,910</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, \$2,460,000 of internal service funds' other long-term obligations, \$87,943 of compensated absences and \$296,245 in other postemployment benefits are included in the above amounts. Also, for the governmental activities, compensated absences, net pension liabilities and other postemployment benefits obligation are generally liquidated by the general fund.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2016

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

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

Changes in long-term liabilities for business-type activities during fiscal year 2016 were as follows:

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Due Within One Year
Revenue bonds	\$ 24,365,000	\$ -	\$ (705,000)	\$ 23,660,000	\$ 750,000
Installment obligations	7,789,843		(857,437)	6,932,406	927,687
Other long-term obligations	570,000	-	(190,000)	380,000	190,000
Less deferred amounts:					
For issuance discount	(2,399)	-	-	(2,399)	-
Plus deferred amounts:					
For issuance premium	2,262,588	-	(91,630)	2,170,958	-
Net pension liability (LGERS)	-	437,172	-	437,172	-
Compensated absences	551,101	580,817	(621,433)	510,485	348,880
Other postemployment benefits	2,849,618	520,937	(220,421)	3,150,134	-
Business-type activity long-term liabilities	<u>\$ 38,385,751</u>	<u>\$ 1,538,926</u>	<u>\$ (2,685,921)</u>	<u>\$ 37,238,756</u>	<u>\$ 2,216,567</u>

#### 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, 2016, the City paid \$110,157 for this service. The City's obligation for the year ending June 30, 2017 is \$113,300 and per the agreement the FY 2018 obligations will be adjusted based on the CPI-U-South Region index.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2016

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

#### B. LIABILITIES (continued)

#### COMMITMENTS AND CONTINGENCIES (continued)

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 2019 by an independent contractor. The contract also provides for the enforcement, maintenance and administration of on street parking as well as Special Hourly Event Rates. For the year ended June 30, 2016 the City paid \$1,245,521 for these services. The contract costs are expected to be \$1,294,763 for the year ending June 30, 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 three incentive payments were reduced due to employment thresholds and amounted to \$121,563 for fiscal year 2014 and \$115,250 for fiscal year 2015 and \$115,125 for fiscal year 2016.

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 and no incentive payment was made in fiscal year 2016. There remains three 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 and no incentive payment was made in fiscal year 2016. There remains three years of eligibility on the agreement.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2016

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

#### B. LIABILITIES (continued)

#### COMMITMENTS AND CONTINGENCIES (continued)

The City entered into an incentive agreement in February 2016 with AAIPHARMA SERVICES CORP. to provide incentive payments to the company in exchange for the company's commitment to construct, equip, and staff a facility in the City. AAIPHARMA SERVICES CORP. is required to make a direct investment in the facility of at least \$20 million and to provide 50 new full time equivalent employees with an average annual compensation of \$77,000 per year by fiscal year 2022. The City's obligation under the agreement is \$45,000 per year for five years commencing when AAIPHARMA SERVICES CORP. 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 \$45,000 annual incentive is divided into two separate payments of: \$22,500 Direct Investment and \$22,500 New Full Time Equivalent Employees. No payments were made in fiscal year 2016 as the certificate of Occupancy has yet to be secured.

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 approximately \$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 contributed \$157,822 for fiscal year 2015 and the remaining amount of \$157,822 for fiscal year 2016.

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 of \$7,224 was made in July 2015 and a second payment in July 2016.

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 included a 180 day evaluation period during which East West had an exclusive right to negotiate the terms of the PDA. The PDA was completed and adopted by City Council on June 21, 2016.

The Authority retains a transit management company to provide management and operational services for the public transportation system. For the year ended June 30, 2016, 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, 2016, the Authority incurred management fees totaling \$383,320. A new contract is in effect from June 12, 2016 through June 30, 2019.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2016

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

#### B. LIABILITIES (continued)

#### COMMITMENTS AND CONTINGENCIES (continued)

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, 2016 are as follows:

General Fund	\$ 843,107
Debt Service Fund	50
Special Purpose Fund	688,873
Streets and Sidewalks Fund	5,546,363
Solid Waste Management Fund	32,035
Storm Water Management Fund	861,637
Parking Facilities Fund	115,678
Nonmajor Governmental Funds	1,581,202
Nonmajor Golf Fund	12,718
Internal Service Funds	<u>459,868</u>
Total encumbrances	<u>\$ 10,141,531</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.

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 \$20,420 to the Council during the fiscal year ended June 30, 2016.

#### 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.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2016

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

#### C. INTERFUND AND INTRA-ENTITY BALANCES AND ACTIVITY

The compositions of interfund and intra-entity balances as of June 30, 2016, are as follows:

	General Fund	Special Purpose Funds
Receivable Fund	\$ 994,326	\$ 12,500
Payable Fund:		
General Fund	\$ -	\$ 12,500
Debt Service Fund	11,574	-
Special Purpose Fund	1,351	-
Nonmajor Governmental Funds	213,991	-
Internal Service Funds	23,341	-
Solid Waste Management Fund	118,863	-
Storm Water Management Fund	124,263	-
Parking Facilities fund	7,325	-
Nonmajor Golf Fund	93,618	-
Component Unit	400,000	-
Total	\$ 994,326	\$ 12,500

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

The 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, 2016, the outstanding advance is \$78,000 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 June 2016 in accordance with the amended interlocal agreement between the City and the Authority as further described in Note 1.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2016

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

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

Interfund transfers for the year ended June 30, 2016 were as follows:

	General Fund	Special Purpose Fund	Streest and Sidwalks Fund	Debt Service Fund	Nonmajor Governmental Funds	Storm Water Mgmt. Fund	Parking Facilities Fund	Internal Service Funds	Total	Governmental Activities Capital Assets
Transfers out:	<u>\$ 12,217,895</u>	<u>\$ 20,000</u>	<u>\$ 283,615</u>	<u>\$ 4,384,282</u>	<u>\$ 272,706</u>	<u>\$ 19,400</u>	<u>\$ 3,604</u>	<u>\$ 1,163,663</u>	<u>\$ 18,365,165</u>	<u>\$ 148,006</u>
Transfers in:										
General										
Fund	\$ -	\$ -	\$ -	\$ 1,278,390	\$ -	\$ -	\$ -	\$ -	\$ 1,278,390	\$ -
Special										
Purpose										
Fund	774,503	-	-	-	23,951	-	-	-	798,454	-
Streets and										
Sidwalks										
Fund	352,500	-	-	2,407,598	-	-	-	-	2,760,098	-
Debt Service										
Fund	9,971,933	-	-	-	-	-	-	-	9,971,933	-
Nonmajor										
Governmental										
Funds	638,959	20,000	283,615	139,554	248,755	19,400	-	-	1,350,283	-
Parking Facilities										
Fund	-	-	-	558,740	-	-	-	-	558,740	-
Internal Service										
Fund	<u>480,000</u>	-	-	-	-	-	-	-	<u>480,000</u>	<u>148,006</u>
Total	<u>\$ 12,217,895</u>	<u>\$ 20,000</u>	<u>\$ 283,615</u>	<u>\$ 4,384,282</u>	<u>\$ 272,706</u>	<u>\$ 19,400</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,197,898</u>	<u>\$ 148,006</u>
Governmental										
Activities Capital										
Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,604</u>	<u>\$ 1,163,663</u>	<u>\$ 1,167,267</u>	

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

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued)

June 30, 2016

### 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 and dental 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, 2016, 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, 2016, the City has recorded a liability of \$736,936 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>2015</u>	<u>2016</u>
Unpaid claims, beginning	\$ 280,499	\$ 473,711
Incurred claims (including IBNRs)	7,929,972	9,184,525
Claim payments	<u>(7,736,760)</u>	<u>(8,921,300)</u>
Unpaid claims, ending, due within one year	<u>\$ 473,711</u>	<u>\$ 736,936</u>

#### DENTAL SELF-INSURANCE PROGRAM

As of June 30, 2016, the City is a self-insurer for group dental insurance. The City has contracted with Delta Dental of North Carolina to administer the dental program. As of June 30, 2016, the City has recorded a liability of \$44,054 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.



# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2016

### NOTE 4 – RISK MANAGEMENT (continued)

#### DENTAL SELF-INSURANCE PROGRAM (continued)

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

	<u>2015</u>	<u>2016</u>
Unpaid claims, beginning	\$ 18,671	\$ 46,186
Incurred claims (including IBNRs)	470,883	460,371
Claim payments	<u>(443,368)</u>	<u>(462,503)</u>
Unpaid claims, ending, due within one year	<u>\$ 46,186</u>	<u>\$ 44,054</u>

#### 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 \$450,000 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 (\$450,000/\$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, 2016, the City has recorded a liability of \$1,204,634 for estimated claims in accordance with the guidelines of GASB Statement No. 10, which requires that a liability for claims be reported if it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Claim liabilities include an amount for claims that have been incurred but not reported (IBNR) and are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors.

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

	<u>2015</u>	<u>2016</u>
Unpaid claims, beginning	\$ 775,951	\$ 698,900
Incurred claims (including IBNRs)	2,539,160	1,718,106
Claim payments	<u>(2,616,211)</u>	<u>(1,212,372)</u>
Unpaid claims, ending, due within one year	<u>\$ 698,900</u>	<u>\$ 1,204,634</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued)

June 30, 2016

### NOTE 4 – RISK MANAGEMENT (continued)

#### COMMERCIAL COVERAGES

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

### 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 either (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, 2016, 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.

# **CITY OF WILMINGTON, NORTH CAROLINA**

## **Notes to Financial Statements (Continued) June 30, 2016**

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

#### **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, 2016, the City recognized \$3,337,377 in tax revenue as result of the tax levy with a total of \$29,888,068 collected since the levy was enacted.

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

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

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2016

### 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 five voluntary annexation ordinances: 1) 5000 River Road [1,358.717 acres], 2) 7910 Market Street [26.57 acres], 3) 6469, 6501 and 6505 Gordon Road [9.99 acres], 4) 4625 Carolina Beach Road [.23 acres], and 5) 7758,7764,7770,7766,7800,7802,7804,7806 and 7810 Market Street [16.259 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 19, 2016 the City Council authorized the acquisition of 45.97 acres of land for the purpose of constructing a new Police, Fire and City Training Facility in the amount of \$1,011,750. On this site, the Wilmington Police Department plans to build a 30,000 square foot indoor training facility and sub-station which will include an indoor live firing range. Additionally there are plans to construct a 10,000 square foot building that would house the Wilmington Fire Department's Training and Logistics Division. The City closed on the property July 29, 2016.

On July 19, 2016 the City Council authorized a \$1,300,000 reimbursement agreement with Autumn Hall, Inc. for the construction of a median on Eastwood Road between St. Mark Catholic Church driveway and Rogersville Road. Under this agreement, Autumn Hall will construct the improvements and the City will reimburse Autumn Hall for the cost of construction up to \$1,300,000.

On August 2, 2016 the City Council authorized an agreement to purchase a custom-built fire pumper truck from Atlantic Emergency Solutions, Inc. in the amount of \$598,000 through the Houston-Galveston Area Council Cooperative Purchasing Program.

On August 16, 2016 the City Council authorized the acceptance of roadway and drainage facilities valued at \$598,650 for ownership, operation and maintenance by the City. The improvements comprise a total of .52 miles of streets and are within the Harvest Grove neighborhood.

On August 16, 2016 the City Council authorized an agreement with the North Carolina Department of Transportation (NCDOT) for the construction of a roadway connection between 23<sup>rd</sup> and 26<sup>th</sup> Streets, closure of the intersection along US 74 (Martin Luther King Jr. Parkway) at Kornegay Drive and removal of the related right turn lane. The provision of this access will improve connection to North Creekwood and Creekwood communities as well as other currently undeveloped properties in this part of the City. The estimated total cost of the project is \$5,321,056 and per the agreement, the City will reimburse NCDOT for 50% of the actual cost of the project.

On September 6, 2016 the City Council awarded a \$1,574,523 annual needs roadway resurfacing contract to Highland Paving, Inc. for routine paving and resurfacing work where substantial underground work is not required. The use of this annual needs contract will reduce project timeframes and associated costs by issuing one annual bidding event and improve project delivery by working with a single prime contractor.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2016

### NOTE 7 – SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS (continued)

On September 20, 2016 the City Council awarded a \$767,465 contract to Rhinehart Fire Services for the purchase of self-contained breathing apparatus and accessories. These units are worn during fighting of structural fires, fire training exercises and other fire related situations when hazardous atmosphere exists.

On November 1, 2016 the City Council authorized the negotiation of a short term installment financing contract with PNC Bank, National Association to pay the capital costs of the construction of the parking deck component of the Water Street Parking Deck redevelopment project in a principal amount not to exceed \$21,000,000 and secured by a deed of trust on the property being financed. The City expects to complete construction and refund the note within 18 to 24 months of closing.

City Council authorized a special bond referendum on November 8, 2016, to offer citizens the opportunity to vote on \$30,465,000 of general obligation bonds, to help fund \$38,080,000 of parks and recreation capital improvements. Proposed projects include the development of the North Waterfront Park, construction of soccer and multipurpose fields and improvement and expansion of the MLK Community Center. On November 22, 2016, the New Hanover County Board of Elections certified the approval of the bonds by the Wilmington voters.

### NOTE 8 – CHANGE IN ACCOUNTING PRINCIPLES/RESTATEMENT

The City implemented GASB Statement 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*, in the fiscal year ended June 30, 2016. The implementation of the asset reporting provisions of the statement requires that the City eliminate presentation of the Law Enforcement Officers' Special Separation Allowance (Separation Allowance) in a pension trust fund and present it in the General Fund, the fund providing the law enforcement function. 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 Separation Allowance assets totaling \$1,100,606 were recognized as an adjustment to beginning net position in the governmental activities column of the government-wide Statement of Net Position and an adjustment to the beginning fund balances of the General Fund and the total governmental funds in the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual in the current year. As a result, beginning net position of governmental activities, governmental funds and the General Fund increased from \$290,878,638 to \$291,979,244, \$113,628,694 to \$114,729,300, and \$55,607,154 to \$56,707,760, respectively.

### NOTE 9 – PRONOUNCEMENTS ISSUED, NOT YET EFFECTIVE

The GASB has issued pronouncements prior to June 30, 2016 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 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", certain provisions will be effective for the City beginning with its year ending June 30, 2017.
- 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.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2016

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

- 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 77, “Tax Abatement Disclosures”, will be effective for the City beginning with its year ending June 30, 2017.
- GASB Statement Number 78, “Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans”, will be effective for the City beginning with its year ending June 30, 2017.
- GASB Statement Number 79, “Certain External Investment Pools and Pool Participants”, will be effective for the City beginning with its year ending June 30, 2017.
- GASB Statement Number 80, “Blending Requirements for Certain Component Units”, will be effective for the City beginning with its year ending June 30, 2017.
- GASB Statement Number 81, “Irrevocable Split-Interest Agreements”, will be effective for the City beginning with its year ending June 30, 2018.
- GASB Statement Number 82, “Pension Issues”, 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 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)
12-31-06	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
12-31-15	919,517	10,964,122	10,044,605	8.39	15,426,775	65.11

**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
12-31-15	772,448	45,217,890	44,445,442	1.71	35,860,531	123.94

**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
2016	4,713,266	65.5

**Notes to the Required Schedules:**

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

Valuation date	12-31-2015
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	2022

**CITY OF WILMINGTON, NORTH CAROLINA**

**City of Wilmington's Proportionate Share of Net Pension Liability (Asset)  
Required Supplementary Information  
Last Three Fiscal Years \***

**Local Governmental Employees' Retirement System**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Wilmington's proportion of the net pension liability (asset) (%)	0.91912%	0.86664%	0.86090%
Wilmington's proportion of the net pension liability (asset) (\$)	\$ 4,124,955	\$ (5,110,978)	\$ 10,377,151
Wilmington's covered-employee payroll *	\$ 48,520,316	\$ 46,880,467	\$ 45,459,421
Wilmington's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	8.50%	( 10.90%)	22.83%
Plan fiduciary net position as a percentage of the total pension liability**	98.09%	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 Three Fiscal Years**

**Local Governmental Employees' Retirement System**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 3,531,195	\$ 3,422,257	\$ 3,257,102
Contributions in relation to the contractually required contribution	3,531,195	3,422,257	3,257,102
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Wilmington's covered-employee payroll	\$ 51,780,213	\$ 48,520,316	\$ 46,880,467
Contributions as a percentage of covered-employee payroll	6.82%	7.05%	6.95%

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**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, 2016**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents/investments	\$ 873,393	\$ 3,328,361	\$ 4,201,754
Accounts receivable	-	22,955	22,955
Other receivables	114	499	613
Due from other governments	201,906	170,361	372,267
Assets held for resale	63,914	-	63,914
Notes receivable, net	16,860,416	-	16,860,416
Prepays	5,426	-	5,426
Restricted assets:			
Cash and cash equivalents	115,259	4,030,197	4,145,456
Other receivables	17	-	17
Due from other governments	<u>98,888</u>	<u>82,569</u>	<u>181,457</u>
Total assets	<u>\$ 18,219,333</u>	<u>\$ 7,634,942</u>	<u>\$ 25,854,275</u>
 <b>LIABILITIES</b>			
Accounts payable	\$ 11,256	\$ 361,667	\$ 372,923
Due to other funds	194,034	19,957	213,991
Due to other governments	-	84	84
Accrued liabilities	17,586	-	17,586
Customer and escrow deposits	308,195	-	308,195
Restricted liabilities:			
Accounts payable	<u>-</u>	<u>90,335</u>	<u>90,335</u>
Total liabilities	<u>531,071</u>	<u>472,043</u>	<u>1,003,114</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>			
Accounts receivable	-	850	850
Notes receivable	<u>18,717</u>	<u>-</u>	<u>18,717</u>
Total deferred inflows of resources	<u>18,717</u>	<u>850</u>	<u>19,567</u>
 <b>FUND BALANCES</b>			
Non Spendable:			
Prepays	5,426	-	5,426
Restricted:			
Stabilization by State statute	338,749	1,607,725	1,946,474
Community development loans	17,483,333	-	17,483,333
Capital projects	-	3,942,531	3,942,531
Public safety	214,164	-	214,164
Committed:			
Capital projects	-	1,667,573	1,667,573
Unassigned (deficit)	<u>(372,127)</u>	<u>(55,780)</u>	<u>(427,907)</u>
Total fund balances	<u>17,669,545</u>	<u>7,162,049</u>	<u>24,831,594</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 18,219,333</u>	<u>\$ 7,634,942</u>	<u>\$ 25,854,275</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**June 30, 2016**

	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	\$ 10,276	\$ 93,224	\$ 74,135	\$ -	\$ 356,533
Other receivables	-	-	11	-	53
Due from other governments	201,906	-	-	-	-
Assets held for resale	-	-	-	-	63,914
Notes receivable, net	-	7,360,381	120,415	1,012,219	2,787,928
Prepays	4,605	821	-	-	-
Restricted assets:					
Cash and cash equivalents	-	-	-	-	-
Other receivables	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	<u>\$ 216,787</u>	<u>\$ 7,454,426</u>	<u>\$ 194,561</u>	<u>\$ 1,012,219</u>	<u>\$ 3,208,428</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 7,872	\$ -	\$ -	\$ -	\$ 1,934
Due to other funds	194,034	-	-	-	-
Accrued liabilities	14,881	2,705	-	-	-
Customer and escrow deposits	-	118,292	834	1,000	151,944
Total liabilities	<u>216,787</u>	<u>120,997</u>	<u>834</u>	<u>1,000</u>	<u>153,878</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Notes receivable	-	-	212	-	953
<b>FUND BALANCES</b>					
Non Spendable:					
Prepays	4,605	821	-	-	-
Restricted:					
Stabilization by State statute	207,020	131,729	-	-	-
Community development loans	-	7,360,381	193,515	1,012,219	3,053,597
Public safety	-	-	-	-	-
Unassigned (deficit)	<u>(211,625)</u>	<u>(159,502)</u>	<u>-</u>	<u>(1,000)</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>7,333,429</u>	<u>193,515</u>	<u>1,011,219</u>	<u>3,053,597</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 216,787</u>	<u>\$ 7,454,426</u>	<u>\$ 194,561</u>	<u>\$ 1,012,219</u>	<u>\$ 3,208,428</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	\$ 1,265	\$ 146,909	\$ 191,051	\$ -	\$ 873,393
Other receivables	-	22	28	-	114
Due from other governments	-	-	-	-	201,906
Assets held for resale	-	-	-	-	63,914
Notes receivable, net	2,288,874	3,289,376	1,223	-	16,860,416
Prepays	-	-	-	-	5,426
Restricted assets:					
Cash and cash equivalents	-	-	-	115,259	115,259
Other receivables	-	-	-	17	17
Due from other governments	-	-	-	98,888	98,888
Total assets	<u>\$ 2,290,139</u>	<u>\$ 3,436,307</u>	<u>\$ 192,302</u>	<u>\$ 214,164</u>	<u>\$ 18,219,333</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 269	\$ -	\$ 1,181	\$ -	\$ 11,256
Due to other funds	-	-	-	-	194,034
Accrued liabilities	-	-	-	-	17,586
Customer and escrow deposits	<u>8,543</u>	<u>26,559</u>	<u>1,023</u>	<u>-</u>	<u>308,195</u>
Total liabilities	<u>8,812</u>	<u>26,559</u>	<u>2,204</u>	<u>-</u>	<u>531,071</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Notes receivable	<u>-</u>	<u>1,007</u>	<u>16,545</u>	<u>-</u>	<u>18,717</u>
<b>FUND BALANCES</b>					
Non Spendable:					
Prepays	-	-	-	-	5,426
Restricted:					
Stabilization by State statute	-	-	-	-	338,749
Community development loans	2,281,327	3,408,741	173,553	-	17,483,333
Public safety	-	-	-	214,164	214,164
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(372,127)</u>
Total fund balances	<u>2,281,327</u>	<u>3,408,741</u>	<u>173,553</u>	<u>214,164</u>	<u>17,669,545</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,290,139</u>	<u>\$ 3,436,307</u>	<u>\$ 192,302</u>	<u>\$ 214,164</u>	<u>\$ 18,219,333</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**June 30, 2016**

	Parks and Recreation Fund	Building Improvements Fund	Public Improvements Fund	Total Nonmajor Capital Projects Funds
<b>ASSETS</b>				
Cash and cash equivalents/investments	\$ 1,137,141	\$ 2,191,220	\$ -	\$ 3,328,361
Accounts receivable	15,000	7,955	-	22,955
Other receivables	173	326	-	499
Due from other governments	61,410	29,156	79,795	170,361
Restricted assets:				
Cash and cash equivalents	205,453	3,824,744	-	4,030,197
Due from other governments	82,569	-	-	82,569
	<u>\$ 1,501,746</u>	<u>\$ 6,053,401</u>	<u>\$ 79,795</u>	<u>\$ 7,634,942</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 187,140	\$ 138,788	\$ 35,739	\$ 361,667
Due to other funds	-	-	19,957	19,957
Due to other governments	-	-	84	84
Restricted liabilities:				
Accounts payable	75,335	15,000	-	90,335
	<u>262,475</u>	<u>153,788</u>	<u>55,780</u>	<u>472,043</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Accounts receivable	<u>-</u>	<u>850</u>	<u>-</u>	<u>850</u>
<b>FUND BALANCES</b>				
Restricted:				
Stabilization by State statute	1,074,908	453,022	79,795	1,607,725
Capital projects	132,787	3,809,744	-	3,942,531
Committed:				
Capital projects	31,576	1,635,997	-	1,667,573
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>(55,780)</u>	<u>(55,780)</u>
	<u>1,239,271</u>	<u>5,898,763</u>	<u>24,015</u>	<u>7,162,049</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,501,746</u>	<u>\$ 6,053,401</u>	<u>\$ 79,795</u>	<u>\$ 7,634,942</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2016**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
Revenues:			
Restricted intergovernmental	\$ 1,096,207	\$ 349,403	\$ 1,445,610
Investment earnings	2,294	19,558	21,852
Donations	-	35,948	35,948
Miscellaneous	<u>142,768</u>	<u>49,530</u>	<u>192,298</u>
Total revenues	<u>1,241,269</u>	<u>454,439</u>	<u>1,695,708</u>
Expenditures:			
General government	118,963	601,283	720,246
Public safety	73,388	1,423,162	1,496,550
Transportation	-	162,824	162,824
Economic and physical development	1,013,539	34,795	1,048,334
Cultural and recreational	<u>-</u>	<u>1,602,828</u>	<u>1,602,828</u>
Total expenditures	<u>1,205,890</u>	<u>3,824,892</u>	<u>5,030,782</u>
Excess (deficiency) of expenditures over (under) expenditures	<u>35,379</u>	<u>(3,370,453)</u>	<u>(3,335,074)</u>
Other financing sources (uses):			
Transfers from other funds	278,076	1,072,207	1,350,283
Transfers to other funds	<u>(272,706)</u>	<u>-</u>	<u>(272,706)</u>
Total other financing sources	<u>5,370</u>	<u>1,072,207</u>	<u>1,077,577</u>
Net change in fund balances	40,749	(2,298,246)	(2,257,497)
Fund balances at beginning of year	<u>17,628,796</u>	<u>9,460,295</u>	<u>27,089,091</u>
Fund balances at end of year	<u>\$ 17,669,545</u>	<u>\$ 7,162,049</u>	<u>\$ 24,831,594</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2016**

	<u>Community Development Fund</u>	<u>Home Investment Partnership Fund</u>	<u>Rental Rehabilitation Loan Fund</u>	<u>Commercial Loan Fund</u>	<u>Rehabilitation Loan Fund</u>
Revenues:					
Restricted intergovernmental	\$ 1,011,565	\$ 84,642	\$ -	\$ -	\$ -
Investment earnings	-	-	234	-	781
Miscellaneous	-	5,987	887	-	1,033
Total revenues	<u>1,011,565</u>	<u>90,629</u>	<u>1,121</u>	<u>-</u>	<u>1,814</u>
Expenditures:					
General government	98,941	20,022	-	-	-
Public safety	-	-	-	-	-
Economic and physical development	<u>686,770</u>	<u>248,055</u>	<u>-</u>	<u>-</u>	<u>7,628</u>
Total expenditures	<u>785,711</u>	<u>268,077</u>	<u>-</u>	<u>-</u>	<u>7,628</u>
Excess (deficiency) of revenues over (under) expenditures	<u>225,854</u>	<u>(177,448)</u>	<u>1,121</u>	<u>-</u>	<u>(5,814)</u>
Other financing sources (uses):					
Transfers from other funds	15,572	20,052	-	11,400	1,026
Transfers to other funds	<u>(241,426)</u>	<u>(1,026)</u>	<u>(5,169)</u>	<u>(1,082)</u>	<u>(52)</u>
Total other financing sources (uses)	<u>(225,854)</u>	<u>19,026</u>	<u>(5,169)</u>	<u>10,318</u>	<u>974</u>
Net change in fund balances	-	(158,422)	(4,048)	10,318	(4,840)
Fund balances at beginning of year	<u>-</u>	<u>7,491,851</u>	<u>197,563</u>	<u>1,000,901</u>	<u>3,058,437</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 7,333,429</u>	<u>\$ 193,515</u>	<u>\$ 1,011,219</u>	<u>\$ 3,053,597</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	\$ -	\$ -	\$ -	\$ -	\$ 1,096,207
Investment earnings	-	612	162	505	2,294
Miscellaneous	<u>52</u>	<u>31,703</u>	<u>4,218</u>	<u>98,888</u>	<u>142,768</u>
Total revenues	<u>52</u>	<u>32,315</u>	<u>4,380</u>	<u>99,393</u>	<u>1,241,269</u>
Expenditures:					
General government	-	-	-	-	118,963
Public safety	-	-	-	73,388	73,388
Economic and physical development	<u>35,564</u>	<u>33,556</u>	<u>1,966</u>	<u>-</u>	<u>1,013,539</u>
Total expenditures	<u>35,564</u>	<u>33,556</u>	<u>1,966</u>	<u>73,388</u>	<u>1,205,890</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(35,512)</u>	<u>(1,241)</u>	<u>2,414</u>	<u>26,005</u>	<u>35,379</u>
Other financing sources (uses):					
Transfers from other funds	230,026	-	-	-	278,076
Transfers to other funds	<u>-</u>	<u>-</u>	<u>(23,951)</u>	<u>-</u>	<u>(272,706)</u>
Total other financing sources (uses)	<u>230,026</u>	<u>-</u>	<u>(23,951)</u>	<u>-</u>	<u>5,370</u>
Net change in fund balances	194,514	(1,241)	(21,537)	26,005	40,749
Fund balances at beginning 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>
Fund balances at end of year	<u>\$ 2,281,327</u>	<u>\$ 3,408,741</u>	<u>\$ 173,553</u>	<u>\$ 214,164</u>	<u>\$ 17,669,545</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2016**

	Parks and Recreation Fund	Building Improvements Fund	Public Improvements Fund	Total Nonmajor Capital Projects Funds
Revenues:				
Restricted intergovernmental	\$ 170,346	\$ -	\$ 179,057	\$ 349,403
Investment earnings	3,842	15,710	6	19,558
Donations	35,948	-	-	35,948
Miscellaneous	-	49,530	-	49,530
Total revenues	<u>210,136</u>	<u>65,240</u>	<u>179,063</u>	<u>454,439</u>
Expenditures:				
General government	-	601,283	-	601,283
Public safety	-	1,244,106	179,056	1,423,162
Transportation	-	162,824	-	162,824
Economic and physical development	-	34,795	-	34,795
Cultural and recreational	1,451,221	151,607	-	1,602,828
Total expenditures	<u>1,451,221</u>	<u>2,194,615</u>	<u>179,056</u>	<u>3,824,892</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,241,085)</u>	<u>(2,129,375)</u>	<u>7</u>	<u>(3,370,453)</u>
Other financing sources:				
Transfers from other funds	<u>499,357</u>	<u>572,850</u>	<u>-</u>	<u>1,072,207</u>
Net change in fund balances	(741,728)	(1,556,525)	7	(2,298,246)
Fund balances at beginning of year	<u>1,980,999</u>	<u>7,455,288</u>	<u>24,008</u>	<u>9,460,295</u>
Fund balances at end of year	<u>\$ 1,239,271</u>	<u>\$ 5,898,763</u>	<u>\$ 24,015</u>	<u>\$ 7,162,049</u>



**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2016**

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
<b>CHDO Proceeds Fund</b>				
Assets:				
Cash and cash equivalents	\$ 244,146	\$ 935	\$ 23,494	\$ 221,587
Investments:				
North Carolina Capital Management Trust, Term Portfolio	13,818	37	1,980	11,875
U.S. Government Agencies	41,189	-	19,918	21,271
Other receivables	<u>92</u>	<u>38</u>	<u>92</u>	<u>38</u>
Total assets	<u>\$ 299,245</u>	<u>\$ 1,010</u>	<u>\$ 45,484</u>	<u>\$ 254,771</u>
Liabilities:				
Accounts payable	\$ -	\$ 50,684	\$ 45,392	\$ 5,292
Escrow funds and deposits	<u>299,245</u>	<u>918</u>	<u>50,684</u>	<u>249,479</u>
Total liabilities	<u>\$ 299,245</u>	<u>\$ 51,602</u>	<u>\$ 96,076</u>	<u>\$ 254,771</u>
<b>Law Enforcement Seizure Fund</b>				
Assets:				
Cash and cash equivalents	<u>\$ 238,177</u>	<u>\$ 75,611</u>	<u>\$ 12,063</u>	<u>\$ 301,725</u>
Liabilities:				
Escrow funds and deposits	<u>\$ 238,177</u>	<u>\$ 75,611</u>	<u>\$ 12,063</u>	<u>\$ 301,725</u>
<b>Totals - All Agency Funds</b>				
Assets:				
Cash and cash equivalents	\$ 482,323	\$ 76,546	\$ 35,557	\$ 523,312
Investments:				
North Carolina Capital Management Trust, Term Portfolio	13,818	37	1,980	11,875
U.S. Government Agencies	41,189	-	19,918	21,271
Other receivables	<u>92</u>	<u>38</u>	<u>92</u>	<u>38</u>
Total assets	<u>\$ 537,422</u>	<u>\$ 76,621</u>	<u>\$ 57,547</u>	<u>\$ 556,496</u>
Liabilities:				
Accounts payable	\$ -	\$ 50,684	\$ 45,392	\$ 5,292
Escrow funds and deposits	<u>537,422</u>	<u>76,529</u>	<u>62,747</u>	<u>551,204</u>
Total liabilities	<u>\$ 537,422</u>	<u>\$ 127,213</u>	<u>\$ 108,139</u>	<u>\$ 556,496</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, 2016  
With Comparative Actual Amounts for Year Ended June 30, 2015**

	2016		Variance Positive (Negative)	2015 Actual
	Budget	Actual		
<b>Revenues:</b>				
<b>Ad valorem taxes:</b>				
Current year	\$ 54,631,867	\$ 55,225,387	\$ 593,520	\$ 53,369,501
Prior years	610,000	409,052	(200,948)	332,471
Penalties and interest	198,400	202,145	3,745	290,052
Total	<u>55,440,267</u>	<u>55,836,584</u>	<u>396,317</u>	<u>53,992,024</u>
<b>Other taxes:</b>				
Local option sales tax	21,849,606	22,990,436	1,140,830	21,216,765
Franchise tax	7,364,780	8,392,055	1,027,275	8,174,142
Video programming sales tax	1,511,855	1,390,363	(121,492)	1,442,808
Rental vehicle tax	176,868	298,745	121,877	267,219
Total	<u>30,903,109</u>	<u>33,071,599</u>	<u>2,168,490</u>	<u>31,100,934</u>
<b>Unrestricted intergovernmental:</b>				
Beer and wine	465,090	501,086	35,996	533,087
ABC revenue	936,360	1,386,115	449,755	1,213,935
Court fees	47,000	30,611	(16,389)	35,873
Total	<u>1,448,450</u>	<u>1,917,812</u>	<u>469,362</u>	<u>1,782,895</u>
<b>Restricted intergovernmental:</b>				
Powell bill	2,909,895	2,953,143	43,248	2,929,919
PEG channel support	30,000	27,972	(2,028)	28,419
<b>Categorical grants:</b>				
Transportation	-	-	-	1,504,615
Hurricane disaster assistance	-	-	-	(5,446)
Other	340,349	231,580	(108,769)	202,261
Total	<u>3,280,244</u>	<u>3,212,695</u>	<u>(67,549)</u>	<u>4,659,768</u>
<b>Licenses and permits:</b>				
Privilege licenses	-	68,450	68,450	2,287,635
Motor vehicle licenses	380,208	399,121	18,913	411,726
Other permits and fees	204,600	272,354	67,754	263,108
Total	<u>584,808</u>	<u>739,925</u>	<u>155,117</u>	<u>2,962,469</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2016  
With Comparative Actual Amounts for Year Ended June 30, 2015**

	2016		Variance Positive (Negative)	2015 Actual
	Budget	Actual		
Revenues: (continued)				
Sales and services:				
Recreation department sales and service	\$ 689,002	\$ 879,799	\$ 190,797	\$ 857,780
Other departmental charges	1,675,424	1,708,690	33,266	1,592,938
Total	<u>2,364,426</u>	<u>2,588,489</u>	<u>224,063</u>	<u>2,450,718</u>
Fines and forfeits:				
Fire code violations	7,500	18,550	11,050	8,000
False alarm citations	75,000	121,458	46,458	147,964
Civil citations	51,200	68,164	16,964	50,200
Total	<u>133,700</u>	<u>208,172</u>	<u>74,472</u>	<u>206,164</u>
Interest earnings:				
Investment earnings	204,358	192,576	(11,782)	157,524
Interest on liens	-	2,917	2,917	2,937
Total	<u>204,358</u>	<u>195,493</u>	<u>(8,865)</u>	<u>160,461</u>
Miscellaneous:				
Sale of real estate, equipment and material	-	35,056	35,056	52,490
Rents	208,553	179,927	(28,626)	190,588
Other	172,793	387,752	214,959	286,310
Total	<u>381,346</u>	<u>602,735</u>	<u>221,389</u>	<u>529,388</u>
 Total revenues	 <u>94,740,708</u>	 <u>98,373,504</u>	 <u>3,632,796</u>	 <u>97,844,821</u>
Expenditures:				
General government:				
City Council and Clerk		398,244		422,391
City Manager		1,898,398		1,360,590
City Attorney		853,621		815,091
Human Resource Management		771,339		717,985
Finance		1,896,585		2,053,260
Information Technology Services		2,221,141		2,021,597
Contributions to other agencies		1,474,891		1,466,311
Nondepartmental		3,927,811		3,043,764
Total	<u>15,393,292</u>	<u>13,442,030</u>	<u>1,951,262</u>	<u>11,900,989</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2016  
With Comparative Actual Amounts for Year Ended June 30, 2015**

	2016		Variance	2015
	Budget	Actual	Positive (Negative)	Actual
Expenditures: (continued)				
Public safety:				
Police		\$ 29,696,561		\$ 26,807,757
Fire		16,498,677		16,102,636
Total	\$ 46,592,946	46,195,238	\$ 397,708	42,910,393
Transportation:				
Development Services		1,747,653		1,420,311
Public Services		5,063,624		4,651,794
Traffic engineering		3,237,142		3,311,475
Streets		2,071,093		2,000,790
Storm water management fee		2,249,917		2,073,600
Total	15,579,294	14,369,429	1,209,865	13,457,970
Cultural and recreational:				
Community Services		1,176,342		1,216,274
Parks and recreation		6,057,106		5,997,931
Total	7,753,135	7,233,448	519,687	7,214,205
Transit system:				
Cape Fear Public Transportation Authority	1,442,822	1,442,822	-	1,442,822
Total expenditures	86,761,489	82,682,967	4,078,522	76,926,379
Excess of revenues over expenditures	7,979,219	15,690,537	7,711,318	20,918,442
Other financing sources (uses):				
Operating transfer - in:				
Debt Service Fund	1,278,390	1,278,390	-	416,423
Parks & Recreation Fund	-	-	-	80,000
Total operating transfers - in	1,278,390	1,278,390	-	496,423
Operating transfers - out:				
Debt Service Fund	(9,971,933)	(9,971,933)	-	(9,334,832)
Special Purpose Fund	(841,182)	(774,503)	66,679	(703,038)
CDBG/Home Administration Fund	(184,096)	(184,096)	-	(181,548)
Streets and Sidewalks Fund	(352,500)	(352,500)	-	(403,731)
Parks and Recreation Fund	(118,788)	(118,788)	-	(345,355)
Building Improvements Fund	(510,850)	(510,850)	-	(330,000)

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2016  
With Comparative Actual Amounts for Year Ended June 30, 2015**

	2016		Variance	2015
	Budget	Actual	Positive (Negative)	Actual
Other financing sources (uses): (continued)				
Operating transfers - out: (continued)				
LF-Rehabilitation	\$ -	\$ -	\$ -	\$ (100,000)
Community Development Block Grant Fund	(9,321)	(9,321)	-	-
Public Improvements Fund	-	-	-	(30,000)
Technology Replacement Fund	(480,000)	(480,000)	-	(480,000)
Total operating transfers - out	<u>(12,468,670)</u>	<u>(12,401,991)</u>	<u>66,679</u>	<u>(11,908,504)</u>
Appropriated fund balance	<u>3,211,061</u>	-	<u>(3,211,061)</u>	-
Total other financing uses	<u>(7,979,219)</u>	<u>(11,123,601)</u>	<u>(3,144,382)</u>	<u>(11,412,081)</u>
Net change in fund balance	<u>\$ -</u>	<u>4,566,936</u>	<u>\$ 4,566,936</u>	<u>9,506,361</u>
Fund balance at beginning of year as previously reported		55,607,154		46,034,737
Prior period adjustment (Note 8)		<u>1,100,606</u>		-
Fund balance at beginning of year as restated		56,707,760		46,034,737
Change in reserve for inventories		<u>84,224</u>		<u>66,056</u>
Fund balance at end of year		<u>\$ 61,358,920</u>		<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		184,096		181,548
General government expenditures		(49,228)		(56,876)
Economic and physical development expenditures		(134,868)		(124,672)
Fund balance at beginning of year		-		-
Fund balance at end of year		<u>\$ 61,358,920</u>		<u>\$ 55,607,154</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, 2016**

	Grant Project Authorization	Actual Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
<b>Revenues:</b>					
<b>Taxes:</b>					
Room occupancy tax	\$ 27,214,148	\$ 26,550,691	\$ 3,337,377	\$ 29,888,068	\$ 2,673,920
<b>Restricted intergovernmental:</b>					
Federal grants	4,561,587	3,997,569	714,993	4,712,562	150,975
State grants	2,424,550	1,296,060	814,164	2,110,224	(314,326)
Other governments	1,648,146	1,289,233	316,622	1,605,855	(42,291)
Total restricted intergovernmental	8,634,283	6,582,862	1,845,779	8,428,641	(205,642)
Investment earnings	339,554	1,893,000	16,387	1,909,387	1,569,833
Donations	233,162	152,256	8,388	160,644	(72,518)
<b>Miscellaneous:</b>					
Red light traffic cameras	6,933,768	6,021,067	1,081,435	7,102,502	168,734
Other program income	452,992	455,432	20,855	476,287	23,295
Sale of property	6,615	30,084	-	30,084	23,469
Total miscellaneous	7,393,375	6,506,583	1,102,290	7,608,873	215,498
Total revenues	43,814,522	41,685,392	6,310,221	47,995,613	4,181,091
<b>Expenditures:</b>					
<b>Public safety projects:</b>					
Regional crime lab	377,081	94,978	143,965	238,943	138,138
Santa cop program	1,125	750	-	750	375
SABLE-helicopter unit	1,230,502	879,415	99,109	978,524	251,978
Federal forfeiture - SABLE	1,430,703	1,123,720	118,561	1,242,281	188,422
Strategy to address gangs	71,720	949	66,968	67,917	3,803
Second chance reentry	600,000	62,759	332,550	395,309	204,691
Body cameras	60,000	-	59,907	59,907	93
Firefighter assistance - FEMA	109,015	-	67,042	67,042	41,973
Federal forfeiture	2,029,846	1,678,122	115,747	1,793,869	235,977
North Carolina drug tax	610,530	573,410	32,557	605,967	4,563
Total public safety	6,520,522	4,414,103	1,036,406	5,450,509	1,070,013

**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, 2016**

	Grant Project Authorization	Prior Years	Current Year	Totals to Date	Variance Positive (Negative)
Expenditures: (continued)					
Transportation projects:					
Metropolitan planning	\$ 1,961,651	\$ 877,353	\$ 811,418	\$ 1,688,771	\$ 272,880
Red light traffic cameras	9,814,130	8,300,242	1,454,567	9,754,809	59,321
TDM coordinator FY16	100,000	-	54,441	54,441	45,559
Rail realignment study	300,000	-	-	-	300,000
<b>Total transportation</b>	<b>12,175,781</b>	<b>9,177,595</b>	<b>2,320,426</b>	<b>11,498,021</b>	<b>677,760</b>
Economic and physical development projects:					
Historic preservation education	43,617	30,099	975	31,074	12,543
Tree mitigation	183,075	130,051	-	130,051	53,024
Annual housing summit	33,197	19,406	13,564	32,970	227
Brownfields program	400,000	131,292	139,546	270,838	129,162
Innovate NC	13,827	-	-	-	13,827
Affordable housing program	1,182,157	1,155,942	15,125	1,171,067	11,090
Homeownership services	148,226	114,947	7,480	122,427	25,799
UDAG income projects	1,280,639	1,203,845	116	1,203,961	76,678
Trees forever	48,405	15,449	20,801	36,250	12,155
Trolley station	3,716	2,123	-	2,123	1,593
<b>Total economic and physical development</b>	<b>3,336,859</b>	<b>2,803,154</b>	<b>197,607</b>	<b>3,000,761</b>	<b>336,098</b>
Cultural and recreational projects:					
Dog park development	35,490	24,120	2,492	26,612	8,878
Downtown business alliance	55,609	38,057	2,717	40,774	14,835
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
July Fourth celebration	5,000	3,566	-	3,566	1,434
Nautical festival	51,375	48,466	-	48,466	2,909
Bicycle advisory	7,489	6,160	-	6,160	1,329
<b>Total cultural and recreational</b>	<b>285,814</b>	<b>205,744</b>	<b>5,209</b>	<b>210,953</b>	<b>74,861</b>
Transit system:					
Metropolitan Planning	133,468	77,314	80,200	157,514	(24,046)
<b>Total expenditures</b>	<b>22,452,444</b>	<b>16,677,910</b>	<b>3,639,848</b>	<b>20,317,758</b>	<b>2,134,686</b>
Excess of revenues over expenditures	21,362,078	25,007,482	2,670,373	27,677,855	6,315,777
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	288,353	268,353	23,951	292,304	3,951

**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, 2016**

	Grant Project Authorization	Prior Years	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	\$ -
Storm Water Management Fund	-	63	-	63	63
Building Improvements Fund	9,817	9,817	-	9,817	-
General Fund	<u>3,681,744</u>	<u>2,820,791</u>	<u>774,503</u>	<u>3,595,294</u>	<u>(86,450)</u>
Total operating transfers - in	<u>6,560,448</u>	<u>5,679,898</u>	<u>798,454</u>	<u>6,478,352</u>	<u>(82,096)</u>
Operating transfers - out:					
General Fund	(16,000)	(16,000)	-	(16,000)	-
Convention Center Fund	(27,170,699)	(25,525,300)	(1,645,399)	(27,170,699)	-
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	(544,059)	(524,044)	(20,000)	(544,044)	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>(27,922,526)</u>	<u>(26,257,109)</u>	<u>(1,665,399)</u>	<u>(27,922,508)</u>	<u>18</u>
Total other financing uses	<u>(21,362,078)</u>	<u>(20,577,211)</u>	<u>(866,945)</u>	<u>(21,444,156)</u>	<u>(82,078)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 4,430,271</u>	1,803,428	<u>\$ 6,233,699</u>	<u>\$ 6,233,699</u>
Fund balance at beginning of year			<u>4,430,271</u>		
Fund balance at end of year			<u>\$ 6,233,699</u>		
A legally budgeted Convention Center Fund is consolidated into the Special Purpose Fund for reporting purposes:					
Sales and services			3,721,784		
Investment earnings			8,632		
Transfer from Special Purpose Fund			1,645,399		
Issuance of refunding installment obligations			48,940,000		
Premium on refunding installment obligations			5,942,920		
Economic and physical development expenditures			(4,438,744)		
Debt service:					
Principal retirement			(2,015,000)		
Interest and other charges			(3,144,958)		
Payment to defeased other long-term obligation escrow agent			(54,381,288)		
Fund balance at beginning of year			5,177,605		
An unbudgeted UDAG Loan Fund is consolidated into the Special Purpose Fund for reporting purposes:					
Economic and physical development expenditures			(1,926)		
Fund balance at beginning of year			<u>77,827</u>		
Fund balance at end of year			<u>\$ 7,765,950</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, 2016**

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Sales and services:					
Convention center	\$ 14,144,811	\$ 11,410,904	\$ 3,413,138	\$ 14,824,042	\$ 679,231
Parking deck	<u>1,025,987</u>	<u>813,479</u>	<u>308,646</u>	<u>1,122,125</u>	<u>96,138</u>
Total sales and services	15,170,798	12,224,383	3,721,784	15,946,167	775,369
Investment earnings	<u>120,509</u>	<u>120,182</u>	<u>8,632</u>	<u>128,814</u>	<u>8,305</u>
Total revenues	<u>15,291,307</u>	<u>12,344,565</u>	<u>3,730,416</u>	<u>16,074,981</u>	<u>783,674</u>
Expenditures:					
Economic and physical development project:					
Convention Center operations	21,309,368	16,707,060	4,174,840	20,881,900	427,468
Parking deck operations	<u>1,016,962</u>	<u>680,553</u>	<u>263,904</u>	<u>944,457</u>	<u>72,505</u>
Total economic and physical development	<u>22,326,330</u>	<u>17,387,613</u>	<u>4,438,744</u>	<u>21,826,357</u>	<u>499,973</u>
Debt service:					
Principal retirement	9,335,000	7,320,000	2,015,000	9,335,000	-
Interest and other charges	23,239,442	20,088,483	3,144,958	23,233,441	6,001
Reserved for debt service	<u>166,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>166,702</u>
Total debt service	<u>32,741,144</u>	<u>27,408,483</u>	<u>5,159,958</u>	<u>32,568,441</u>	<u>172,703</u>
Total expenditures	<u>55,067,474</u>	<u>44,796,096</u>	<u>9,598,702</u>	<u>54,394,798</u>	<u>672,676</u>
Excess of expenditures over revenues	<u>(39,776,167)</u>	<u>(32,451,531)</u>	<u>(5,868,286)</u>	<u>(38,319,817)</u>	<u>1,456,350</u>
Other financing sources (uses):					
Operating transfers - in:					
Special Purpose Fund	27,170,699	25,525,300	1,645,399	27,170,699	-
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	33,201,036	31,555,637	1,645,399	33,201,036	-
Issuance of installment obligations	5,995,949	5,995,949	-	5,995,949	-
Issuance of refunding installment obligations	57,850,000	8,910,000	48,940,000	57,850,000	-
Premium on refunding installment obligations	5,942,921	-	5,942,920	5,942,920	(1)
Payment to refunded installment obligation escrow agent	<u>(63,213,739)</u>	<u>(8,832,450)</u>	<u>(54,381,288)</u>	<u>(63,213,738)</u>	<u>1</u>
Total other financing sources	<u>39,776,167</u>	<u>37,629,136</u>	<u>2,147,031</u>	<u>39,776,167</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 5,177,605</u>	<u>(3,721,255)</u>	<u>\$ 1,456,350</u>	<u>\$ 1,456,350</u>
Fund balance at beginning of year			<u>5,177,605</u>		
Fund balance at end of year			<u>\$ 1,456,350</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, 2016**

	Grant Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
<b>Restricted intergovernmental:</b>					
Federal grants	\$ 10,857,235	\$ 8,992,701	\$ 1,011,565	\$ 10,004,266	\$ (852,969)
<b>Miscellaneous:</b>					
Sale of property	-	23,000	-	23,000	23,000
Insurance reimbursement	1,600	1,607	-	1,607	7
Refunds	467,308	444,357	-	444,357	(22,951)
Total miscellaneous	468,908	468,964	-	468,964	56
Total revenues	11,326,143	9,461,665	1,011,565	10,473,230	(852,913)
<b>Expenditures:</b>					
<b>Economic and physical development projects:</b>					
Acquisition		331,000	-	331,000	
Public facilities		1,629,267	186,105	1,815,372	
Disposition		23,412	2,331	25,743	
Demolition		58,402	724	59,126	
Domestic Violence		310,451	32,151	342,602	
Shelter for homeless		228,000	-	228,000	
Community Boys Club		30,000	-	30,000	
Community Land Trust		61,997	-	61,997	
Volunteers of America		78,000	-	78,000	
Coastal Horizon Center		30,117	-	30,117	
Family Services		58,825	-	58,825	
Dreams of Wilmington		65,000	-	65,000	
Food Bank of Coastal Carolina		10,000	-	10,000	
Bottom Neighborhood Association		19,639	-	19,639	
Brigade Boys and Girls Club		20,000	-	20,000	
Leading Into New Communities		315,535	10,597	326,132	
First Fruit Ministries		55,459	21,535	76,994	
Housing counseling		14,910	-	14,910	
Wilmington interfaith network		10,000	-	10,000	
Joint Project		702,241	101,620	803,861	
YWCA - Kids Making It		25,000	-	25,000	
Salvation Army		30,000	-	30,000	
Relocation		42,988	-	42,988	
Energy repairs/housing		338,224	43,873	382,097	
Capacity Building		34,926	-	34,926	
Small Business Development		25,000	-	25,000	
Economic development		15,300	-	15,300	
Charges for services		2,059,000	-	2,059,000	
Planning		619	-	619	
Total expenditures	7,260,318	6,623,312	398,936	7,022,248	238,070
Excess of revenues over expenditures	4,065,825	2,838,353	612,629	3,450,982	(614,843)

**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, 2016**

	Grant Project Authorization	Prior Years	Current Year	Totals to Date	Variance Positive (Negative)
Other financing sources (uses):					
Operating transfers - in:					
Transfer from General Fund	\$ 9,321	\$ -	\$ 9,321	\$ 9,321	\$ -
Rental Rehabilitation Loan Fund	80,898	88,654	5,169	93,823	12,925
Commercial Loan Fund	17,192	22,913	1,082	23,995	6,803
Rehabilitation Loan Fund	485,366	485,366	-	485,366	-
General Fund HOP Loan Fund	<u>27,300</u>	<u>27,300</u>	<u>-</u>	<u>27,300</u>	<u>-</u>
Total operating transfers - in	<u>620,077</u>	<u>624,233</u>	<u>15,572</u>	<u>639,805</u>	<u>19,728</u>
Operating transfers - out:					
CDBG/HOME Administration Fund	(2,887,828)	(2,387,470)	(386,775)	(2,774,245)	113,583
Rental Rehabilitation Loan Fund	(99,550)	(99,550)	-	(99,550)	-
Commercial Loan Fund	(500,000)	(307,444)	(11,400)	(318,844)	181,156
Rehabilitation Loan Fund	(36,871)	(36,871)	-	(36,871)	-
CDBG HOP Loan Fund	<u>(1,161,653)</u>	<u>(631,251)</u>	<u>(230,026)</u>	<u>(861,277)</u>	<u>300,376</u>
Total operating transfers - out	<u>(4,685,902)</u>	<u>(3,462,586)</u>	<u>(628,201)</u>	<u>(4,090,787)</u>	<u>595,115</u>
Total other financing uses	<u>(4,065,825)</u>	<u>(2,838,353)</u>	<u>(612,629)</u>	<u>(3,450,982)</u>	<u>614,843</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance at beginning of year			<u>-</u>		
Fund balance at end of year			<u>\$ -</u>		
A portion of a legally budgeted CDBG/HOME Grant and Administration Fund is consolidated into the Community Development Fund for reporting purposes:					
Transfer from Community Development Fund			386,775		
General government expenditures			(98,941)		
Economic and physical development expenditures			(287,834)		
Fund balance at beginning of year			<u>-</u>		
Fund balance at end of year			<u><u>\$ -</u></u>		



**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2016  
With Comparative Actual Amounts for Year Ended June 30, 2015**

	2016		Variance Positive (Negative)	2015 Actual
	Budget	Actual		
Expenditures:				
General government:				
Finance		\$ 168,191		\$ 169,699
Economic and physical development:				
Economic and community development		471,624		448,184
Total expenditures	\$ 709,659	639,815	\$ 69,844	617,883
Other financing sources:				
Operating transfers-in:				
General Fund	184,096	184,096	-	181,548
Community Development Fund	454,119	386,775	(67,344)	369,470
Home Investment Partnership Fund	68,944	68,944	-	66,865
Total operating transfers - in	707,159	639,815	(67,344)	617,883
Appropriated fund balance	2,500	-	(2,500)	-
Total other financing sources	709,659	639,815	(69,844)	617,883
Net change in fund balance	\$ -	-	\$ -	-
Fund balance at beginning of year		-		-
Fund balance at end of year		\$ -		\$ -

**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, 2016**

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental:					
Federal grants	\$ 3,282,229	\$ 1,752,852	84,642	\$ 1,837,494	\$ (1,444,735)
Miscellaneous	7,500	7,500	-	7,500	-
Total revenues	<u>3,289,729</u>	<u>1,760,352</u>	<u>84,642</u>	<u>1,844,994</u>	<u>(1,444,735)</u>
Expenditures:					
Economic and physical development projects:					
HUD reimbursement		181,034	-	181,034	
Tenant Based Assistance		100,648	-	100,648	
Affordable Housing Infrastructure		13,910	-	13,910	
Land trust administration		10,000	-	10,000	
Relocation assistance		10,118	-	10,118	
Total expenditures	<u>138,438</u>	<u>315,710</u>	<u>-</u>	<u>315,710</u>	<u>(177,272)</u>
Excess of revenues over expenditures	<u>3,151,291</u>	<u>1,444,642</u>	<u>84,642</u>	<u>1,529,284</u>	<u>(1,622,007)</u>
Other financing sources (uses):					
Operating transfers - in:					
Special Purpose Fund	102,460	211,630	20,000	231,630	129,170
General Fund HOP Loan Fund	79,150	79,150	-	79,150	-
Home Loan Fund	992,540	834,439	146,420	980,859	(11,681)
Total operating transfers - in	<u>1,174,150</u>	<u>1,125,219</u>	<u>166,420</u>	<u>1,291,639</u>	<u>117,489</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, 2016**

	<u>Grant Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals to Date</u>	<u>Variance Positive (Negative)</u>
Other financing sources (uses): (continued)					
Operating transfers - out:					
CDBG/HOME Administration Fund	\$ (375,893)	\$ (306,949)	\$ (68,944)	\$ (375,893)	\$ -
Home Loan Fund	<u>(3,949,548)</u>	<u>(2,262,912)</u>	<u>(90,778)</u>	<u>(2,353,690)</u>	<u>1,595,858</u>
Total operating transfers - out	<u>(4,325,441)</u>	<u>(2,569,861)</u>	<u>(159,722)</u>	<u>(2,729,583)</u>	<u>1,595,858</u>
Total other financing sources (uses)	<u>(3,151,291)</u>	<u>(1,444,642)</u>	<u>6,698</u>	<u>(1,437,944)</u>	<u>1,713,347</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	91,340	<u>\$ 91,340</u>	<u>\$ 91,340</u>
Fund balance at beginning of year			<u>-</u>		
Fund balance at end of year			<u>\$ 91,340</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			68,944		
General government expenditures			(20,022)		
Economic and physical development expenditures			(48,922)		
Fund balance at beginning of year			-		
An unbudgeted Home Loan Fund is consolidated into the Home Investment Partnership Fund for reporting purposes:					
Miscellaneous income			5,987		
Transfer from Home Investment Partnership Fund			90,778		
Transfer from Rehabilitation Loan Fund			52		
Economic and physical development expenditures			(199,133)		
Transfer to Home Investment Partnership Fund			(146,420)		
Transfer to Rehabilitation Loan Fund			(1,026)		
Fund balance at beginning of year			<u>7,491,851</u>		
Fund balance at end of year			<u>\$ 7,333,429</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, 2016**

	Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
Restricted intergovernmental	\$ 13,305,275	\$ 8,257,501	\$ 827,875	\$ 9,085,376	\$ (4,219,899)
Investment earnings	1,812,439	1,872,892	28,802	1,901,694	89,255
Donations	49,163	254,237	2,806,066	3,060,303	3,011,140
Miscellaneous	272,023	272,024	-	272,024	1
<b>Total revenues</b>	<b>15,438,900</b>	<b>10,656,654</b>	<b>3,662,743</b>	<b>14,319,397</b>	<b>(1,119,503)</b>
<b>Expenditures:</b>					
<b>Transportation:</b>					
Water Street/Riverfront improvements	3,200,986	472,813	1,186,512	1,659,325	1,541,661
Water Street/Riverfront stabilization	472,782	9,775	116,524	126,299	346,483
Bridge repairs 2004-05	1,068,192	544,205	4,169	548,374	519,818
Street rehabilitation 2004-05	13,068,706	7,789,392	440,596	8,229,988	4,838,718
Neighborhood traffic management	1,752,500	1,347,634	306,170	1,653,804	98,696
Eastwood Road path	29,214	-	-	-	29,214
Independence Boulevard phase III	3,309,258	-	-	-	3,309,258
North 3rd Street improvements	12,541,699	12,017,965	-	12,017,965	523,734
Market/Water Streets bulkhead	1,380,641	1,380,641	-	1,380,641	-
Bradley Creek/Safe Routes to School	304,520	295,818	-	295,818	8,702
Princess Place/17th to 25th Streets	177,000	151,220	26	151,246	25,754
Downtown street improvements	1,347,856	-	-	-	1,347,856
Pocket Park shoreline stabilization	564,200	551,386	-	551,386	12,814
Market Street H-piles stabilization	1,050,338	799,548	-	799,548	250,790
North/South 17th Street	1,415,002	42,289	1,405	43,694	1,371,308
Sign inventory and assessment	90,000	469	-	469	89,531
Way finding signage	89,683	-	34,629	34,629	55,054
Front/Castle pedestrian improvements	29,500	-	1,441	1,441	28,059
College/Oleander pedestrian crossing	100	-	-	-	100
Pine Valley street/drainage rehabilitation	2,606,000	86,446	10,105	96,551	2,509,449
Cross City Trail III streets rehabilitation	884,010	836,826	37,106	873,932	10,078
Wrightsville/Greenville improvements	425,500	36,510	7,545	44,055	381,445
Park Avenue multi-use path	779,200	157,050	881	157,931	621,269
Military Cutoff/Eastwood multi-use path	296,203	124	19,764	19,888	276,315
Hinton Avenue multi-use path	367,091	127	51,843	51,970	315,121
Hooker Road multi-use path	1,015,808	127	54,639	54,766	961,042
5th and Wooster pedestrian crossing	118,734	127	86	213	118,521
Kerr Avenue bike lane/sidewalks	787,078	-	-	-	787,078
Gregory/Williston Streets	451,000	-	-	-	451,000
Greenville Loop rehabilitation	1,758,329	380	1,414,638	1,415,018	343,311
Audubon / Floral rehabilitation	2,437,000	38,123	3,000	41,123	2,395,877
41st Street rehabilitation	1,600,000	-	1,172,603	1,172,603	427,397
Love Grove emergency access	150,000	-	-	-	150,000

**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, 2016**

	Project Authorization	Prior Years	Current Year	Totals to Date	Variance Positive (Negative)
Expenditures: (continued)					
Transportation: (continued)					
Coastline Inn riverfront stabilization	\$ 992,550	\$ 3,650	\$ 32,705	\$ 36,355	\$ 956,195
Sidewalk gap improvements	15,000	13,645	-	13,645	1,355
North 3rd Street bridge	459,854	71,744	7,963	79,707	380,147
Shipyards Boulevard bus pullout	300,000	-	-	-	300,000
Public transportation	2,000,000	-	368,242	368,242	1,631,758
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	-	555,699	555,699	5,544,301
Hurst Drive extension	4,300,000	-	-	-	4,300,000
Pine Grove intersection improvements	2,500,000	-	2,282	2,282	2,497,718
Oleander/Pine Grove realignment	2,100,000	-	1,500	1,500	2,098,500
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	34,410	2,078	-	2,078	32,332
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	-	2,500	2,500	32,500
16th Street/Dawson crosswalk	75,000	-	-	-	75,000
College/Wilshire crosswalk	43,000	-	41,250	41,250	1,750
8th Street/Dawson crosswalk	50,000	-	-	-	50,000
8th Street/Wooster crosswalk	50,000	-	-	-	50,000
17th Street/Dawson crosswalk	75,000	-	-	-	75,000
Holly Tree/College crosswalk	283,101	-	-	-	283,101
Greenville Loop/College/Park	6,858,057	-	-	-	6,858,057
Kerr Avenue trail	907,439	-	-	-	907,439



**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, 2016**

	Project Authorization	Prior Years	Current Year	Totals to Date	Variance Positive (Negative)
Expenditures: (continued)					
Transportation: (continued)					
Central College trail	\$ 1,473,269	\$ -	\$ 103,371	\$ 103,371	\$ 1,369,898
Masonboro Loop multiuse path	2,982,142	-	-	-	2,982,142
Contingency - bike/pedestrian	1,327,000	-	-	-	1,327,000
Multi-Modal facility	315,128	-	-	-	315,128
Wooster Street sidewalks	263,000	13,487	180,692	194,179	68,821
Randall Parkway widening	9,719,879	9,182,084	-	9,182,084	537,795
Sidewalk rehabilitation and repairs	2,120,947	1,679,281	58,058	1,737,339	383,608
Pedestrian/Bike improvements	<u>2,266,566</u>	<u>1,019,059</u>	<u>-</u>	<u>1,019,059</u>	<u>1,247,507</u>
Total transportation	<u>127,456,155</u>	<u>38,544,023</u>	<u>6,217,944</u>	<u>44,761,967</u>	<u>82,694,188</u>
Cultural and recreational:					
Water Street/Riverfront improvements	96,357	52,832	41,470	94,302	2,055
Riverwalk North convention center	2,594,625	2,587,995	-	2,587,995	6,630
Riverwalk North marina	8,488,368	8,129,410	120,620	8,250,030	238,338
Market/Water Streets bulkhead	128,596	95	-	95	128,501
Riverfront Assessment	1,810,186	256,951	-	256,951	1,553,235
Brooks Building riverwalk improvements	1,141,976	157,011	368,355	525,366	616,610
Riverwalk-Conlon Pier repair	8,750	-	15,723	15,723	(6,973)
Convention Center Bulkhead	13,200	-	-	-	13,200
Randall Parkway-Gary Shell Cross City Trail	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>200,000</u>	<u>-</u>
Total cultural and recreational	<u>14,482,058</u>	<u>11,384,294</u>	<u>546,168</u>	<u>11,930,462</u>	<u>2,551,596</u>
Transit system:					
Transit capital grant match	<u>535,872</u>	<u>309,284</u>	<u>-</u>	<u>309,284</u>	<u>226,588</u>
Total expenditures	<u>142,474,085</u>	<u>50,237,601</u>	<u>6,764,112</u>	<u>57,001,713</u>	<u>85,472,372</u>
Excess of expenditures over revenues	<u>(127,035,185)</u>	<u>(39,580,947)</u>	<u>(3,101,369)</u>	<u>(42,682,316)</u>	<u>84,352,869</u>
Other financing sources (uses):					
Operating transfers - in:					
General Fund	9,139,700	8,804,702	352,500	9,157,202	17,502
Debt Service fund	17,800,133	4,605,457	2,407,598	7,013,055	(10,787,078)
Building Improvements Fund	911,400	911,400	-	911,400	-
Storm Water Capital Project Fund	<u>105,750</u>	<u>105,750</u>	<u>-</u>	<u>105,750</u>	<u>-</u>
Total operating transfers - in	<u>27,956,983</u>	<u>14,427,309</u>	<u>2,760,098</u>	<u>17,187,407</u>	<u>(10,769,576)</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, 2016**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals to Date</u>	<u>Variance Positive (Negative)</u>
Other financing sources (uses): (continued)					
Operating transfers - out:					
Parks and Recreation Fund	\$ (423,615)	\$ (140,000)	\$ (283,615)	\$ (423,615)	\$ -
Building Improvements Fund	<u>(1,445,023)</u>	<u>(1,445,023)</u>	<u>-</u>	<u>(1,445,023)</u>	<u>-</u>
Total operating transfers - out	<u>(1,868,638)</u>	<u>(1,585,023)</u>	<u>(283,615)</u>	<u>(1,868,638)</u>	<u>-</u>
Issuance of bonds	68,334,024	18,099,768	2,925,000	21,024,768	(47,309,256)
Issuance of installment obligations	30,758,508	18,293,038	-	18,293,038	(12,465,470)
Issuance of other long-term obligations	200,000	200,000	-	200,000	-
Premium on bonds	424,067	373,807	50,259	424,066	(1)
Premium on installment obligations	<u>1,230,241</u>	<u>1,230,241</u>	<u>-</u>	<u>1,230,241</u>	<u>-</u>
Total other financing sources	<u>127,035,185</u>	<u>51,039,140</u>	<u>5,451,742</u>	<u>56,490,882</u>	<u>(70,544,303)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 11,458,193</u>	2,350,373	<u>\$ 13,808,566</u>	<u>\$ 13,808,566</u>
Fund balance at beginning of year			<u>11,458,193</u>		
Fund balance at end of year			<u>\$ 13,808,566</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, 2016**

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
<b>Revenues:</b>					
Restricted intergovernmental	\$ 9,200,472	\$ 8,327,873	\$ 170,346	\$ 8,498,219	\$ (702,253)
Investment earnings	57,709	108,143	3,842	111,985	54,276
Donations	953,672	1,184,994	35,948	1,220,942	267,270
<b>Total revenues</b>	<b>10,211,853</b>	<b>9,621,010</b>	<b>210,136</b>	<b>9,831,146</b>	<b>(380,707)</b>
<b>Expenditures:</b>					
<b>Cultural and recreational:</b>					
Water Street/Riverfront parks	247,285	5,113	22,507	27,620	219,665
Park facility improvements 2004-05	1,691,527	1,475,683	123,567	1,599,250	92,277
Recreation master plan	60,674	23,223	7,500	30,723	29,951
Olsen Park Phase I	8,784,990	8,758,056	630	8,758,686	26,304
Cross city trail system	8,877,698	7,392,593	534,845	7,927,438	950,260
10th & Fanning park development	75,000	2,335	-	2,335	72,665
Tennis complex	1,957,755	1,763,451	-	1,763,451	194,304
Inland Greens acquisition	2,696,503	1,640,560	239,532	1,880,092	816,411
MLK Center improvements	30,000	29,500	-	29,500	500
Seagate Park	117,194	115,530	-	115,530	1,664
Portia Mills Hines Park	29,100	15,097	-	15,097	14,003
Tree mitigation plantings	154,000	150,440	3,560	154,000	-
Greenfield Walkway/Dock	482,900	9,180	423,775	432,755	50,145
Legion Stadium equipment improvements	115,000	-	95,505	95,505	19,495
Riverfront Park improvements	73,191	67,741	-	67,741	5,450
Land acquisition and economic development	170,000	18,038	-	18,038	151,962
<b>Total expenditures</b>	<b>25,562,817</b>	<b>21,466,540</b>	<b>1,451,221</b>	<b>22,917,761</b>	<b>2,645,056</b>
<b>Excess of expenditures over revenues</b>	<b>(15,350,964)</b>	<b>(11,845,530)</b>	<b>(1,241,085)</b>	<b>(13,086,615)</b>	<b>2,264,349</b>
<b>Other financing sources (uses):</b>					
<b>Operating transfers - in:</b>					
General Fund	2,110,963	2,061,311	118,788	2,180,099	69,136
Debt Service Fund	323,554	246,000	77,554	323,554	-
Streets and Sidewalks Fund	423,615	140,000	283,615	423,615	-
Storm Water Capital Project Fund	552,923	533,523	19,400	552,923	-
<b>Total operating transfers - in</b>	<b>3,411,055</b>	<b>2,980,834</b>	<b>499,357</b>	<b>3,480,191</b>	<b>69,136</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, 2016**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals to Date</u>	<u>Variance Positive (Negative)</u>
Other financing sources (uses): (continued)					
Operating transfers - out:					
General Fund	\$ (330,000)	\$ (330,000)	\$ -	\$ (330,000)	\$ -
Issuance of installment obligations	1,294,216	200,000	-	200,000	(1,094,216)
Issuance of other long-term obligations	<u>10,975,693</u>	<u>10,975,695</u>	-	<u>10,975,695</u>	<u>2</u>
Total other financing sources	<u>15,350,964</u>	<u>13,826,529</u>	<u>499,357</u>	<u>14,325,886</u>	<u>(1,025,078)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,980,999</u>	<u>(741,728)</u>	<u>\$ 1,239,271</u>	<u>\$ 1,239,271</u>
Fund balance at beginning of year			<u>1,980,999</u>		
Fund balance at end of year			<u>\$ 1,239,271</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, 2016**

	Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
Restricted intergovernmental	\$ 63,892	\$ 67,809	\$ -	\$ 67,809	\$ 3,917
Investment earnings	148,261	225,160	15,710	240,870	92,609
Sale of real estate	578,820	578,820	-	578,820	-
Rents	61,078	228,034	49,530	277,564	216,486
Miscellaneous	72,609	72,608	-	72,608	(1)
<b>Total revenues</b>	<b>924,660</b>	<b>1,172,431</b>	<b>65,240</b>	<b>1,237,671</b>	<b>313,011</b>
<b>Expenditures:</b>					
<b>General government:</b>					
Building improvements 2004-05	2,069,703	1,536,821	40,090	1,576,911	492,792
ITS infrastructure improvements	319,057	295,146	-	295,146	23,911
City Hall improvements	619,692	490,975	32,924	523,899	95,793
Northern warehouse purchase	1,797,078	1,776,808	1,072	1,777,880	19,198
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	22,400	22,400	-	22,400	-
Northern riverfront project	4,100,000	4,087,412	1,181	4,088,593	11,407
Godwin Stadium renovations	360,588	355,707	4,881	360,588	-
Administration building	1,000,000	-	-	-	1,000,000
Enterprise backup system	150,000	-	47,052	47,052	102,948
Microsoft enterprise agreement	300,000	281,738	-	281,738	18,262
414 Chestnut purchase/renovation	510,850	-	473,998	473,998	36,852
Castle Street Wave site	13,000	-	-	-	13,000
Building security	270,708	238,460	-	238,460	32,248
ADA compliance	3,564,472	2,734,086	85	2,734,171	830,301
<b>Total general government</b>	<b>15,832,424</b>	<b>12,510,199</b>	<b>601,283</b>	<b>13,111,482</b>	<b>2,720,942</b>
<b>Public safety:</b>					
Building improvements 2004-05	85,905	-	85,905	85,905	-
Firing range & training facility	2,131,136	8,721	11,250	19,971	2,111,165
Cinema Drive fire station	4,915,871	3,893,841	868,699	4,762,540	153,331
Shipyards fire station #5	4,571,337	642,342	278,252	920,594	3,650,743
<b>Total public safety</b>	<b>11,704,249</b>	<b>4,544,904</b>	<b>1,244,106</b>	<b>5,789,010</b>	<b>5,915,239</b>
<b>Transportation:</b>					
Water Street/Riverfront ADA	136,899	2,831	86,501	89,332	47,567
Multi-modal facility study	1,449,442	979,380	-	979,380	470,062
ADA compliance	76,323	-	76,323	76,323	-
<b>Total transportation</b>	<b>1,662,664</b>	<b>982,211</b>	<b>162,824</b>	<b>1,145,035</b>	<b>517,629</b>

**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, 2016**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals to Date</u>	<u>Variance Positive (Negative)</u>
Expenditures: (continued)					
Economic and physical development:					
Land acquisition and economic development	\$ 4,612,320	\$ 3,803,500	\$ 34,795	\$ 3,838,295	\$ 774,025
Cultural and recreational:					
Building improvements 2004-05	36,875	-	36,875	36,875	-
Downtown restroom facility	85,183	75,033	-	75,033	10,150
Community Arts Center	2,253,541	2,235,211	-	2,235,211	18,330
ADA compliance	114,732	-	114,732	114,732	-
Total cultural and recreational	<u>2,490,331</u>	<u>2,310,244</u>	<u>151,607</u>	<u>2,461,851</u>	<u>28,480</u>
Total expenditures	<u>36,301,988</u>	<u>24,151,058</u>	<u>2,194,615</u>	<u>26,345,673</u>	<u>9,956,315</u>
Excess of expenditures over revenues	<u>(35,377,328)</u>	<u>(22,978,627)</u>	<u>(2,129,375)</u>	<u>(25,108,002)</u>	<u>10,269,326</u>
Other financing sources (uses):					
Operating transfers - in:					
General Fund	15,073,123	14,706,433	510,850	15,217,283	144,160
Debt Service Fund	353,800	291,800	62,000	353,800	-
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	80,609	80,609	-	80,609	-
Total operating transfers - in	<u>18,251,761</u>	<u>17,823,071</u>	<u>572,850</u>	<u>18,395,921</u>	<u>144,160</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	(47,000)	(47,000)	-	(47,000)	-
Parks and Recreation Fund	(26,666)	(26,666)	-	(26,666)	-
Total operating transfers - out	<u>(583,483)</u>	<u>(583,483)</u>	<u>-</u>	<u>(583,483)</u>	<u>-</u>
Issuance of bonds	-	477	-	477	477
Issuance of installment obligations	13,995,466	9,480,266	-	9,480,266	(4,515,200)
Issuance of other long-term obligations	3,713,584	3,713,584	-	3,713,584	-
Total other financing sources	<u>35,377,328</u>	<u>30,433,915</u>	<u>572,850</u>	<u>31,006,765</u>	<u>(4,370,563)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 7,455,288</u>	<u>(1,556,525)</u>	<u>\$ 5,898,763</u>	<u>\$ 5,898,763</u>
Fund balance at beginning of year			<u>7,455,288</u>		
Fund balance at end of year			<u>\$ 5,898,763</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, 2016**

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental	\$ 368,021	\$ 21,238	\$ 179,057	\$ 200,295	\$ (167,726)
Investment earnings	84,796	84,796	6	84,802	6
Total revenues	<u>452,817</u>	<u>106,034</u>	<u>179,063</u>	<u>285,097</u>	<u>(167,720)</u>
Expenditures:					
General government:					
Building improvements 2004-05	77,873	77,873	-	77,873	-
ADA compliance	348,423	346,206	-	346,206	2,217
Total general government	<u>426,296</u>	<u>424,079</u>	<u>-</u>	<u>424,079</u>	<u>2,217</u>
Public safety:					
Governors Crime Commission -					
Operation Eagle Eyes	25,000	24,608	-	24,608	392
JAG - SABLE wiring / NHC 2014	80,393	-	80,392	80,392	1
HAZMAT RRT 2 equipment	27,400	-	27,186	27,186	214
JAG - SABLE wiring / NHC 2015	71,478	-	71,478	71,478	-
OJP - Forensic Lab Information System	165,000	-	-	-	165,000
Total public safety	<u>369,271</u>	<u>24,608</u>	<u>179,056</u>	<u>203,664</u>	<u>165,607</u>
Transportation:					
Eastwood Road path	7,786	-	-	-	7,786
Pedestrian/bike improvements	548	548	-	548	-
Total transportation	<u>8,334</u>	<u>548</u>	<u>-</u>	<u>548</u>	<u>7,786</u>
Total expenditures	<u>803,901</u>	<u>449,235</u>	<u>179,056</u>	<u>628,291</u>	<u>175,610</u>
Excess (deficiency) of revenues over (under) expenditures	(351,084)	(343,201)	7	(343,194)	7,890
Other financing sources:					
Operating transfers - in:					
General Fund	351,084	367,209	-	367,209	16,125
Net change in fund balance	<u>\$ -</u>	<u>\$ 24,008</u>	7	<u>\$ 24,015</u>	<u>\$ 24,015</u>
Fund balance at beginning of year			24,008		
Fund balance at end of year			<u>\$ 24,015</u>		

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**DEBT SERVICE FUND TAB (FRONT)**

**DEBT SERVICE FUND TAB (BACK)**

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2016  
With Comparative Actual Amounts for Year Ended June 30, 2015**

	2016		Variance Positive (Negative)	2015 Actual
	Budget	Actual		
Revenues:				
Ad valorem taxes				
Current year	\$ 9,215,099	\$ 9,312,744	\$ 97,645	\$ 6,504,424
Prior years	-	45,801	45,801	34,167
Total ad valorem taxes	9,215,099	9,358,545	143,446	6,538,591
Restricted intergovernmental revenues	1,960,880	1,962,043	1,163	4,433,142
Investment earnings	47,471	35,310	(12,161)	29,351
Total revenues	11,223,450	11,355,898	132,448	11,001,084
Expenditures:				
Debt service:				
Principal retirement		7,850,621		10,648,558
Interest and other charges		5,997,292		5,652,438
Total expenditures	17,595,925	13,847,913	3,748,012	16,300,996
Excess of expenditures over revenues	(6,372,475)	(2,492,015)	3,880,460	(5,299,912)
Other financing sources (uses):				
Operating transfer-in:				
General Fund	9,971,933	9,971,933	-	9,334,832
Operating transfers-out:				
General Fund	(1,278,390)	(1,278,390)	-	(416,423)
Streets and Sidewalks Fund	(2,407,598)	(2,407,598)	-	(1,605,752)
Parks and Recreation Fund	(77,554)	(77,554)	-	(116,000)
Building Improvements Fund	(62,000)	(62,000)	-	(149,000)
Parking Facilities Fund	(558,740)	(558,740)	-	(254,337)
Total operating transfers-out	(4,384,282)	(4,384,282)	-	(2,541,512)
Issuance of refunding bonds	6,650,000	6,650,000	-	-
Issuance of refunding installment obligations	-	-	-	23,195,000
Premium on refunding installment obligations	-	-	-	2,400,578
Premium on refunding bonds	1,286,958	1,286,956	(2)	-
Payment to refunded bond escrow agent	(7,831,033)	(7,831,032)	1	-
Payment to refunded installment obligation escrow agent	-	-	-	(25,267,632)
Payment to defeased other long-term obligation escrow agent	(607,101)	(605,613)	1,488	-
Appropriated fund balance	1,286,000	-	(1,286,000)	-
Total other financing sources	6,372,475	5,087,962	(1,284,513)	7,121,266
Net change in fund balance	\$ -	2,595,947	\$ 2,595,947	1,821,354
Fund balance at beginning of year		9,788,553		7,967,199
Fund balance at end of year		\$ 12,384,500		\$ 9,788,553

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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, 2016  
With Comparative Actual Amounts for Year Ended June 30, 2015**

	2016		Variance Positive (Negative)	2015 Actual
	Budget	Actual		
Revenues:				
Operating revenues:				
Charges for services:				
Refuse collection	\$ 8,913,389	\$ 8,966,245	\$ 52,856	\$ 8,774,732
Recycling	18,800	30,007	11,207	28,492
Other operating revenues	<u>5,000</u>	<u>91,460</u>	<u>86,460</u>	<u>1,275,648</u>
Total operating revenues	<u>8,937,189</u>	<u>9,087,712</u>	<u>150,523</u>	<u>10,078,872</u>
Nonoperating revenues:				
Restricted intergovernmental	58,972	73,830	14,858	72,127
Investment earnings	<u>16,451</u>	<u>14,235</u>	<u>(2,216)</u>	<u>13,456</u>
Total nonoperating revenues	<u>75,423</u>	<u>88,065</u>	<u>12,642</u>	<u>85,583</u>
Total revenues	<u>9,012,612</u>	<u>9,175,777</u>	<u>163,165</u>	<u>10,164,455</u>
Expenditures:				
Operating expenditures:				
Administration		405,717		415,056
Customer refuse		3,429,609		3,702,913
Recycling		880,834		623,273
Yard waste		1,374,455		2,743,772
Downtown collection		1,182,427		972,557
Bulk/metal collections		578,625		532,396
Other operating expenditures		<u>718,136</u>		<u>703,180</u>
Total operating expenditures	<u>9,127,498</u>	<u>8,569,803</u>	<u>557,695</u>	<u>9,693,147</u>
Nonoperating expenditures:				
Interest and other charges		6,688		9,120
Principal payments on other long-term obligations		<u>190,000</u>		<u>190,000</u>
Total nonoperating expenditures	<u>196,688</u>	<u>196,688</u>	<u>-</u>	<u>199,120</u>
Total expenditures	<u>9,324,186</u>	<u>8,766,491</u>	<u>557,695</u>	<u>9,892,267</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(311,574)</u>	<u>409,286</u>	<u>720,860</u>	<u>272,188</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2016  
With Comparative Actual Amounts for Year Ended June 30, 2015**

	2016		Variance	2015
	Budget	Actual	Positive (Negative)	Actual
Other financing sources (uses):				
Operating transfer - out:				
Special Purpose Fund	\$ -	\$ -	\$ -	\$ (5,000)
Appropriated fund balance	<u>311,574</u>	<u>-</u>	<u>(311,574)</u>	<u>-</u>
Total other financing sources (uses)	<u>311,574</u>	<u>-</u>	<u>(311,574)</u>	<u>(5,000)</u>
Net change in fund balance	<u>\$ -</u>	409,286	<u>\$ 409,286</u>	267,188
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Deferred inflows of resources for accounts receivable		1,968		-
Vacation and sick leave accrual		(5,790)		(5,641)
Other postemployment benefits accrual		(286,606)		(137,267)
Deferred outflows of resources for contributions made to pension plan in current fiscal year		181,494		176,245
Pension expense		(114,542)		(16,184)
Depreciation		(4,436)		(5,086)
Capital asset expenditures		5,990		-
Interest expense accrual		203		203
Principal payments on other long-term obligations		<u>190,000</u>		<u>190,000</u>
Change in net position		<u>\$ 377,567</u>		<u>\$ 469,458</u>



**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2016  
With Comparative Actual Amounts for Year Ended June 30, 2015**

	2016			
	Budget	Actual	Variance Positive (Negative)	2015 Actual
Revenues:				
Operating revenues:				
Charges for services:				
Utility fees	\$ 7,291,414	\$ 7,678,124	\$ 386,710	\$ 7,368,385
City streets	2,249,917	2,249,917	-	2,073,600
Fines and forfeitures	-	250	250	-
Other operating revenues	57,000	81,298	24,298	72,501
Total operating revenues	9,598,331	10,009,589	411,258	9,514,486
Nonoperating revenues:				
Facility fees	-	-	-	18,501
Restricted intergovernmental	-	-	-	34,709
Investment earnings	44,231	36,275	(7,956)	33,642
Total nonoperating revenue	44,231	36,275	(7,956)	86,852
Total revenues	9,642,562	10,045,864	403,302	9,601,338
Expenditures:				
Operating expenditures:				
Engineering		909,173		986,581
Operations		3,610,927		3,699,639
Other operating expenditures		881,138		821,343
Total operating expenditures	6,450,598	5,401,238	1,049,360	5,507,563
Nonoperating expenditures:				
Interest and fiscal charges		975,554		677,619
Principal payments on bonds		705,000		595,000
Total nonoperating expenditures	2,421,602	1,680,554	741,048	1,272,619
Total expenditures	8,872,200	7,081,792	1,790,408	6,780,182
Excess of revenues over expenditures	770,362	2,964,072	2,193,710	2,821,156
Other financing sources (uses):				
Operating transfers out:				
Storm Water Capital Projects Fund	(1,388,242)	(1,388,242)	-	(566,361)
Issuance of refunding installment obligation	-	-	-	680,000
Premium on refunding installment obligation	-	-	-	92,641
Issuance of refunding bonds	-	-	-	6,965,000
Premium on refunding bonds	-	-	-	702,660
Payment to refund outstanding installment obligation	-	-	-	(760,413)
Payment to refund outstanding bonds	-	-	-	(7,558,260)
Appropriated fund balance	617,880	-	(617,880)	-
Total other financing uses	(770,362)	(1,388,242)	(617,880)	(444,733)
Net change in fund balance	\$ -	1,575,830	\$ 1,575,830	2,376,423

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2016  
With Comparative Actual Amounts for Year Ended June 30, 2015**

	2016		Variance Positive (Negative)	2015 Actual
	Budget	Actual		
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Vacation and sick leave accrual		\$ 36,550		\$ 17,460
Other post employment benefits accrual		(41,543)		(87,745)
Deferred outflow of resources for contributions made to pension plan in current fiscal year		148,793		160,092
Pension expense		(104,043)		(14,116)
Change in inventory		(25,610)		(15,089)
Capital asset expenditures		145,483		-
Depreciation		(939,432)		(849,098)
Amortization		(615)		(2,294)
Other noncapital expenses - Storm Water Capital Projects Fund		(108,271)		(276,974)
Operating transfer - Storm Water Capital Projects Fund		1,388,242		566,361
Investment earnings - Storm Water Capital Projects Fund		27,545		4,501
Principal payments on revenue bonds		705,000		520,000
Principal payments on installment obligations		-		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		355,857		154,493
Capital contributions - others		405,209		756,373
Capital transfer - Parks and Recreation Capital Projects Fund		(19,400)		(133,523)
Loss on disposal of capital assets		-		(101,693)
Change in net position		<u>\$ 3,549,595</u>		<u>\$ 3,028,543</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, 2016**

	Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
Investment earnings	\$ -	\$ 786,288	\$ 27,544	\$ 813,832	\$ 813,832
Restricted intergovernmental	245,922	100,000	87,813	187,813	(58,109)
<b>Total revenues</b>	<b>245,922</b>	<b>886,288</b>	<b>115,357</b>	<b>1,001,645</b>	<b>755,723</b>
<b>Expenditures:</b>					
Water Street storm water improvements	189,500	3,918	141,763	145,681	43,819
Storm water inventory mapping	877,920	637,314	21,450	658,764	219,156
Lincoln outfall	372,874	328,510	23,081	351,591	21,283
Storm drainage rehabilitation	3,497,715	1,526,024	225,179	1,751,203	1,746,512
Bradley Creek/Michelle Drive	5,137,102	2,963,138	2,016,013	4,979,151	157,951
Doctors branch bank stabilization	1,073,273	1,061,989	1,978	1,063,967	9,306
Wisteria/Clearbrook area	5,501,680	1,312,340	2,161,896	3,474,236	2,027,444
Cardinal Drive/George Trask	885,447	885,445	-	885,445	2
Greenville Avenue/White Avenue	1,213,500	166,504	-	166,504	1,046,996
Brookshire/Beasley drainage	3,855,000	752,466	19,841	772,307	3,082,693
Antelope Trail drainage improvements	352,349	352,349	-	352,349	-
Rogersville Road culvert replacement	412,087	412,086	-	412,086	1
Old McCumbers drainage improvements	75,000	21,392	-	21,392	53,608
Clear Run branch improvements	2,700,000	283,661	78,780	362,441	2,337,559
Cross City Trail storm water improvements	234,722	231,548	-	231,548	3,174
New Macumbers outfall	1,000,000	-	-	-	1,000,000
Red Berry drainage improvements	5,500	-	4,389	4,389	1,111
Eagles Nest drainage improvements	4,500	-	-	-	4,500
Pine Valley Road drainage rehabilitation	23,544	-	23,543	23,543	1
North/South 17th Street storm water improvements	73,742	-	-	-	73,742
Mineral Springs 2002-03	558,758	558,651	-	558,651	107
Brenda Drive drainage	522,287	65,600	407,844	473,444	48,843
<b>Total expenditures</b>	<b>28,566,500</b>	<b>11,562,935</b>	<b>5,125,757</b>	<b>16,688,692</b>	<b>11,877,808</b>
<b>Excess of expenditures over revenues</b>	<b>(28,320,578)</b>	<b>(10,676,647)</b>	<b>(5,010,400)</b>	<b>(15,687,047)</b>	<b>12,633,531</b>
<b>Other financing sources (uses):</b>					
Operating transfers - in:					
Storm Water Management Fund	12,321,124	10,955,713	1,388,243	12,343,956	22,832

**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, 2016**

	Project Authorization	Prior Years	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	(552,923)	(533,523)	(19,400)	(552,923)	-
Building Improvements Fund	<u>(80,609)</u>	<u>(80,609)</u>	<u>-</u>	<u>(80,609)</u>	<u>-</u>
Total operating transfers - out	<u>(897,502)</u>	<u>(878,102)</u>	<u>(19,400)</u>	<u>(897,502)</u>	<u>-</u>
Issuance of bonds	16,079,856	12,632,223	-	12,632,223	(3,447,633)
Premium on bonds	768,475	768,474	-	768,474	(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>28,320,578</u>	<u>23,526,934</u>	<u>1,368,843</u>	<u>24,895,777</u>	<u>(3,424,801)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 12,850,287</u>	<u>\$ (3,641,557)</u>	<u>\$ 9,208,730</u>	<u>\$ 9,208,730</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2016  
With Comparative Actual Amounts for Year Ended June 30, 2015**

	2016		Variance Positive (Negative)	2015 Actual
	Budget	Actual		
Revenues:				
Operating revenues:				
Charges for services:				
Parking fees	\$ 2,646,560	\$ 2,910,325	\$ 263,765	\$ 2,812,005
Parking violations	578,550	492,055	(86,495)	441,749
Other operating revenues	-	304	304	4,200
Total operating revenues	3,225,110	3,402,684	177,574	3,257,954
Nonoperating revenues:				
Interest earned	14,577	10,433	(4,144)	11,050
Total revenues	3,239,687	3,413,117	173,430	3,269,004
Expenditures:				
Operating expenditures:				
Street parking		897,645		985,148
Water Street deck		158,215		202,876
Second Street deck		314,598		300,482
Market Street deck		456,524		436,272
Second Street lot		242,309		235,348
Hannah Block lot		15,659		12,063
Total operating expenditures	2,671,847	2,084,950	586,897	2,172,189
Nonoperating expenditures:				
Interest and fiscal charges		264,251		358,236
Principal payments on installment obligations		857,437		344,500
Principal payments on other long-term obligations		-		166,667
Total nonoperating expenditures	1,126,580	1,121,688	4,892	869,403
Total expenditures	3,798,427	3,206,638	591,789	3,041,592
Excess (deficiency) of revenues over (under) expenditures	(558,740)	206,479	765,219	227,412

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2016  
With Comparative Actual Amounts for Year Ended June 30, 2015**

	2016		Variance	2015
	Budget	Actual	Positive (Negative)	Actual
Other financing sources (uses):				
Operating transfers - in:				
Debt Service Fund	\$ 558,740	\$ 558,740	\$ -	\$ 254,337
Operating transfers - out:				
Parking Facilities Capital Projects Fund	-	-	-	(650,700)
Issuance of refunding installment obligations	-	-	-	2,177,343
Payment to refund outstanding other long-term obligation	-	-	-	(2,145,521)
Total other financing sources (uses)	<u>558,740</u>	<u>558,740</u>	-	<u>(364,541)</u>
Net change in fund balance	<u>\$ -</u>	765,219	<u>\$ 765,219</u>	(137,129)
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Vacation and sick leave accrual		(4,192)		(3,050)
Capital asset expenditures		28,237		8,979
Deferred inflows of resources for accounts receivable		(3,000)		-
Other postemployment benefits accrual		7,182		(50,787)
Pension expense		(3,764)		(590)
Deferred outflows of resources for contributions made to pension plan in current fiscal year		7,489		5,791
Depreciation		(637,615)		(629,721)
Other noncapital expenses - Parking Facilities Capital Projects Fund		-		(6,021)
Interest expense adjustment		27,275		41,534
Investment earnings - Parking Facilities Capital Projects Fund		3,556		3,431
Capital contributions from governmental funds		-		1,733
Transfers of capital assets to governmental funds		(3,604)		-
Operating transfer - Parking Facilities Capital Projects Fund		-		650,700
Principal payments on installment obligations		857,437		344,500
Principal payments on other long-term obligations		-		166,667
Issuance of refunding installment obligations		-		(2,177,343)
Payment to refund outstanding other long-term obligations		-		2,145,521
Interest expense accrual		(1,247)		20,968
Change in net position		<u>\$ 1,042,973</u>		<u>\$ 385,183</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, 2016**

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
<b>Revenues:</b>					
Investment earnings	\$ 10,572	\$ 21,910	\$ 3,556	\$ 25,466	\$ 14,894
<b>Expenditures:</b>					
Second Street parking deck cameras	121,585	121,584	-	121,584	1
Hanna block parking lot	995,000	976,397	1,872	978,269	16,731
Second Street deck repair	1,037,150	341,130	-	341,130	696,020
Market Street parking deck lights	56,850	-	-	-	56,850
Parking facility equipment	280,710	144,383	-	144,383	136,327
Water Street parking deck	9,138,987	2,999,722	186,184	3,185,906	5,953,081
Total expenditures	<u>11,630,282</u>	<u>4,583,216</u>	<u>188,056</u>	<u>4,771,272</u>	<u>6,859,010</u>
Excess of expenditures over revenues	<u>(11,619,710)</u>	<u>(4,561,306)</u>	<u>(184,500)</u>	<u>(4,745,806)</u>	<u>6,873,904</u>
<b>Other financing sources:</b>					
Operating transfers - in:					
Debt Service Fund	669,100	669,100	-	669,100	-
Parking Facilities Fund	2,544,710	2,544,710	-	2,544,710	-
Total operating transfers - in	3,213,810	3,213,810	-	3,213,810	-
Issuance of installment obligations	5,905,900	-	-	-	(5,905,900)
Issuance of other long-term obligations	2,500,000	2,500,000	-	2,500,000	-
Total other financing sources	<u>11,619,710</u>	<u>5,713,810</u>	<u>-</u>	<u>5,713,810</u>	<u>(5,905,900)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,152,504</u>	<u>\$ (184,500)</u>	<u>\$ 968,004</u>	<u>\$ 968,004</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Golf Fund**

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

**Year Ended June 30, 2016**

**With Comparative Actual Amounts for Year Ended June 30, 2015**

	2016		Variance Positive (Negative)	2015 Actual
	Budget	Actual		
Revenues:				
Operating revenues:				
Fees and coupons	\$ 1,026,101	\$ 829,893	\$ (196,208)	\$ 579,194
Cart rentals	276,077	252,270	(23,807)	173,800
Concessions	150,000	166,317	16,317	114,008
Other operating revenues	10,000	24,870	14,870	17,034
Total operating revenues	1,462,178	1,273,350	(188,828)	884,036
Nonoperating revenues:				
Interest earned	2,284	1,812	(472)	2,689
Total revenues	1,464,462	1,275,162	(189,300)	886,725
Expenditures:				
Operating expenditures:				
Golf course		1,185,910		1,106,661
Other operating expenditures		114,144		125,500
Total operating expenditures	1,622,212	1,300,054	322,158	1,232,161
Excess of expenditures over revenues	(157,750)	(24,892)	132,858	(345,436)
Other financing sources:				
Operating transfer - in:				
Golf Capital Projects Fund	-	-	-	42,481
Appropriated fund balance	157,750	-	(157,750)	-
Total other financing sources:	157,750	-	(157,750)	42,481
Net change in fund balance	\$ -	(24,892)	\$ (24,892)	(302,955)
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Deferred inflows of resources for accounts receivable		(1,177)		7,776
Vacation and sick leave accrual		14,047		(11,858)
Other postemployment benefits accrual		20,451		(26,361)
Deferred outflows of resources for contributions made to pension plan in current fiscal year		31,352		31,671
Pension Expense		(20,582)		(2,824)
Change in inventory		(11,660)		(13,775)
Capital asset expenditures		11,900		-
Depreciation		(110,819)		(76,067)
Investment earnings - Golf Capital Projects Fund		-		723
Operating transfer - Golf Capital Projects Fund		-		119,619
Change in net position		\$ (91,380)		\$ (274,051)



**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, 2016**

	Equipment, Maintenance and Replacement Fund	Technology Replacement Fund	Total Internal Service Funds
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 9,212,611	\$ 1,523,360	\$ 10,735,971
Accounts receivable, net	13,571	-	13,571
Other receivables	1,370	226	1,596
Inventory of materials and supplies	172,039	-	172,039
Prepays	<u>7,776</u>	<u>-</u>	<u>7,776</u>
Total current assets	<u>9,407,367</u>	<u>1,523,586</u>	<u>10,930,953</u>
Noncurrent assets:			
Capital assets:			
Furniture, fixtures, machinery and equipment	21,866,021	-	21,866,021
Construction in progress	432,837	-	432,837
Less accumulated depreciation	<u>(15,780,432)</u>	<u>-</u>	<u>(15,780,432)</u>
Total capital assets, net of accumulated depreciation	<u>6,518,426</u>	<u>-</u>	<u>6,518,426</u>
Total assets	<u>15,925,793</u>	<u>1,523,586</u>	<u>17,449,379</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension deferrals	1,172	-	1,172
Contributions to pension plan in current fiscal year	<u>40,242</u>	<u>-</u>	<u>40,242</u>
Total deferred outflows of resources	<u>41,414</u>	<u>-</u>	<u>41,414</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	581,653	32,718	614,371
Accrued liabilities	46,750	-	46,750
Due to other funds	23,341	-	23,341
Current portion of long-term liabilities:			
Other long-term obligations	410,000	-	410,000
Accrued vacation and sick leave	<u>47,989</u>	<u>-</u>	<u>47,989</u>
Total current liabilities	<u>1,109,733</u>	<u>32,718</u>	<u>1,142,451</u>
Noncurrent liabilities:			
Other long-term obligations	2,050,000	-	2,050,000
Accrued vacation and sick leave	39,954	-	39,954
Accrued other postemployment benefits	296,245	-	296,245
Net pension liability	<u>43,423</u>	<u>-</u>	<u>43,423</u>
Total noncurrent liabilities	<u>2,429,622</u>	<u>-</u>	<u>2,429,622</u>
Total liabilities	<u>3,539,355</u>	<u>32,718</u>	<u>3,572,073</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension deferrals	<u>34,514</u>	<u>-</u>	<u>34,514</u>
<b>NET POSITION</b>			
Net investment in capital assets	4,058,426	-	4,058,426
Unrestricted	<u>8,334,912</u>	<u>1,490,868</u>	<u>9,825,780</u>
Total net position	<u>\$ 12,393,338</u>	<u>\$ 1,490,868</u>	<u>\$ 13,884,206</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2016**

	Equipment, Maintenance and Replacement Fund	Technology Replacement Fund	Total Internal Service Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Operating revenues:			
Charges for services	\$ 1,928,577	\$ -	\$ 1,928,577
Charges for equipment replacement	3,662,713	490,115	4,152,828
Other operating revenues	<u>212,037</u>	<u>-</u>	<u>212,037</u>
Total operating revenues	<u>5,803,327</u>	<u>490,115</u>	<u>6,293,442</u>
Operating expenses:			
Salaries, employee benefits and other personnel costs	787,736	-	787,736
Materials and fuels consumed	13,126	-	13,126
Services	882,461	-	882,461
Utilities	5,541	-	5,541
Depreciation	2,081,655	-	2,081,655
Other operating expenses	<u>553,852</u>	<u>695,829</u>	<u>1,249,681</u>
Total operating expenses	<u>4,324,371</u>	<u>695,829</u>	<u>5,020,200</u>
Operating income (loss)	<u>1,478,956</u>	<u>(205,714)</u>	<u>1,273,242</u>
Nonoperating revenues (expenses):			
Investment earnings	26,853	3,470	30,323
Interest and other charges	(41,078)	-	(41,078)
Gain on disposal of capital assets	<u>187,269</u>	<u>-</u>	<u>187,269</u>
Total nonoperating revenues	<u>173,044</u>	<u>3,470</u>	<u>176,514</u>
Income (loss) before capital contributions and transfers	1,652,000	(202,244)	1,449,756
Capital contributions	148,006	-	148,006
Transfers from other funds	-	480,000	480,000
Transfers to other funds	<u>(1,141,167)</u>	<u>(22,496)</u>	<u>(1,163,663)</u>
Change in net position	658,839	255,260	914,099
Net position at beginning of year	<u>11,734,499</u>	<u>1,235,608</u>	<u>12,970,107</u>
Net position at end of year	<u>\$ 12,393,338</u>	<u>\$ 1,490,868</u>	<u>\$ 13,884,206</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2016**

	Equipment, Maintenance and Replacement Fund	Technology Replacement Fund	Total Internal Service Funds
Cash flows from operating activities:			
Receipts from customers and users	\$ 474,472	\$ -	\$ 474,472
Receipts from interfund services provided	5,489,681	490,115	5,979,796
Payments to suppliers	(833,041)	(701,574)	(1,534,615)
Payments to or on behalf of employees	(796,257)	-	(796,257)
Payments for interfund services used	<u>(6,094)</u>	<u>-</u>	<u>(6,094)</u>
Net cash provided by (used in) operating activities	<u>4,328,761</u>	<u>(211,459)</u>	<u>4,117,302</u>
Cash flows from noncapital financing activities:			
Due to other funds	-	(4,485)	(4,485)
Transfers from other funds	<u>-</u>	<u>480,000</u>	<u>480,000</u>
Net cash provided by noncapital financing activities	<u>-</u>	<u>475,515</u>	<u>475,515</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(2,143,193)	(11,360)	(2,154,553)
Principal payments on other long-term obligations	(403,064)	-	(403,064)
Interest and other charges	(40,141)	-	(40,141)
Proceeds from sale of capital assets	<u>187,269</u>	<u>-</u>	<u>187,269</u>
Net cash used in capital and related financing activities	<u>(2,399,129)</u>	<u>(11,360)</u>	<u>(2,410,489)</u>
Cash flows from investing activities:			
Investment earnings	<u>27,720</u>	<u>3,635</u>	<u>31,355</u>
Net increase in cash and cash equivalents	1,957,352	256,331	2,213,683
Cash and cash equivalents at beginning of year	<u>7,255,259</u>	<u>1,267,029</u>	<u>8,522,288</u>
Cash and cash equivalents at end of year	<u>\$ 9,212,611</u>	<u>\$ 1,523,360</u>	<u>\$ 10,735,971</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2016**

	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)	\$ 1,478,956	\$ (205,714)	\$ 1,273,242
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	2,081,655	-	2,081,655
Changes in assets and liabilities:			
Accounts receivable	(13,571)	-	(13,571)
Due from component unit	152,054	-	152,054
Due from other governments	22,343	-	22,343
Inventory of materials and supplies	5,094	-	5,094
Prepays	566,081	-	566,081
Net pension asset	62,312	-	62,312
Deferred outflows of resources for pensions	(2,235)	-	(2,235)
Net pension liability	43,423	-	43,423
Deferred inflows of resources for pensions	(118,280)	-	(118,280)
Accounts payable and accrued liabilities	15,411	(5,745)	9,666
Accrued vacation and sick leave	9,559	-	9,559
Accrued other postemployment benefits	25,959	-	25,959
	<u>          </u>	<u>          </u>	<u>          </u>
Net cash provided by (used in) operating activities	<u>\$ 4,328,761</u>	<u>\$ (211,459)</u>	<u>\$ 4,117,302</u>
 Noncash investing, capital and financing activities:			
Capital assets acquired on account	\$ 396,986	\$ 11,136	\$ 408,122
Capital contributions from governmental funds	148,006	-	148,006
Donation of capital assets to governmental funds	<u>(1,141,167)</u>	<u>(22,496)</u>	<u>(1,163,663)</u>
Net effect of noncash activities	<u>\$ (596,175)</u>	<u>\$ (11,360)</u>	<u>\$ (607,535)</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, 2016  
With Comparative Actual Amounts for Year Ended June 30, 2015**

	2016		Variance Positive (Negative)	2015 Actual
	Budget	Actual		
Revenues:				
Operating revenues:				
Charges for services	\$ 2,079,561	\$ 2,089,403	\$ 9,842	\$ 2,055,123
Charges for equipment replacement	3,557,659	3,662,713	105,054	3,357,561
Other operating revenues	-	200,865	200,865	132,378
Total operating revenues	<u>5,637,220</u>	<u>5,952,981</u>	<u>315,761</u>	<u>5,545,062</u>
Nonoperating revenues:				
Investment earnings	22,762	26,853	4,091	20,898
Sale of capital assets	5,000	184,396	179,396	1,020,533
Total nonoperating revenues	<u>27,762</u>	<u>211,249</u>	<u>183,487</u>	<u>1,041,431</u>
Total revenues	<u>5,664,982</u>	<u>6,164,230</u>	<u>499,248</u>	<u>6,586,493</u>
Expenditures:				
Operating expenditures:				
Garage operations		1,861,422		1,916,149
Capital and noncapital equipment		2,881,596		6,451,070
Total operating expenditures	<u>6,661,988</u>	<u>4,743,018</u>	<u>1,918,970</u>	<u>8,367,219</u>
Nonoperating expenditures:				
Interest and other charges		40,141		18,574
Principal payments on other long-term obligations		403,064		-
Total nonoperating expenditures	<u>443,205</u>	<u>443,205</u>	<u>-</u>	<u>18,574</u>
Total expenditures	<u>7,105,193</u>	<u>5,186,223</u>	<u>1,918,970</u>	<u>8,385,793</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,440,211)</u>	<u>978,007</u>	<u>2,418,218</u>	<u>(1,799,300)</u>
Other financing sources:				
Issuance of other long-term obligations	-	-	-	2,863,064
Appropriated fund balance	1,440,211	-	(1,440,211)	-
Total other financing sources	<u>1,440,211</u>	<u>-</u>	<u>(1,440,211)</u>	<u>2,863,064</u>
Net change in fund balance	<u>\$ -</u>	<u>978,007</u>	<u>\$ 978,007</u>	<u>1,063,764</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, 2016**

**With Comparative Actual Amounts for Year Ended June 30, 2015**

	2016		Variance Positive (Negative)	2015 Actual
	Budget	Actual		
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Vacation and sick leave accrual		\$ (9,559)		\$ (8,148)
Other postemployment benefits accrual		(25,959)		(52,014)
Deferred outflows of resources for contributions made to pension plan in current fiscal year		40,242		39,179
Pension Expense		(25,462)		(3,675)
Change in inventory		(5,094)		23,190
Capital asset expenditures		2,540,179		6,110,262
Depreciation		(2,081,655)		(1,639,776)
Proceeds from other long-term obligations		-		(2,863,064)
Principal payments on other long-term obligations		403,064		-
Interest expense accrual		(937)		(11,855)
Disposal of capital assets		-		(8,960)
Capital contributions from governmental funds		148,006		127,047
Transfers of capital assets to enterprise funds				
Transfers of capital assets to governmental funds		(1,141,167)		(1,112,691)
Outside services		<u>(160,826)</u>		<u>(57,717)</u>
Change in net position		<u>\$ 658,839</u>		<u>\$ 1,605,542</u>



**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2016  
With Comparative Actual Amounts for Year Ended June 30, 2015**

	2016		Variance	2015
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Operating revenues:				
Charges for equipment replacement	\$ 490,115	\$ 490,115	\$ -	\$ 524,876
Nonoperating revenues:				
Investment earnings	-	3,470	3,470	4,917
Total revenues	<u>490,115</u>	<u>493,585</u>	<u>3,470</u>	<u>529,793</u>
Expenditures:				
Operating expenditures:				
Information technology operations		451,679		566,009
Capital and noncapital equipment		<u>266,646</u>		<u>796,474</u>
Total expenditures	<u>970,115</u>	<u>718,325</u>	<u>251,790</u>	<u>1,362,483</u>
Excess of expenditures over revenues	<u>(480,000)</u>	<u>(224,740)</u>	<u>255,260</u>	<u>(832,690)</u>
Other financing sources:				
Operating transfer-in:				
General Fund	<u>480,000</u>	<u>480,000</u>	-	<u>480,000</u>
Net change in fund balance	<u>\$ -</u>	255,260	<u>\$ 255,260</u>	(352,690)
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Capital asset expenditures		22,496		74,686
Transfers of capital assets to governmental funds		<u>(22,496)</u>		<u>(74,686)</u>
Change in net position		<u>\$ 255,260</u>		<u>\$ (352,690)</u>

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

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

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**June, 30 2016**

Governmental funds capital assets:	
Land	\$ 56,131,192
Easements	13,519,255
Improvements other than buildings	61,166,281
Buildings, plant and structures	145,242,900
Furniture, fixtures, machinery and equipment	25,199,737
Computer software	1,423,071
Streets and drainage	226,894,296
Construction in progress	<u>6,768,633</u>
Total governmental funds capital assets	<u>\$ 536,345,365</u>
Investment in governmental funds capital assets by source:	
Prior years for which detail is not available	\$ 18,260,404
General Fund	15,232,103
Special Purpose Fund	6,062,507
Capital Project Funds	341,075,726
Accepted dedications	<u>155,714,625</u>
Total governmental funds capital assets	<u>\$ 536,345,365</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 2016**

Function and Activity	Land	Easements	Improvements other than Buildings	Buildings, Plant and Structures
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>31,697,127</u>
Total general government	<u>6,962,659</u>	<u>10,026</u>	<u>3,914,649</u>	<u>31,697,127</u>
Public safety:				
Police	728,670	-	-	23,973,380
Fire	<u>3,788,391</u>	-	<u>479,279</u>	<u>21,788,229</u>
Total public safety	<u>4,517,061</u>	-	<u>479,279</u>	<u>45,761,609</u>
Transportation:				
Traffic engineering	37,638	-	-	45,758
Transportation planning	-	-	-	-
Streets and drainage	<u>33,847,758</u>	<u>13,464,979</u>	<u>7,331,802</u>	-
Total transportation	<u>33,885,396</u>	<u>13,464,979</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>49,440,551</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>\$ 56,131,192</u>	<u>\$ 13,519,255</u>	<u>\$ 61,166,281</u>	<u>\$ 145,242,900</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	\$ -	\$ -	\$ 8,205	\$ 106,691
Finance	30,354	-	-	-	30,354
Information Technology Services	1,608,432	921,866	-	11,136	2,541,434
Development Services	175,624	13,120	-	-	188,744
General government	<u>691,271</u>	<u>-</u>	<u>-</u>	<u>220,551</u>	<u>43,496,283</u>
Total general government	<u>2,604,167</u>	<u>934,986</u>	<u>-</u>	<u>239,892</u>	<u>46,363,506</u>
Public safety:					
Police	7,214,612	166,518	-	126,442	32,209,622
Fire	<u>13,938,395</u>	<u>-</u>	<u>-</u>	<u>339,688</u>	<u>40,333,982</u>
Total public safety	<u>21,153,007</u>	<u>166,518</u>	<u>-</u>	<u>466,130</u>	<u>72,543,604</u>
Transportation:					
Traffic engineering	247,914	19,721	-	-	351,031
Transportation Planning	-	13,576	-	-	13,576
Streets and drainage	<u>331,051</u>	<u>218,773</u>	<u>226,894,296</u>	<u>3,801,646</u>	<u>285,890,305</u>
Total transportation	<u>578,965</u>	<u>252,070</u>	<u>226,894,296</u>	<u>3,801,646</u>	<u>286,254,912</u>
Cultural and recreational:					
Parks and recreation	<u>557,466</u>	<u>33,403</u>	<u>-</u>	<u>2,260,965</u>	<u>79,123,414</u>
Economic and physical development	<u>306,132</u>	<u>36,094</u>	<u>-</u>	<u>-</u>	<u>52,059,929</u>
Total governmental funds capital assets	<u>\$ 25,199,737</u>	<u>\$ 1,423,071</u>	<u>\$ 226,894,296</u>	<u>\$ 6,768,633</u>	<u>\$ 536,345,365</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 2016**

Function and Activity	July 1, 2015	Additions	Deductions
<b>General government:</b>			
City Manager	\$ 98,486	\$ 8,205	\$ -
Finance	30,354	-	-
Information Technology Services	2,518,938	-	-
Development Services	179,101	9,643	-
General government buildings	43,048,913	447,370	-
Total general government	<u>45,875,792</u>	<u>465,218</u>	<u>-</u>
<b>Public safety:</b>			
Police	32,080,031	250,512	(46,420)
Fire	38,390,623	1,217,266	(124,510)
Total public safety	<u>70,470,654</u>	<u>1,467,778</u>	<u>(170,930)</u>
<b>Transportation:</b>			
Traffic engineering	383,562	-	(37,680)
Transportation planning	13,576	-	-
Streets and drainage	268,435,464	17,464,068	(9,227)
Total transportation	<u>268,832,602</u>	<u>17,464,068</u>	<u>(46,907)</u>
<b>Cultural and recreational:</b>			
Parks and recreation	77,293,649	1,903,270	-
<b>Economic and physical development</b>			
	52,026,154	33,775	-
<b>Total governmental funds capital assets</b>	<u>\$ 514,498,851</u>	<u>\$ 21,334,109</u>	<u>\$ (217,837)</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, 2016
General government:		
City Manager	\$ -	\$ 106,691
Finance	-	30,354
Information Technology Services	22,496	2,541,434
Development Services	-	188,744
General government buildings	-	43,496,283
Total general government	<u>22,496</u>	<u>46,363,506</u>
Public safety:		
Police	(74,501)	32,209,622
Fire	850,603	40,333,982
Total public safety	<u>776,102</u>	<u>72,543,604</u>
Transportation:		
Traffic engineering	5,149	351,031
Transportation planning	-	13,576
Streets and drainage	-	285,890,305
Total transportation	<u>5,149</u>	<u>286,254,912</u>
Cultural and recreational:		
Parks and recreation	<u>(73,505)</u>	<u>79,123,414</u>
Economic and physical development	<u>-</u>	<u>52,059,929</u>
Total governmental funds capital assets	<u>\$ 730,242</u>	<u>\$ 536,345,365</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**June 30, 2016**

Fiscal Year	Uncollected Balance July 1, 2015	Additions	Collections and Credits	Uncollected Balance June 30, 2016
2015-2016	\$ -	\$ 65,268,084	\$ 64,538,131	\$ 729,953
2014-2015	826,035	-	366,636	459,399
2013-2014	472,412	-	112,165	360,247
prior years	<u>1,222,620</u>	<u>-</u>	<u>175,263</u>	<u>1,047,357</u>
	2,521,067	65,268,084	65,192,195	2,596,956
Less allowance for uncollectible taxes	<u>(1,586,772)</u>	<u>68,197</u>	<u>-</u>	<u>(1,518,575)</u>
<b>Totals</b>	<u>\$ 934,295</u>	<u>\$ 65,336,281</u>	<u>\$ 65,192,195</u>	<u>\$ 1,078,381</u>

Reconciliation of collections and credits:

New Hanover County tax office

remittances:

Taxes - ad valorem - current year - General Fund & Debt Service Fund

\$ 64,992,984

Taxes - ad valorem - penalties and interest - General Fund

202,145

Total remittances

65,195,129

Other adjustments \*

199,211

Less penalties and interest

(202,145)

Total collections and credits

\$ 65,192,195

\* The source of this data, the New Hanover County Tax Office, has undergone a software conversion. At June 30, 2016, 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, 2016**

	City - Wide		Total Levy		
	Property		Total	Property	Registered
	Valuation	Rate	Levy	excluding	Motor
				Registered	Motor
				Vehicles	Vehicles
Original levy:					
Property taxed at current year's rate	\$13,291,759,821	\$ 0.4850	\$64,465,035	\$61,103,593	\$3,361,442
Motor vehicles taxed at prior year's rate	214,224,353	0.4600	985,432	-	985,432
second prior year's rate	621,378	0.4500	2,796	-	2,796
Penalties	-		85,589	85,589	-
<b>Total</b>	<b>13,506,605,552</b>		<b>65,538,852</b>	<b>61,189,182</b>	<b>4,349,670</b>
Discoveries: *					
Current year taxes	-		58,790	58,790	-
<b>Total</b>	<b>-</b>		<b>65,597,642</b>	<b>61,247,972</b>	<b>4,349,670</b>
Abatements *	-		-	-	-
Other adjustments *	(67,701,253)		(\$329,558)	(329,558)	-
<b>Total property valuation</b>	<b><u>\$13,438,904,299</u></b>				
Net levy			65,268,084	60,918,414	4,349,670
Uncollected taxes at June 30, 2016			729,953	729,771	182
Current year's taxes collected			<u>\$ 64,538,131</u>	<u>\$ 60,188,643</u>	<u>\$ 4,349,488</u>
Current levy collection percentage			<u>98.88%</u>	<u>98.80%</u>	<u>100.00%</u>

\* The source of this data, the New Hanover County Tax Office, has undergone a software conversion. At June 30, 2016, 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, 2016**

Receipts prior years	<u>\$ 26,550,691</u>
Receipts:	
July, 2015	388,971
August, 2015	317,217
September, 2015	278,149
October, 2015	273,933
November, 2015	201,158
December, 2015	150,088
January, 2016	164,941
February, 2016	199,288
March, 2016	292,812
April, 2016	332,022
May, 2016	352,970
June, 2016	<u>385,828</u>
Receipts current year	<u>3,337,377</u>
Receipts to date	<u><u>\$ 29,888,068</u></u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**From Inception and Year Ended June 30, 2016**

Disbursements prior years	<u>\$ 22,301,535</u>
Disbursements:	
Operating costs - Convention Center	366,207
Capital improvements and equipment	33,775
Marketing	312,780
Debt service	2,755,527
Fiscal agent fees	<u>4,068</u>
Disbursements current year	<u>3,472,357</u>
Disbursements to date	<u><u>\$ 25,773,892</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.	184 - 197
Revenue Capacity These schedules contain information to help the reader assess the city’s most significant local revenue source, the property tax.	198 - 201
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.	202 - 208
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.	209
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.	210 - 215

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			
	2007	2008	2009	2010
<b>Governmental activities:</b>				
Net investment in capital assets (2)	\$ 181,747,430	\$ 181,571,647	\$ 187,569,283	\$ 188,091,906
Restricted	16,934,004	21,704,213	22,617,510	25,903,793
Unrestricted (3), (4)	<u>53,473,106</u>	<u>57,751,482</u>	<u>47,802,268</u>	<u>49,951,959</u>
<b>Total governmental activities net assets</b>	<u>\$ 252,154,540</u>	<u>\$ 261,027,342</u>	<u>\$ 257,989,061</u>	<u>\$ 263,947,658</u>
<b>Business-type activities:</b>				
Net investment in capital assets (1), (2)	\$ 135,128,498	\$ 136,751,706	\$ 18,275,937	\$ 20,982,210
Restricted (1)	6,240,878	7,760,499	2,368,253	2,378,156
Unrestricted (1), (3)	<u>48,212,615</u>	<u>56,929,680</u>	<u>16,220,463</u>	<u>15,406,764</u>
<b>Total business-type activities net assets</b>	<u>\$ 189,581,991</u>	<u>\$ 201,441,885</u>	<u>\$ 36,864,653</u>	<u>\$ 38,767,130</u>
<b>Primary government:</b>				
Net investment in capital assets	\$ 316,875,928	\$ 318,323,353	\$ 205,845,220	\$ 209,074,116
Restricted	23,174,882	29,464,712	24,985,763	28,281,949
Unrestricted	<u>101,685,721</u>	<u>114,681,162</u>	<u>64,022,731</u>	<u>65,358,723</u>
<b>Total primary government net assets</b>	<u>\$ 441,736,531</u>	<u>\$ 462,469,227</u>	<u>\$ 294,853,714</u>	<u>\$ 302,714,788</u>

**Notes:**

- (1) 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.
- (2) 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.
- (3) 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.
- (4) Unrestricted governmental activities net position is restated in fiscal year 2015 to present the assets of the Law Enforcement Officers' Special Separation Allowance, formerly presented as a pension trust fund, as part of governmental activities, pursuant to GASB Statement No. 73.

**TABLE 1**

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 196,686,945	\$ 194,247,449	\$ 200,558,434	\$ 212,542,837	\$ 208,606,209	\$ 220,482,002
38,931,386	36,203,247	35,729,753	40,472,965	39,505,449	40,527,283
<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>53,837,868</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>	<u>\$ 314,847,153</u>
\$ 22,487,707	\$ 30,255,544	\$ 28,826,675	\$ 31,426,724	\$ 29,662,351	\$ 30,970,797
2,378,156	2,368,578	2,104,545	2,005,412	1,938,140	1,549,898
<u>14,927,863</u>	<u>11,040,383</u>	<u>14,151,447</u>	<u>14,894,628</u>	<u>19,539,071</u>	<u>23,497,622</u>
<u>\$ 39,793,726</u>	<u>\$ 43,664,505</u>	<u>\$ 45,082,667</u>	<u>\$ 48,326,764</u>	<u>\$ 51,139,562</u>	<u>\$ 56,018,317</u>
\$ 219,174,652	\$ 224,502,993	\$ 229,385,109	\$ 243,969,561	\$ 238,268,560	\$ 251,452,799
41,309,542	38,571,825	37,834,298	42,478,377	41,443,589	42,077,181
<u>53,322,113</u>	<u>52,830,460</u>	<u>57,192,638</u>	<u>47,741,192</u>	<u>62,306,051</u>	<u>77,335,490</u>
<u>\$ 313,806,307</u>	<u>\$ 315,905,278</u>	<u>\$ 324,412,045</u>	<u>\$ 334,189,130</u>	<u>\$ 342,018,200</u>	<u>\$ 370,865,470</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Changes in Net Position**

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

	Fiscal Year			
	2007	2008	2009	2010
<b>Expenses</b>				
Governmental activities:				
General government	\$ 14,379,647	\$ 16,843,180	\$ 17,979,039	\$ 17,913,454
Public safety	35,864,890	41,557,316	43,127,730	46,623,265
Transportation	13,754,139	8,479,949	9,834,553	11,223,125
Economic and physical development	4,481,644	4,322,396	4,367,773	2,128,078
Environmental protection	-	7,459	-	-
Cultural and recreational	5,976,218	4,660,956	8,226,690	10,418,701
Transit system	1,103,344	1,237,043	1,149,733	1,522,702
Interest and other charges	3,425,526	3,692,957	10,206,138	9,462,791
Total governmental activities expenses	<u>78,985,408</u>	<u>80,801,256</u>	<u>94,891,656</u>	<u>99,292,116</u>
Business-type activities:				
Water and sewer (1)	28,480,953	28,340,892	-	-
Ground water utility (1)	4,417,676	4,369,353	-	-
Solid waste management	8,129,899	7,386,926	7,929,943	7,510,722
Storm water management	4,570,924	4,924,043	5,766,847	5,939,703
Parking facilities	2,009,319	2,328,314	2,468,358	2,394,835
Golf	908,037	1,012,558	1,108,490	1,136,189
Total business-type activities expenses	<u>48,516,808</u>	<u>48,362,086</u>	<u>17,273,638</u>	<u>16,981,449</u>
Total primary government expenses	<u>\$ 127,502,216</u>	<u>\$ 129,163,342</u>	<u>\$ 112,165,294</u>	<u>\$ 116,273,565</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 3,937,055	\$ 3,094,822	\$ 2,172,178	\$ 2,588,922
Public safety	976,645	1,027,819	1,036,796	911,408
Transportation	1,333,003	969,286	907,676	726,216
Economic and physical development	31,831	36,660	64,364	336,894
Environmental protection	-	-	-	6,622
Cultural and recreational	571,732	536,509	561,479	629,547
Operating grants and contributions	4,910,085	6,736,997	8,242,549	8,587,862
Capital grants and contributions	2,809,524	5,010,259	4,423,055	17,861,814
Total governmental activities program revenues	<u>14,569,875</u>	<u>17,412,352</u>	<u>17,408,097</u>	<u>31,649,285</u>
Business-type activities:				
Charges for services:				
Water and sewer (1)	29,820,501	30,303,159	-	-
Ground water utility (1)	4,824,661	5,005,979	-	-
Solid waste management	6,630,716	7,437,015	7,814,331	8,163,730
Storm water management	6,073,766	6,161,452	6,219,759	6,775,129
Parking facilities	1,820,003	2,408,489	2,606,508	2,274,661
Golf	1,063,172	1,192,758	1,093,880	1,119,498

**TABLE 2**

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 18,442,793	\$ 20,114,233	\$ 19,005,283	\$ 19,631,088	\$ 20,942,970	\$ 21,981,320
42,201,402	44,197,292	43,916,157	46,131,851	45,301,661	48,796,835
12,744,479	14,764,044	13,431,747	13,850,270	14,623,301	15,483,263
5,843,970	6,200,611	6,045,907	6,196,637	7,758,498	6,890,269
500	-	-	-	6,229	17,854
7,727,790	9,049,044	9,398,082	9,465,475	9,992,088	10,187,498
1,427,915	1,242,136	1,296,849	1,285,000	1,678,074	1,523,022
9,994,715	9,974,724	9,008,791	8,399,202	7,868,677	8,773,139
<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>	<u>113,653,200</u>
-	-	-	-	-	-
-	-	-	-	-	-
7,595,390	8,348,911	9,576,553	10,433,131	9,689,997	8,800,178
6,022,115	6,943,112	6,718,269	6,788,592	7,195,516	6,909,622
2,319,874	2,694,467	2,695,420	2,802,364	3,143,322	2,925,836
1,107,126	1,285,853	1,294,985	1,293,363	1,331,375	1,365,365
<u>17,044,505</u>	<u>19,272,343</u>	<u>20,285,227</u>	<u>21,317,450</u>	<u>21,360,210</u>	<u>20,001,001</u>
<u>\$ 115,428,069</u>	<u>\$ 124,814,427</u>	<u>\$ 122,388,043</u>	<u>\$ 126,276,973</u>	<u>\$ 129,531,708</u>	<u>\$ 133,654,201</u>
\$ 2,691,275	\$ 2,928,020	\$ 3,466,422	\$ 3,961,251	\$ 3,757,329	\$ 1,614,695
1,386,725	1,317,184	1,369,009	1,078,557	991,754	936,090
1,311,696	1,841,929	1,396,371	1,469,697	1,522,176	1,645,916
1,096,703	1,798,487	2,865,612	3,252,606	3,307,837	3,860,193
19,429	58,679	18,147	11,886	10,497	26,446
611,597	669,215	725,220	777,142	858,460	883,347
7,744,008	9,455,773	9,487,283	7,113,819	8,368,567	7,553,003
13,272,496	5,868,811	5,392,585	5,128,944	2,260,265	15,403,679
<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>	<u>31,923,369</u>
-	-	-	-	-	-
-	-	-	-	-	-
8,113,378	8,272,400	8,385,641	8,433,430	8,803,224	8,996,252
7,114,617	7,815,701	8,372,383	8,810,446	9,441,985	9,928,041
2,035,573	2,577,363	3,105,607	3,156,906	3,253,754	3,399,380
1,169,854	1,227,520	1,129,265	852,982	874,778	1,247,303

**CITY OF WILMINGTON, NORTH CAROLINA**

**Changes in Net Position (Continued)**

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

	Fiscal Year			
	2007	2008	2009	2010
<b>Program Revenues (continued)</b>				
Business-type activities (continued):				
Operating grants and contributions	\$ 90,412	\$ -	\$ -	\$ -
Capital grants and contributions	5,126,467	3,523,179	601,799	343,665
Total business-type activities program revenues	<u>\$ 55,449,698</u>	<u>56,032,031</u>	<u>18,336,277</u>	<u>18,676,683</u>
Total primary government program revenues	<u>\$ 70,019,573</u>	<u>\$ 73,444,383</u>	<u>\$ 35,744,374</u>	<u>\$ 50,325,968</u>
Net (expense)/revenue				
Governmental activities	\$ (64,415,533)	\$ (63,388,904)	\$ (77,483,559)	\$ (67,642,831)
Business-type activities	6,932,890	7,669,945	1,062,639	1,695,234
Total primary government net expense	<u>\$ (57,482,643)</u>	<u>\$ (55,718,959)</u>	<u>\$ (76,420,920)</u>	<u>\$ (65,947,597)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes:				
Ad valorem taxes	\$ 42,601,818	\$ 41,489,000	\$ 46,423,441	\$ 46,827,896
Room occupancy tax	1,849,385	1,926,903	2,196,974	2,087,618
Local option sales tax	16,897,125	16,643,044	14,187,461	13,655,742
Franchise tax	5,314,491	6,278,700	6,053,968	6,480,873
Video programming sales tax	594,024	1,381,040	1,498,944	1,519,216
Rental vehicle tax	169,451	158,599	126,483	163,536
Unrestricted grants and contributions	1,502,289	1,489,503	1,513,778	1,209,643
Investment earnings	4,428,359	2,672,323	2,627,407	700,500
Net decrease in fair value of investments	-	-	-	-
Miscellaneous	515,283	704,191	800,487	906,404
Special item: Conveyance of assets and liabilities to the Cape Fear Public Utility Authority, net (1)	-	-	(983,665)	-
Transfers from (to) other funds	(622,325)	(481,597)	-	50,000
Total governmental activities	<u>73,249,900</u>	<u>72,261,706</u>	<u>74,445,278</u>	<u>73,601,428</u>
Business-type activities:				
Unrestricted grants and contributions	-	-	46,887	69,493
Investment earnings	4,934,347	3,708,352	491,543	187,750
Net decrease in fair value of investments	-	-	-	-
Miscellaneous	3,940	-	5,285	-
Special item: Cape Fear Public Utility Authority (1)	-	-	(166,183,586)	-
Transfers from (to) other funds	622,325	481,597	-	(50,000)
Total business-type activities	<u>5,560,612</u>	<u>4,189,949</u>	<u>(165,639,871)</u>	<u>207,243</u>
Total primary government	<u>\$ 78,810,512</u>	<u>\$ 76,451,655</u>	<u>\$ (91,194,593)</u>	<u>\$ 73,808,671</u>

**TABLE 2**

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ -	\$ 72,977	\$ 161,026	\$ 97,018	\$ 106,836	\$ 73,830
110,232	451,260	137,394	49,500	774,874	405,208
<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>24,050,014</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>	<u>\$ 55,973,383</u>
\$ (70,249,635)	\$ (81,603,986)	\$ (77,382,167)	\$ (82,165,621)	\$ (87,094,613)	\$ (81,729,831)
1,499,149	1,144,878	1,006,089	82,832	1,895,241	4,049,013
<u>\$ (68,750,486)</u>	<u>\$ (80,459,108)</u>	<u>\$ (76,376,078)</u>	<u>\$ (82,082,789)</u>	<u>\$ (85,199,372)</u>	<u>\$ (77,680,818)</u>
\$ 52,445,946	\$ 52,713,699	\$ 57,152,307	\$ 58,981,967	\$ 60,524,844	\$ 65,339,216
2,274,826	2,470,357	2,582,709	2,771,391	3,080,208	3,337,377
14,409,320	16,543,702	17,384,331	19,168,840	21,216,765	22,990,436
6,303,686	5,993,214	5,985,128	6,120,923	8,174,142	8,392,055
1,470,975	1,425,834	1,404,639	1,397,010	1,442,808	1,390,363
190,568	209,722	233,079	224,043	267,219	298,745
1,539,418	1,778,549	1,804,127	1,943,781	1,949,695	2,078,287
385,103	368,432	342,649	346,850	263,771	336,799
-	-	(429,320)	-	-	-
658,109	969,485	612,071	589,940	1,794,794	970,198
-	-	-	-	-	-
636,607	(2,640,816)	(729,380)	(2,846,136)	(279,647)	(535,736)
<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>	<u>104,597,740</u>
69,282	-	-	-	-	-
94,772	81,825	85,108	90,641	69,492	93,856
-	-	(117,037)	-	-	-
-	3,260	-	224,488	1,364,753	200,150
-	-	-	-	-	-
(636,607)	2,640,816	729,380	2,846,136	279,647	535,736
<u>(472,553)</u>	<u>2,725,901</u>	<u>697,451</u>	<u>3,161,265</u>	<u>1,713,892</u>	<u>829,742</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>	<u>\$ 105,427,482</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Changes in Net Position (Continued)**

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

	Fiscal Year			
	2007	2008	2009	2010
<b>Change in Net Position</b>				
Governmental activities (2), (3), (4)	\$ 8,834,367	\$ 8,872,802	\$ (3,038,281)	\$ 5,958,597
Business-type activities (2), (3)	<u>12,493,502</u>	<u>11,859,894</u>	<u>(164,577,232)</u>	<u>1,902,477</u>
Total primary government	<u>\$ 21,327,869</u>	<u>\$ 20,732,696</u>	<u>\$(167,615,513)</u>	<u>\$ 7,861,074</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.
- (4) In fiscal year 2016, pursuant to the implementation of GASB Statement No. 73, the assets of the Law Enforcement Officers' Special Separation Allowance, formerly presented as a pension trust fund, were recognized in governmental activities as an adjustment to beginning net position in the amount of \$1,100,606.



**TABLE 2**

Fiscal Year					
<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 10,064,923	\$ (1,771,808)	\$ 8,960,173	\$ 6,532,988	\$ 11,339,986	\$ 22,867,909
<u>1,026,596</u>	<u>3,870,779</u>	<u>1,703,540</u>	<u>3,244,097</u>	<u>3,609,133</u>	<u>4,878,755</u>
<u>\$ 11,091,519</u>	<u>\$ 2,098,971</u>	<u>\$ 10,663,713</u>	<u>\$ 9,777,085</u>	<u>\$ 14,949,119</u>	<u>\$ 27,746,664</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Fund Balances of Governmental Funds**

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

	Fiscal Year			
	2007	2008	2009	2010
General fund				
Reserved	\$ 10,155,466	\$ 10,390,938	\$ 7,391,627	\$ 9,196,737
Unreserved	<u>19,660,893</u>	<u>16,979,687</u>	<u>18,648,976</u>	<u>16,554,604</u>
Total general fund	<u>\$ 29,816,359</u>	<u>\$ 27,370,625</u>	<u>\$ 26,040,603</u>	<u>\$ 25,751,341</u>
All other governmental funds				
Reserved (1)	\$ 43,508,550	\$ 122,824,809	\$ 96,461,401	\$ 89,486,186
Unreserved (deficit), reported in				
Capital projects funds	(2,010,637)	(10,297,903)	(5,764,939)	(4,434,729)
Special revenue funds	<u>(1,034,055)</u>	<u>(1,720,616)</u>	<u>(1,204,827)</u>	<u>(1,577,463)</u>
Total all other governmental funds	<u>\$ 40,463,858</u>	<u>\$ 110,806,290</u>	<u>\$ 89,491,635</u>	<u>\$ 83,473,994</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 (2)	-	-	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.
- (2) Committed fund balance is restated in fiscal year 2015 to present the assets of the Law Enforcement Officers' Special Separation Allowance, formerly presented as a pension trust fund, as part of the General Fund, pursuant to GASB Statement No. 73.

**TABLE 3**Fiscal Year

<u>2015</u>	<u>2016</u>
\$ 1,538,800	\$ 1,507,848
12,008,976	12,717,909
88,073	1,066,118
2,090,966	6,744,343
<u>39,880,339</u>	<u>39,322,702</u>
<u>\$ 55,607,154</u>	<u>\$ 61,358,920</u>
\$ 13,533	\$ 11,344
40,316,562	41,923,582
19,142,750	17,542,590
<u>(1,451,305)</u>	<u>(686,906)</u>
<u>\$ 58,021,540</u>	<u>\$ 58,790,610</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Changes in Fund Balances of Governmental Funds**

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

	Fiscal Year			
	2007	2008	2009	2010
<b>Revenues</b>				
Taxes:				
Ad valorem taxes (1)	\$ 42,276,841	\$ 41,472,281	\$ 46,438,613	\$ 46,815,757
Room occupancy tax	1,849,385	1,926,903	2,196,974	2,087,618
Local option sales tax	16,897,125	16,643,044	14,187,461	13,655,742
Franchise tax	5,314,491	6,278,700	6,053,968	6,480,873
Video programming sales tax	594,024	1,381,040	1,498,944	1,519,216
Rental vehicle tax	169,451	158,599	126,483	163,536
Unrestricted intergovernmental	1,282,168	1,274,592	1,304,492	973,523
Restricted intergovernmental	5,944,434	9,547,884	12,895,964	17,581,934
Licenses and permits	3,428,378	2,521,011	2,359,711	2,360,546
Sales and services	5,328,383	5,436,909	2,035,533	2,013,273
Fines and forfeits	102,744	97,851	71,255	60,202
Investment earnings	3,847,968	2,399,420	2,446,210	632,785
Net decrease in fair value of investments	-	-	-	-
Donations	-	-	-	245,372
Miscellaneous	1,531,606	1,189,903	1,343,945	1,585,967
<b>Total revenues</b>	<u>88,566,998</u>	<u>90,328,137</u>	<u>92,959,553</u>	<u>96,176,344</u>
<b>Expenditures</b>				
General government	18,985,985	31,003,496	18,091,033	16,724,587
Public safety	43,590,416	44,124,315	42,766,280	39,865,899
Transportation	13,612,030	10,393,830	17,345,355	17,143,064
Economic and physical development	4,480,888	4,318,811	21,464,273	21,098,597
Environmental protection	-	14,158	-	-
Cultural and recreational	10,212,926	12,123,679	11,332,882	16,787,662
Transit system	1,103,344	1,237,043	1,149,733	1,522,702
Debt service				
Principal retirement	4,375,252	4,405,767	8,608,348	9,811,333
Interest and other charges	3,211,459	3,163,108	9,416,233	9,244,469
<b>Total expenditures</b>	<u>99,572,300</u>	<u>110,784,207</u>	<u>130,174,137</u>	<u>132,198,313</u>
<b>Excess of expenditures over revenues</b>	<u>(11,005,302)</u>	<u>(20,456,070)</u>	<u>(37,214,584)</u>	<u>(36,021,969)</u>

**TABLE 4**

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 52,304,940	\$ 52,869,871	\$ 57,193,858	\$ 59,403,121	\$ 60,530,615	\$ 65,195,129
2,274,826	2,470,357	2,582,709	2,771,391	3,080,208	3,337,377
14,409,320	16,543,702	17,384,331	19,168,840	21,216,765	22,990,436
6,303,686	5,993,214	5,985,128	6,120,923	8,174,142	8,392,055
1,470,975	1,425,834	1,404,639	1,397,010	1,442,808	1,390,363
190,568	209,722	233,079	224,043	267,219	298,745
1,340,967	1,585,367	1,627,624	1,771,881	1,782,895	1,917,812
16,539,325	17,215,569	17,940,589	13,062,264	12,852,324	9,294,002
2,510,282	2,534,736	2,808,334	3,092,735	2,962,469	739,925
3,409,479	4,888,935	5,358,905	5,394,557	6,119,686	6,310,273
106,791	175,075	142,141	253,712	206,164	208,172
351,602	334,754	286,621	337,943	237,956	306,476
-	-	(384,493)	-	-	-
438,751	278,042	623,174	74,273	374,911	2,850,402
1,464,191	1,699,959	1,432,588	1,510,756	2,232,889	1,897,323
<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>	<u>125,128,490</u>
16,972,610	19,378,427	17,345,766	21,834,095	19,231,860	21,022,781
38,386,732	43,736,654	41,719,713	42,382,161	46,861,709	48,728,194
15,463,714	15,706,490	18,240,703	17,109,467	15,486,218	16,259,346
9,376,853	5,222,736	4,846,784	4,705,182	6,401,630	5,821,479
500	-	-	-	30,000	-
12,923,013	9,829,260	9,536,408	10,484,545	10,390,225	9,387,653
1,427,915	1,242,136	1,296,849	1,285,000	1,678,074	1,523,022
10,434,615	10,529,457	12,531,308	12,915,558	12,183,558	9,865,621
9,857,124	10,211,066	9,256,345	8,893,071	8,348,321	9,142,250
<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>121,750,346</u>
<u>(11,727,373)</u>	<u>(7,631,089)</u>	<u>(154,649)</u>	<u>(5,025,630)</u>	<u>869,456</u>	<u>3,378,144</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			
	2007	2008	2009	2010
<b>Other financing sources (uses)</b>				
Transfers from other funds	\$ 14,226,412	\$ 17,209,961	\$ 16,405,136	\$ 14,648,058
Transfers to other funds	(14,848,737)	(17,605,890)	(16,405,136)	(14,598,058)
Issuance of bonds	-	-	14,605,000	-
Issuance of refunding bonds	-	-	-	-
Issuance of installment obligations	-	62,495,000	-	23,870,000
Issuance of refunding installment obligations	-	-	-	8,910,000
Issuance of other long-term obligations (2)	1,093,500	26,270,000	-	5,065,807
Premium on bonds	-	-	121,181	-
Premium on refunding bonds	-	-	-	-
Premium on refunding installment obligations	-	-	-	-
Premium on installment obligations	-	-	-	177,422
Premium on other long-term obligations	-	-	-	411,685
Discount on installment obligations	-	(36,997)	-	-
Payment to redeem outstanding bonds	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Payment to refunded installment obligation escrow agent	-	-	-	-
Payment to refund outstanding installment obligations	-	-	-	(8,832,450)
Payment to defeased other long-term obligation escrow agent	-	-	-	-
Payment to refund outstanding other long-term obligations	(1,093,500)	-	-	-
<b>Total other financing sources (uses)</b>	<u>(622,325)</u>	<u>88,332,074</u>	<u>14,726,181</u>	<u>29,652,464</u>
<b>Net change in fund balances (3)</b>	<u>\$ (11,627,627)</u>	<u>\$ 67,876,004</u>	<u>\$ (22,488,403)</u>	<u>\$ (6,369,505)</u>
Debt service as a percentage of noncapital expenditures	9.6%	9.3%	19.4%	19.3%

**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.

(3) In fiscal year 2016, pursuant to the implementation of GASB Statement No. 73, the assets of the Law Enforcement Officers' Special Separation Allowance, formerly presented as a pension trust fund, were recognized in the General Fund as an adjustment to beginning fund balance in the amount of \$1,100,606.

**TABLE 4**

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 13,781,205	\$ 13,688,174	\$ 12,440,785	\$ 23,093,276	\$ 14,766,335	\$ 16,159,158
(13,136,626)	(14,171,174)	(13,672,844)	(26,419,412)	(15,524,249)	(17,178,498)
-	-	-	3,050,000	-	2,925,000
8,660,000	-	-	-	-	6,650,000
3,120,000	-	-	-	18,562,657	-
-	24,673,750	-	-	23,195,000	48,940,000
-	-	-	-	-	-
366,839	-	-	59,359	-	50,259
130,992	-	-	-	-	1,286,956
-	3,044,534	-	-	2,400,578	5,942,920
-	-	-	-	1,230,241	-
-	-	-	-	-	-
-	-	-	-	-	-
(3,206,125)	-	-	-	-	-
-	-	-	-	-	(7,831,032)
-	-	-	-	-	(54,381,288)
-	(12,976,827)	-	-	(25,267,632)	-
-	-	-	-	-	(605,613)
-	(14,022,484)	-	-	-	-
9,716,285	235,973	(1,232,059)	(216,777)	19,362,930	1,957,862
\$ (2,011,088)	\$ (7,395,116)	\$ (1,386,708)	\$ (5,242,407)	\$ 20,232,386	\$ 5,336,006
20.9%	20.2%	21.7%	21.1%	19.0%	16.9%

**TABLE 5**

**CITY OF WILMINGTON, NORTH CAROLINA**

**Assessed and Estimated Actual Value of Taxable Property**

**Last Ten Fiscal Years**

<u>Fiscal Year Ended June 30</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Public Service Companies</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Assessed Taxable Value as a Percentage of Actual Value</u>
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 <sup>(1)</sup>	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 <sup>(1)</sup>	0.4500	100
2014	11,226,688,818	1,802,866,972 <sup>(2)</sup>	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
2016	11,586,636,726	1,690,135,456	162,132,117	13,438,904,299	0.4850	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			
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
2016	0.4150	0.0613	0.0087	0.4850	0.5740	1.0590

**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.

<sup>(1)</sup> 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	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Corning Inc.	\$ 234,024,396	1	1.74 %	\$ 163,312,394	1	1.78 %
River Ventures LLC (PPD)	77,920,600	2	0.58	-		-
Lsref3 Bravo	73,368,000	3	0.55	-		-
Duke Energy Progress Inc (CP&L)	56,635,254	4	0.42	43,112,717	3	0.47
Centro Independence LLC (mall)	54,078,800	5	0.40	37,334,857	4	0.41
Mayfaire Spe B LLC	37,149,600	6	0.28	-		-
GS II University Centre LLC	36,542,800	7	0.27	22,399,728	6	0.24
BellSouth Tel Co.	35,149,445	8	0.26	34,879,920	5	0.38
Mayfair Retail LLC	33,522,100	9	0.25	-		-
Wal Mart	32,966,259	10	0.25	-		-
UDRT of North Carolina LLC	-		-	43,505,274	2	0.47
AAI	-		-	21,269,261	7	0.23
PPD	-		-	15,649,613	8	0.17
Piedmont Natural Gas Co.Inc.	-		-	14,670,941	9	0.16
Cellco	-		-	13,502,926	10	0.15
	<u>\$ 671,357,254</u>		<u>5.00 %</u>	<u>\$ 409,637,631</u>		<u>4.45 %</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
2007	\$ 42,368,273	\$ 41,565,365	98.10 %	\$ 671,305	\$ 42,236,670	99.69 %
2008	41,416,471	40,641,812	98.13	656,835	41,298,647	99.72
2009	46,343,406	45,631,444	98.46	605,655	46,237,099	99.77
2010	46,849,408	46,128,218	98.46	599,089	46,727,307	99.74
2011	52,346,928	51,575,699	98.53	627,405	52,203,104	99.73
2012	52,949,958	52,020,321	98.24	750,765	52,771,086	99.66
2013	57,290,274	56,262,465	98.21	780,981	57,043,446	99.57
2014	59,345,505	58,401,236	98.41	584,023	58,985,259	99.39
2015	60,699,959	59,873,924	98.64	366,636	60,240,560	99.24
2016	65,268,084	64,538,131	98.88	-	64,538,131	98.88

**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			
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	4.46	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
2016 <sup>(3)</sup>	24,828,722	141,258,327 <sup>(2)</sup>	15,271,432	-	25,243,186	7,517,779	380,000	214,499,446	N/A	1,857

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

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

(2) The operations of the water, sewer and groundwater systems, business-type activities, were transferred to the Cape Fear Public Utility Authority (CFPUA) in 2009. Outstanding general obligation bonds and installment obligations related to those systems were not assigned to the CFPUA and continued to be obligations of the City. The obligations were classified as governmental activities and reimbursed to the City by the CFPUA. The general obligation bonds matured June 1, 2015. The CFPUA refunded the installment obligations in June 2016 and accordingly the obligations are considered defeased.

(3) Amounts presented are net of original issuance discounts and premiums.

## 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>
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
2016 <sup>(4)</sup>	24,828,722	0.18	215

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

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

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

(3) The operations of the water, sewer and groundwater systems, business-type activities, were transferred to the Cape Fear Public Utility Authority (CFPUA) in 2009. The outstanding general obligation bonds related to those systems were not assigned to the CFPUA and 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.

(4) Amounts presented are net of original issuance discounts and premiums.

**CITY OF WILMINGTON, NORTH CAROLINA**  
**Direct and Overlapping Governmental Activities Debt**

**As of June 30, 2016**

<u>Jurisdiction</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with property taxes:			
New Hanover County	\$ 421,079,583	44.50 %	\$ 187,380,414
City of Wilmington direct debt			<u>168,547,049</u> (2)
Total direct and overlapping debt			<u>\$ 355,927,463</u>

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

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

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

(2) The 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 \$12,811,432, the amount of the City's obligation to the County at June 30, 2016, net of related premiums.

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**CITY OF WILMINGTON, NORTH CAROLINA**

**Legal Debt Margin Information**

**Last Ten Fiscal Years**

	Fiscal Year			
	2007	2008	2009	2010
Debt limit	\$ 735,724,123	\$ 1,091,479,245	\$ 1,116,209,834	\$ 1,125,000,105
Total net debt applicable to debt limit	<u>107,225,070</u>	<u>184,856,632</u>	<u>191,154,049</u>	<u>211,184,824</u>
Legal debt margin	<u>\$ 628,499,053</u>	<u>\$ 906,622,613</u>	<u>\$ 925,055,785</u>	<u>\$ 913,815,281</u>
Total net debt applicable to the debt limit as a percentage of the debt limit	14.57%	16.94%	17.13%	18.77%
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	17.25%

**Legal Debt Margin Calculation for Fiscal Year 2016**

Total assessed valuation at June 30, 2016	<u>\$ 13,438,904,299</u>
Debt limit: 8% of total assessed value	\$ 1,075,112,344
Amount of debt applicable to debt limit:	
General obligation bonds	\$ 23,100,000
Authorized but unissued general obligation bonds	44,000,000
Other debt (excluding revenue bonds)	<u>150,612,584</u>
Gross debt	217,712,584
Less deductions allowed by law:	
Authorized but unissued general obligation bonds	<u>44,000,000</u>
Total net debt applicable to debt limit	<u>173,712,584</u>
Legal debt margin	<u>\$ 901,399,760</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. As of June 30, 2016 none of these obligations remain.



**TABLE 12**

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$1,127,442,262	\$1,139,812,022	\$1,020,448,849	\$1,053,344,449	\$1,052,128,367	\$1,075,112,344
<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>173,712,584</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>	<u>\$ 901,399,760</u>
18.72%	17.60%	19.00%	17.67%	18.64%	16.16%
17.28%	16.24%	17.58%	16.38%	17.44%	N/A

## CITY OF WILMINGTON, NORTH CAROLINA

## Pledged-Revenue Coverage

## Last Nine 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
2016	10,073,409	5,349,878	4,723,531	750,000	972,666	2.74

**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>
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	4,479,415	40,076	37.9	12,630	5.6
2015	113,910	N/A	N/A	37.9	12,725	5.5
2016	115,498	N/A	N/A	38.1	12,771	4.7

**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	2016			2007		
	Employees	Rank	Percentage of Total County Employment (1)	Employees	Rank	Percentage of Total County Employment (1)
New Hanover Health Network*	6,462	1	5.86 %	4,382	1	4.00 %
New Hanover County Schools**	3,719	2	3.37	1,838	4	1.68
General Electric Nuclear Fuel/Aircraft***	2,017	3	1.83	1,257	6	1.15
University of North Carolina (Wilmington)*	1,891	4	1.71	2,250	2	2.05
New Hanover County**	1,650	5	1.50	1,863	3	1.70
Pharmaceutical Products Development*	1,499	6	1.36	1,421	5	1.30
Verizon Wireless*	1,514	7	1.37	1,241	7	1.13
Cape Fear Community College*	1,294	8	1.17	-	-	-
City of Wilmington*	1,014	9	0.92	1,174	9	1.07
Corning, Inc*	1,000	10	0.91	-	-	-
Mundy Maintenance Services and Operations	-	-	-	1,210	8	1.10
Wal-mart**	-	-	-	1,064	10	0.97
<b>Total</b>	<b>22,060</b>		<b>20.00 %</b>	<b>17,700</b>		<b>16.15 %</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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government	168	173	159	146	146	145	146	147	160	160
Public Safety										
Police										
Sworn personnel	254	262	262	249	250	250	266	266	273	273
Civilians	48	58	58	57	56	56	58	59	63	63
Fire										
Sworn personnel	212	216	216	212	210	210	210	210	210	208
Civilians	8	8	8	8	10	10	10	10	10	10
Code enforcement	11	11	11	9	8	8	8	8	5	5
Transportation	62	62	63	54	54	54	56	57	58	58
Economic and Physical Development	13	13	13	9	9	8	8	8	8	7
Cultural and Recreational	79	82	83	75	75	74	74	74	75	74
Solid Waste	91	93	93	92	88	88	83	83	83	83
Water and Sewer	178	183	- (1)	-	-	-	-	-	-	-
Groundwater Utility	7	7	- (1)	-	-	-	-	-	-	-
Storm Water Management	59	59	59	59	59	59	60	60	60	60
Parking Facilities	1	1	2	2	2	2	2	2	2	2
Golf Course	9	9	9	9	9	11	11	11	11	11
<b>Total</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>	<b>1,014</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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Calls dispatched	173,235	179,803	180,194	170,552	182,124	177,042	173,980	176,195	178,865	200,474 (1)
Part I crimes	7,410	7,426	6,576	6,902	6,146	6,556	6,094	6,024	5,880	5,840
Fire										
Actual fires	568	458	459	547	557	517	497	492	453	492
Fire department responses	9,807	9,536	9,221	9,404	9,750	10,574	10,548	12,386	12,545	13,310
Fire inspections completed	6,791	4,455	4,676	4,996	5,776	4,786	4,680	5,964	5,082	4,400
Streets and Sidewalks Maintenance										
Miles of streets resurfaced	6	16	4	4	2	4	8	22	11	15
Solid Waste										
Tons of residential refuse	28,552	27,124	25,855	24,505	28,834	23,808	22,475	22,120	22,661	22,955
Tons of recyclables	4,454	4,818	4,785	5,402	5,253	5,643	6,109	5,853	6,096	7,059
Storm Water										
Number of customers	29,764	28,119	28,229	29,212	29,218	29,208	29,238	29,354	29,378	31,273
ERUs	80,298	85,019	87,760	89,357	92,174	92,027	92,113	92,345	92,650	92,650
Golf Course										
Total number of regular rounds	52,219	53,858	49,527	49,621	48,514	49,866	45,460	32,605 (2)	26,126 (2)	34,678

**Source:** Various City departments.

**Notes:** Indicators are not available for the general government function.

(1) The police department increased the number of focus patrols by 49% in the fiscal year 2016.

(2) 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		
	2007	2008	2009
Police			
Stations / facilities	2	2	2
Patrol units	316	295	289
Fire			
Fire stations	10	10	11
Transportation			
Streets (miles)	383	385	387
Streetlights (2)	440	515	516
Cultural and Recreational			
Parks	34	35	36
Parks acreage	392	392	409
Athletic and recreation facilities	13	13	13
Athletic and recreation facilities acreage	206	206	206
Solid Waste			
Collection trucks	65	53	55
Storm Water			
Storm sewers (miles)	383	385	387
Parking			
Parking Decks	2	2	2
Fleet			
Vehicles (excluding patrol units)	410	370	237

**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						
2010	2011	2012	2013	2014	2015	2016
2	2	2	2	2	2	2
282	285	271	270	283	285	271
11	11	11	11	11	11	10
393	397	398	398	399	399	400
511	569	548	686	688	690	716
36	36	36	37	39	39	39
409	409	409	411	418	418	418
14	15	16	16	16	16	16
295	298	326	326	326	326	326
50	50	54	52	56	46	46
393	397	398	398	455 (1)	455	472
2	3	3	4	4	4	4
282	269	247	226	242	237	215

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**COMPLIANCE SECTION TAB (BACK)**



RSM US LLP

**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 City of Wilmington, North Carolina (the City) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise City of Wilmington's basic financial statements, and have issued our report thereon dated November 29, 2016.

The City's basic financial statements include the operations of Cape Fear Public Transportation Authority, a discretely presented component unit of the City. Our audit, described below, does 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'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'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 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'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.

*RSM US LLP*

Wilmington, North Carolina  
November 29, 2016



RSM US LLP

**Independent Auditor's Report on Compliance for the Major Federal Program and Internal Control  
Over Compliance in Accordance with OMB Uniform Guidance 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 the Major Federal Program**

We have audited City of Wilmington, North Carolina's (the City) compliance with the types of compliance requirements described in the *OMB 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 the City's major federal program for the year ended June 30, 2016. The City's major federal program is 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 Cape Fear Public Transportation Authority, a discretely presented component unit of the City, which received \$5,191,541 in federal awards during the year ended June 30, 2016. Our audit, described below, does not include the operations of Cape Fear Public Transportation Authority because this component unit separately engaged us to perform an audit in accordance with the Uniform Guidance and the State Single Audit Implementation Act.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for the City's major federal program 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, 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'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 the major federal program. However, our audit does not provide a legal determination of the City's compliance.

#### **Opinion on the Major Federal Program**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2016.

#### **Report on Internal Control Over Compliance**

Management of the City 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's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 a 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.

#### **Purpose of this Report**

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 the Uniform Guidance and the State Single Audit Implementation Act. Accordingly, this report is not suitable for any other purpose.

*RSM US LLP*

Wilmington, North Carolina  
November 29, 2016





RSM US LLP

**Independent Auditor's Report On Compliance For the Major State Program and Internal Control  
Over Compliance in accordance with OMB Uniform Guidance 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 the Major State Program**

We have audited City of Wilmington, North Carolina's (the City) 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 the City's major State program for the year ended June 30, 2016. The City's major State program is 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 Cape Fear Public Transportation Authority, a discretely presented component unit of the City, which received \$1,044,006 in State awards during the year ended June 30, 2016. 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 the Uniform Guidance 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 the City's major State program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, applicable sections of the Uniform Guidance, 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 the major State program occurred. An audit includes examining, on a test basis, evidence about the City'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 the major State program. However, our audit does not provide a legal determination of the City's compliance.

### **Opinion on the Major State Program**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major State program for the year ended June 30, 2016.

### **Report on Internal Control Over Compliance**

Management of the City 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's internal control over compliance with the types of requirements that could have a direct and material effect on the major State program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major State program and to test and report on internal control over compliance in accordance with applicable sections of the Uniform Guidance and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 a 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 significant deficiencies or material weaknesses. 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.

### **Purpose of this Report**

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 the Uniform Guidance and the State Single Audit Implementation Act. Accordingly, this report is not suitable for any other purpose.

*RSM US LLP*

Wilmington, North Carolina  
November 29, 2016

City of Wilmington, North Carolina

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2016

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I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance to GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_\_\_ Yes        X   No

Significant deficiency(ies) identified?

\_\_\_\_\_ Yes        X   None Reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ Yes        X   No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

\_\_\_\_\_ Yes        X   No

Significant deficiency(ies) identified?

\_\_\_\_\_ Yes        X   None Reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

\_\_\_\_\_ Yes        X   No

Identification of major federal program:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grant

City of Wilmington, North Carolina

Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2016

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I - Summary of Auditor's Results (Continued)

Dollar threshold used to distinguish between Type A  
and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

X  Yes        No

State Awards

Internal control over major State programs:

Material weakness(es) identified?

Yes       X  No

Significant deficiency(ies) identified?

Yes       X  None reported

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

Unmodified

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

Yes       X  No

Identification of major State program:

Powell Bill

**City of Wilmington, North Carolina**

**Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2016**

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**II – Financial Statement Findings**

None reported.

**III – Federal Award Findings and Questioned Costs**

None reported.

**IV – State Award Findings and Questioned Costs**

None reported.

**City of Wilmington, North Carolina**

**Corrective Action Plan  
For the Year Ended June 30, 2016**

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No corrective action plan is required for the current year.

**City of Wilmington, North Carolina**

**Schedule of Prior Audit Findings  
For the Year Ended June 30, 2016**

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**Finding 2015-001**

Status: 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**

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

**Year Ended June 30, 2016**

Grantor/Pass-through Grantor/Program Title	Federal CFDA or State DOT Number	Grant Award Number	WBS Number	Federal Expenditures	State Expenditures	Pass-Through to Subrecipient	Local Expenditures
<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:							
Community Development Block Grants	14.218	B-10-MC-370010	-	\$ 3,055	\$ -	\$ -	\$ -
Community Development Block Grants	14.218	B-11-MC-370010	-	36,106	-	36,106	-
Community Development Block Grants	14.218	B-12-MC-370010	-	55,293	-	55,273	-
Community Development Block Grants	14.218	B-14-MC-370010	-	380,006	-	150,000	-
Community Development Block Grants	14.218	B-15-MC-370010	-	547,978	-	165,903	4,700
Total Community Development Block Grants				1,022,438	-	407,282	4,700
Home Investment Partnerships Program:							
Home Investment Partnerships Program	14.239	M-13-MC-37-0207	-	90,778	-	90,778	-
Home Investment Partnerships Program	14.239	M-15-MC-37-0207	-	43,944	-	-	25,000
Total Home Investment Partnerships Program				134,722	-	90,778	25,000
Total U.S. Department of Housing and Urban Development				1,157,160	-	498,060	29,700
<u>U.S. Department of Transportation</u>							
Federal Transit Administration:							
Pass-through N.C. Department of Transportation:							
New Freedom Program:							
Front/Castle Pedestrian Improvement	20.521	13-NF-920	5100.15.1.3	1,152	-	-	145
Front/Castle Pedestrian Improvement	20.521	13-NF-920	5100.15.1.3	-	144	-	-
Total New Freedom Program				1,152	144	-	145



**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2016**

Grantor/Pass-through Grantor/Program Title	Federal CFDA or State DOT Number	Grant Award Number	WBS Number	Federal Expenditures	State Expenditures	Pass-Through to Subrecipient	Local Expenditures
<b>Federal Awards (continued):</b>							
<u>U.S. Department of Transportation (continued)</u>							
Metropolitan Transportation Planning:							
Transportation Planning	20.505	16-08-016	36230.27.11.6	\$ 64,158	\$ -	\$ 56,140	\$ 8,024
Transportation Planning	20.505	16-08-016	36230.27.11.6	-	8,018	-	-
Total Metropolitan Transportation Planning				<u>64,158</u>	<u>8,018</u>	<u>56,140</u>	<u>8,024</u>
Total Federal Transit Administration				<u>65,310</u>	<u>8,162</u>	<u>56,140</u>	<u>8,169</u>
Federal Highway Administration:							
Pass-through N.C. Department of Transportation:							
Highway Planning and Construction Cluster:							
Transportation Planning	20.205	-	44509.1.16	267,000	-	-	66,750
Surface Transportation Program-Direct							
Apportionment	20.205	-	44509.1.24	200,000	-	-	50,000
Cross City Trail	20.205	U-5534 B	44096.1.1; 2.1; 3.1	3,428	-	-	54
Wrightsville/Greenville Improvement	20.205	U-5534 C	44096.1.F4; 2.F4; .3.F4	6,084	-	-	1,461
Park Avenue Multiuse Path	20.205	U-5534 F	44096.1.F7; .2.F7; .3.F7	479	-	-	-
Hooker Road Multiuse Path	20.205	U-5534 G	44096.1.F8; .2.F8; .3.F8	43,917	-	-	10,723
Hinton Avenue Multiuse Path	20.205	U-5534 H	44096.1.F9; .2.F9; .3.F9	41,662	-	-	10,181
Cross City Trail	20.205	Agmt 3636	45844.3.1	34,113	-	-	-
Military Cutoff Multiuse Path at Eastwood	20.205	U-5527 A	50077.1.FD2; .2.FD2; .3.FD2	14,913	-	-	4,851
5th Avenue & Wooster	20.205	U-5527 B	50077.1.FD3; .2.FD3; .3.FD3	86	-	-	-
Enhancement Agreement	20.205	Agmt 6432	3603.3.02	<u>113,431</u>	-	-	-
Total Highway Planning and Construction Cluster				<u>725,113</u>	-	-	<u>144,020</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2016**

Grantor/Pass-through Grantor/Program Title	Federal CFDA or State DOT Number	Grant Award Number	WBS Number	Federal Expenditures	State Expenditures	Pass-Through to Subrecipient	Local Expenditures
<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:							
Alcohol Open Container Requirements:							
Regional Crime Laboratory Expansion	20.607	154AL-15-02-17	-	\$ 45,683	\$ -	\$ -	\$ -
Regional Crime Laboratory Expansion	20.607	154AL-16-12-07	-	98,282	-	-	-
Total Alcohol Open Container Requirements				143,965	-	-	-
Total U.S. Department of Transportation				934,388	8,162	56,140	152,189
<u>U.S. Department of Justice</u>							
Bureau of Justice Affairs:							
Direct Programs:							
Second Chance Act Reentry Initiative:							
Second Chance Reentry-Co-Occurring Substance Abuse & Mental Health Disorders (RESET)	16.812	2014-RX-BX-0012	-	332,550	-	332,550	-
Edward Byrne Memorial Justice Assistance							
Grant Program:							
JAG-Wiring Sable with New Hanover County	16.738	2014-DJ-BX-0770	-	80,392	-	-	-
JAG-Wiring Sable with New Hanover County	16.738	2015-DJ-BX-1055	-	71,478	-	-	-

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2016**

Grantor/Pass-through Grantor/Program Title	Federal CFDA or State DOT Number	Grant Award Number	WBS Number	Federal Expenditures	State Expenditures	Pass-Through to Subrecipient	Local Expenditures
<b>Federal Awards (continued):</b>							
<u>U.S. Department of Justice (continued)</u>							
Pass-through N.C. Governor's Crime Commission:							
Strategy To Address Gangs	16.738	PROJ009871	-	\$ 51,580	\$ -	\$ -	\$ 17,193
Body Cameras	16.738	PROJ011235	-	44,930	-	-	14,977
Total Edward Byrne Memorial Justice Assistance Grant Program				248,380	-	-	32,170
Criminal Division:							
Equitable Sharing Program - Federal Forfeiture	16.922	-	-	234,308	-	-	-
Total U.S. Department of Justice				815,238	-	332,550	32,170
<u>U.S. Department of Homeland Security</u>							
Direct Programs:							
Assistance to Firefighters Grant	97.044	EMW-2014-FO-03539	-	60,337	-	-	6,705
Pass-through N.C. Department of Public Safety:							
Hazmat RRT 2 - Equipment	97.067	EMW-2014-SS-00069	-	27,186	-	-	-
Total U.S. Department of Homeland Security				87,523	-	-	6,705
<u>Environmental Protective Agency</u>							
Office of Solid Waste and Emergency Response:							
Direct Program:							
Brownfields Program	66.818	BF-00D26614-0	-	139,546	-	-	-
Total Federal Awards				3,133,855	8,162	886,750	220,764

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, 2016**

Grantor/Pass-through Grantor/Program Title	Federal CFDA or State DOT Number	Grant Award Number	WBS Number	Federal Expenditures	State Expenditures	Pass-Through to Subrecipient	Local Expenditures
<b>State Awards:</b>							
<u>N.C. Department of Environment and Natural Resources</u>							
Park Avenue Multiuse Path	-	5588	-	\$ -	\$ 201	\$ -	\$ 201
<u>N.C. Department of Transportation</u>							
Powell Bill Funds	DOT - 4	-	32570	-	2,953,503	-	-
Municipal Agreement - Schedules C and D	-	-	36247.3.3	-	422,164	-	-
Municipal Agreement	-	Agmt 3636	43665	-	73,374	-	-
Municipal Agreement	-	Agmt 4197	43819	-	5,760	-	-
Municipal Agreement	TIP # B-5103	Agmt 4892	42238.3	-	5,362	-	-
Municipal Agreement	DOT - 11	16-RS-008	36225.7.6.1	-	26,004	-	26,004
Municipal Agreement	-	-	42534	-	-	-	-
Municipal Agreement	-	-	44342	-	-	-	-
Municipal Agreement	-	-	U-5017	-	-	-	-
Total N.C. Department of Transportation				-	3,486,167	-	26,004
Total State Awards				-	3,486,368	-	26,205
Total Federal and State Awards				\$ 3,133,855	\$ 3,494,530	\$ 886,750	\$ 246,968

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Schedule of Expenditures of Federal and State Awards

Year Ended June 30, 2016

### 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the State Single Audit Implementation Act. 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, 2016:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount</u>
Community Development Block Grants	14.218	\$407,282
Home Investment Partnerships Program	14.239	\$ 90,778
Second Chance Reentry-Co-Occurring	16.812	\$332,550
Transportation Planning	20.505	\$ 56,140

### NOTE 4 – INDIRECT COST

The City of Wilmington has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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