



Comprehensive Annual FINANCIAL REPORT

City of Wilmington, North Carolina

For the Fiscal Year Ended June 30, 2017



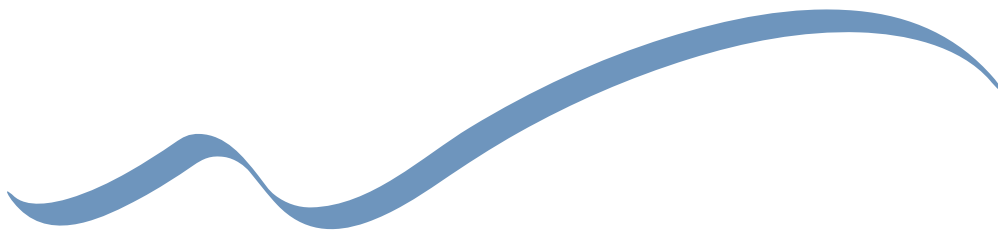
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Comprehensive Annual FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2017



Prepared by the Finance Department



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WILMINGTON
NORTH CAROLINA

INTRODUCTORY SECTION TAB (FRONT)

INTRODUCTORY SECTION TAB (BACK)

CITY OF WILMINGTON, NORTH CAROLINA

Comprehensive Annual Financial Report

Year Ended June 30, 2017

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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

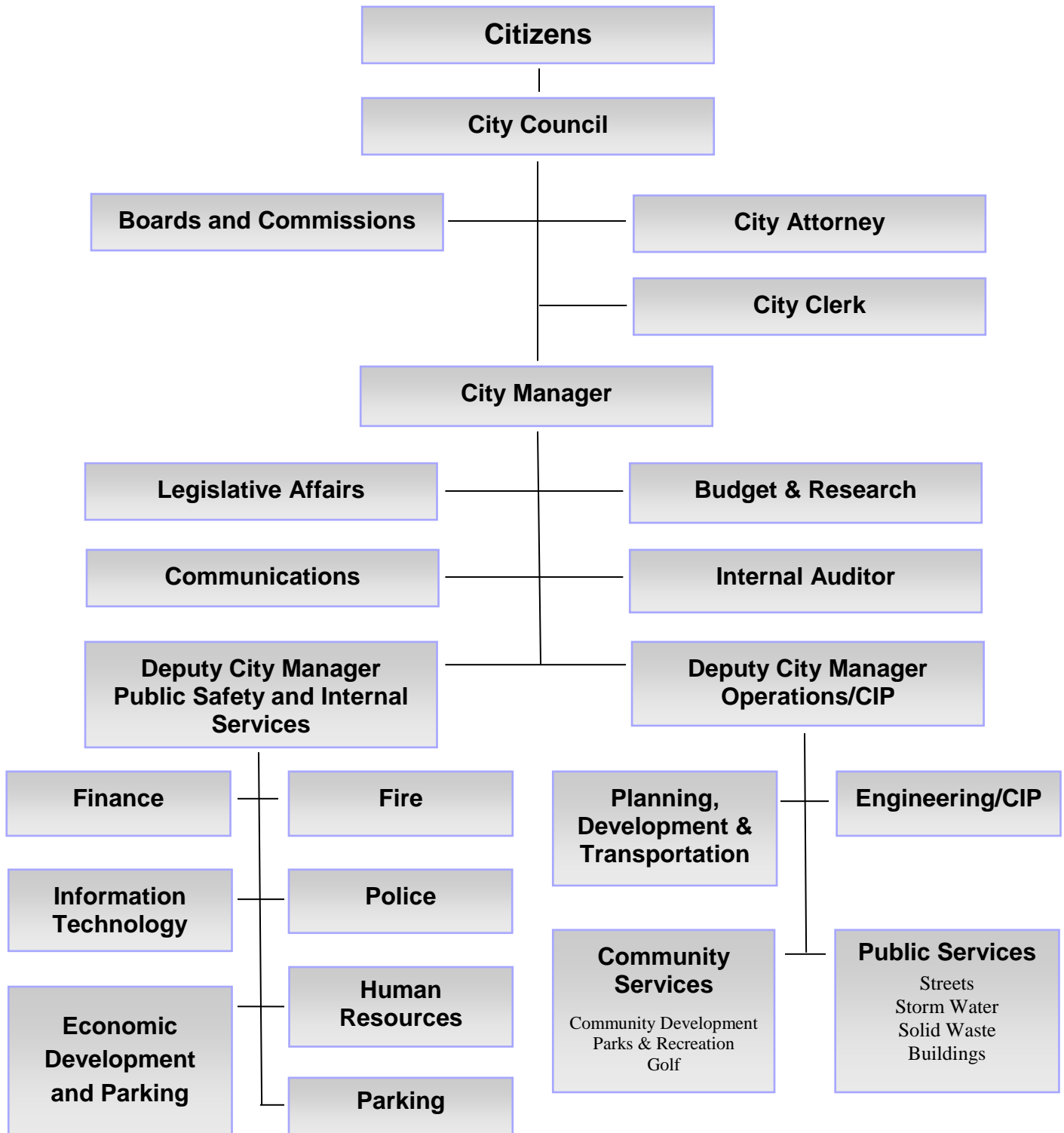
City Manager

Sterling B. Cheatham

Finance Director

Jennifer R. Maready





December 1, 2017



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, 2017. 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, 2017 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, 2017 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.

305 CHESTNUT STREET • P.O. BOX 1810 • WILMINGTON, NC 28402

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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 117,255 people, making it the eighth largest city in North Carolina.

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



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

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

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

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

appropriations between functions (e.g. public safety to transportation), however, require the special approval of the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund and enterprise fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented as part of the basic financial statements for the governmental funds. For enterprise funds with appropriated annual budgets, this comparison is presented in the enterprise funds subsection of this report. Also included are budget-to-actual comparisons for each governmental fund and enterprise fund for which a project-length budget has been adopted (i.e., special revenue funds and capital projects funds).

ECONOMIC CONDITIONS AND OUTLOOK

The City serves as the economic, cultural, and services hub for southeastern North Carolina. The historic attractions, mild climate, water related activities, and business opportunities have made the region one of the fastest growing areas of the nation. The Milken Institute/Greenstreet Real Estate Partners Best Performing Cities Index for 2016 ranks the Wilmington MSA 54th in the US, moving up 16 spots, fifth in North Carolina in the largest metropolitan areas category for its ability to create and sustain jobs. Forbes magazine's 18th annual ranking of Best Places for Business and Careers ranked Wilmington 32nd out of the 200 largest metropolitan areas in the US. 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 2017 Cities with the Fastest Growing Economies ranked Wilmington at 83rd for mid-size cities out of 240. In August 2015, USA Today's travel website, 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 placed Wilmington 13th 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 11th, and were the only North Carolina municipalities to make the top 20.

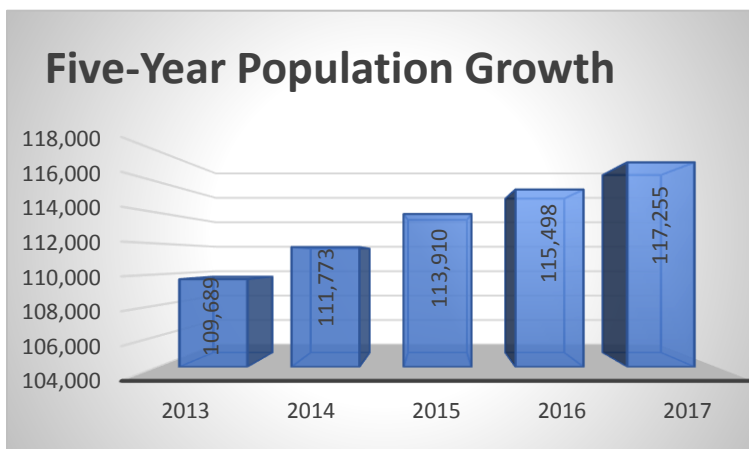
Wilmington received a lot of national attention for its food, architecture, and unique residents by Travel and Leisure readers. It was voted America's 7th Favorite City for Brunch and 8th Favorite City for Pizza in April 2017. Those same readers also ranked Wilmington as 8th Geekiest City and 8th Favorite City for Architecture. The only other North Carolina city to make two of those lists was Raleigh. Wilmington is also home to Bitty & Beau's Coffee. Originally opened in 2016 in a 500-square-foot space, Bitty & Beau's has doubled its workforce to 40 employees and moved into a 5,000 square-foot space. Inspired by the family's two youngest, the shop employs workers with intellectual and developmental disabilities. Featured on the Rachel Ray Show, Good Morning America, The Harry Show, and Southern Living magazine, Bitty & Beau's Coffee has become a destination. Every week hundreds of people walk thru the doors to experience more than a cup of coffee. The coffee shop ships coffee all over the world and it is the coffee of choice for the Rachel Ray Show.

For the first time in the 18-year history of the American Lung Association's annual State of the Air report, a North Carolina city has been included among the Nation's cleanest. Wilmington was one of six cities with no ozone or high particle pollution days between 2013 and 2015 while also ranking among the 25 cities with the lowest year-round particle levels.

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 explores how cities and their business communities are adapting to the 21st 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 Alcami (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.

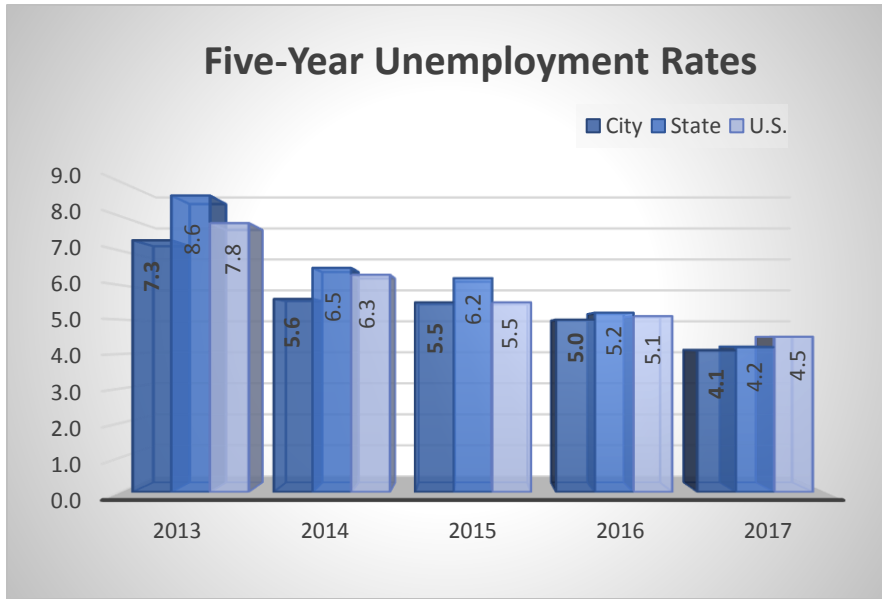
From May 1 through May 7, 2017, Eagle Point Golf Club in Wilmington was home for the Wells Fargo Championship. This PGA Tour event, usually held in Charlotte, is one of the largest, most prestigious sporting events in the North Carolina region. Wilmington was on display to more than 1 billion households in 225 countries and territories in 32 languages. The estimated economic impact to the Wilmington area is between \$40 and \$60 million. The Wilmington Chamber of Commerce led the marketing strategy which was structured to work with various regional organizers to develop a brand messaging campaign, media push and print and digital ad campaign as a way to promote the area for new businesses and further economic growth. The goal was to promote long term growth. As a result of the tournament, Site Selection magazine featured the Cape Fear region in the September issue. With a circulation of 45,000 site selectors and C-suite executives, this feature is a great step in building interest from new and existing businesses to locate or relocate to our region.



The City's population has increased 53.66% since 2000. The University of North Carolina at Wilmington's Cameron School of Business hosted its annual Outlook Conference which focused on the economic and market forecasts. Based on economic forecasts, the Wilmington area should expect economic growth to remain steady at around 2% each year over the next three

years. This forecast shows the Wilmington area will continue to outperform the State and grow at a slightly faster rate than the Nation.

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.

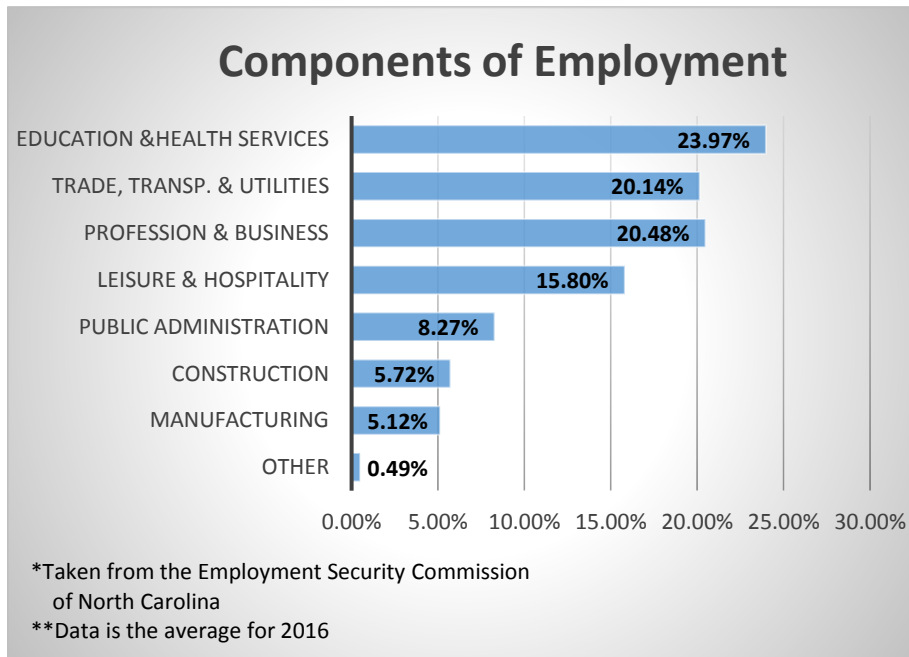
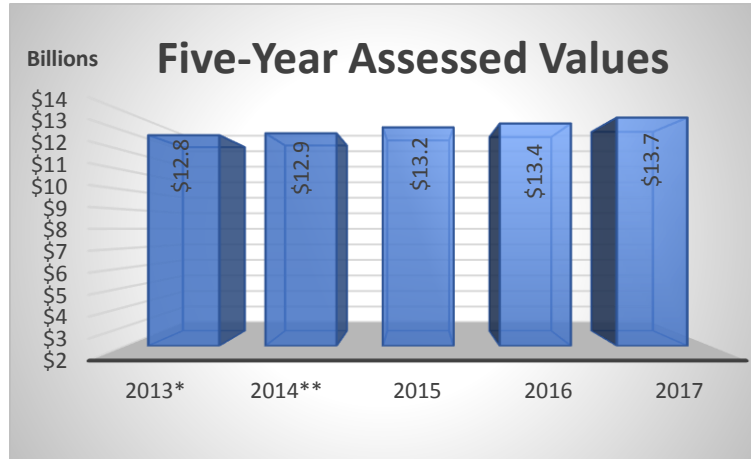


Top Ten Taxpayers	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
Corning Inc.	\$ 238,120,800	1.74 %
River Ventures LLC (PPD)	77,920,600	0.57
Lsref3 Bravo	73,368,000	0.54
Mayfaire Town Center LP	64,559,163	0.47
Duke Energy Progress Inc (CP&L)	56,995,741	0.42
Centro Independence LLC (mall)	54,078,800	0.40
GS II University Centre LLC	36,542,800	0.27
Carolina Bay Properties of Wilm LLC	35,490,223	0.26
AAIPharma Services Corp	34,216,454	0.25
Wal Mart	32,545,386	0.24
	<u>\$ 703,837,967</u>	<u>5.16 %</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 PPD, Live Oak Bank, General Electric Nuclear Fuel, Guilford Mills, Inc. and Castle Branch.

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

Top Ten Employers			Percentage of Total
Employer	Product/Service	Employees	Employment (1)
New Hanover Health Network*	Health Care	6,880	6.01 %
New Hanover County Schools**	Education	3,798	3.32
University of N. C. (Wilmington)*	Education	1,933	1.69
General Electric Nuclear Fuel/Aircraft***	Uranium Enrichment & Nuclear Fuel	1,910	1.67
New Hanover County**	Government	1,745	1.53
Pharmaceutical Products Dev*	Pharmaceuticals	1,558	1.36
Cape Fear Community College*	Education	1,363	1.19
Verizon Wireless*	Telecommunications	1,354	1.18
Wal-mart**	Retail	1,215	1.06
City of Wilmington*	Government	1,062	0.93
Total		22,818	19.95 %

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 January 3, 2017 GEH announced that it was awarded a three-year contract by OKG AB to support the dismantling of two reactors at the Oskarshamn Nuclear Power Plant near Oskarshamn, Sweden. The work, which will include dismantling, cutting and packing reactor internals for final disposal, began in January 2017 and will continue through 2019. On April 26, 2017 it was announced that GEH was awarded a contract of more than \$140 million by Exelon Generation. The service agreement, which runs through the spring 2021 outage season, has GEH providing a full portfolio of outage and inspection services to Exelon throughout the U.S. and Canada.



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 Energy 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. On February 13, 2017, GE Aviation announced that Singapore Airlines ordered 20 Boeing 777-9 aircraft, plus five spare engines. According to the news release, that is a total of 45 of the new GE9X engines valued at more than \$2 billion. The Wilmington site produces compressor spools, compressor blisks and high pressure turbine rotor disks for the GE9X engine. The new engine has become one of the fastest selling widebody engines for GE

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 2019. As of February 2017, Castle Branch has 135 FTE employees with an average annual salary of \$43,720. 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 Rail** invested \$60 million to refit the former Terex Crane facility in Wilmington to manufacture technically advanced railroad tank cars. In the coming years, the facility is expected to help replace 70,000 obsolete rail cars as new federal specifications are required. In December 2015, Congress lifted a 40-year-old export ban on crude oil. According to the Energy Information Administration, as of September 2015, 923,000 barrels of crude were moved by rail each day in North America. 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 Non Jacketed DOT-111 tank car must be replaced by January 1, 2018. Vertex Rail (VRC) now has two production bays to produce the Generation Next® DOT-117 tank car and is taking orders for 2017 delivery and beyond. The Association of American Railroads gave VRC an M-1002 Initial Certification in early July that covers new, general service non-pressurized tank cars built to new U.S. Department of Transportation DOT-117 specifications. This certification is a formal facility approval that allows VRC to begin making the DOT-117 cars. It now produces two types of tank cars and four kinds of freight cars and currently has five active orders for four different customers. VRC announced in January 2017 that it would begin increasing its workforce by 25% to assist in new car production. According to VRC, they have exceeded the original 25% with an additional 20%. Then, in October 2017, the company announced a small portion of its workforce would be temporarily laid off in order to complete several immediate short run projects and to finish a "final up-fit" of its facility.

In June 2016, **Burgess Corporation** moved its headquarters from Jacksonville, North Carolina to Wilmington after being awarded a \$14 million contract from the Port of Wilmington. Burgess is a construction and project management company founded in 1974. Another reason the company,

which employs around 50 full-time employees, moved to Wilmington is the availability of relevant manpower. Additional conduit and piping fabrication capabilities are planned in the next two years.

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.

In August, 2017 six Wilmington-based companies ranked among the top 5,000 fastest-growing privately owned companies in the country, according to this year's Inc. Magazine's annual 5,000 list. The 2017 list is based on the amount of revenue growth for each company between 2013 and 2016. For the first time and topping that list from Wilmington is **Untappd** at number 259, 11th in the food and beverage industry. Untappd is a mobile app that allows users to share with fellow users comments about brews they are enjoying and where.

N2 Publishing, headquartered in Wilmington, also made Inc. Magazine's annual top 5,000 fastest-growing privately held companies in the country for seven years in a row. At number 1,764, the company was founded in 2004 and publishes neighborhood magazines. It now has 900 publications nationwide and employs 224 people.

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 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 2017, Training Magazine named PPD, for the sixth 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.

Alcami operates a FDA- and EU-approved solid-dose manufacturing plant, a clinical packaging and distribution center, and laboratory and stability services in Wilmington. 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 Corporation. The corporation hired over 100 individuals in 2016, and over 30 in the first quarter of 2017.



Quality Chemical Laboratories (QCL), which opened in 1998, started with five employees and 5,000 square feet of space. It now employs about 190 people and has five buildings with a combined 187,000 square feet of space. The founder, a retired UNCW chemistry department faculty member, considered Wilmington the only location for his company. QCL is a chemical manufacturing and controls entity that produces and tests drugs and drug raw materials to ensure that they are pure and they perform as intended. The company is also taking a step into the contract research world as it begins producing drugs at specified doses for phase one clinical trials.

Pharmgate Animal Health announced in August 2015 that it relocated its headquarters from Ramsey, New Jersey to Wilmington, North Carolina, in order to be closer to important segments of its customer base. The Wilmington office is involved with corporate functions and customer services for Canada and Latin America. The company, specializing in the development and marketing of medicines to control disease in North American livestock and poultry, purchased a nearly 7,500 square foot building in Wilmington on January 11, 2017.

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 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.

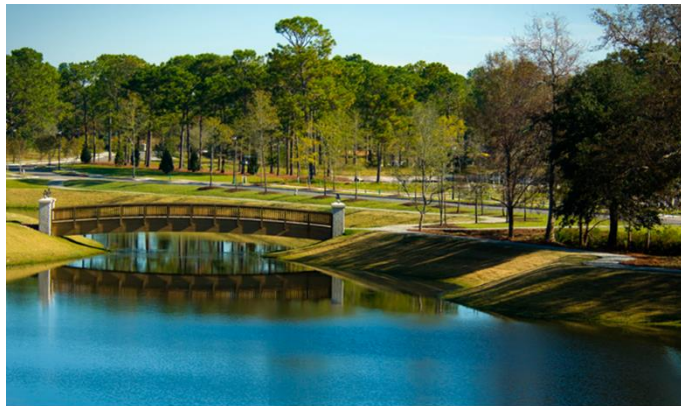
Crest is also home to **Marine Bio-Technologies Center of Innovation (MBCOI)**. Its mission is to find commercial applications for an array of marine-based technologies, and then to match researchers and developers with the companies that can bring those products to market. The ultimate goal is to use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



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. A total of 220 single-family home sites have been approved 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 has been completed.

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. The developer received City Council approval at their March 21, 2017 meeting for a zoning modification to allow for the construction of two, 4-story 64,000 square foot buildings 62 feet in height, one 1-story 25,000 square foot building, and a 3.5-story parking garage accommodating +/-560 cars. As of February 6, 2017, Live Oak Bank has added 88 full time jobs, over the past two years, with an average annual wage of \$97,574 to its workforce. 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 has topped American Banker magazine's Best Banks to Work for list for four consecutive years.



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 2017, six Wilmington area companies made the 2017 Inc. 5,000 list of the nation's fastest-growing privately held companies. For the second year in a row, nCino made the list and was number 361. The company was recognized for posting a three-year growth of 1,218% and annual revenues of \$21.1 million last year. By 2017, the firm had more than 150 financial institutions in its portfolio and a workforce of more than 350, most of whom are based in Wilmington, up by almost 200 from 2015. nCino plans to add approximately 100 more employees this year. This growth has prompted the company to add 17,000 square feet to its footprint, now at 75,000 square feet.

Apiture, a joint venture between Live Oak Bank and First Data, announced that the downtown area of Wilmington would become its home-base. This new banking tech start-up will combine First Data's and Live Oak Bank's digital banking platforms, products, and services, delivering innovative technology solutions tailored for financial institutions.

In May of 2013, the City Council rezoned a total of approximately 301.9 acres of property known as **Barclay West**. 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 Barclay West. 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. The theater held its grand opening in the

spring of 2017 and the restaurants and retail have received certificates of occupancy. A 6,280 square foot restaurant/retail building is also under construction and plans for a 7,800 square foot commercial building and a 63,000 square foot office building have been submitted and are currently under review.

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. Plans were submitted in April for construction of 55 high-end homes and the developer began construction in September 2017.

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 rezoning 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. Eight subdivisions with a total of 987 lots have been approved by the City's Subdivision Review Board. Three of these residential subdivisions are developer-identified *age-qualified developments* targeting residents 55 years of age and older. Phase I of 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. The second phase of Marina Village was approved on March 23, 2016 and includes 76 townhome sites.

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 and is zoned CBD, Central Business District. The four-story complex, totals approximately 330,000 square feet. The developer also included a parking structure with 335 parking spaces that is hidden by the building on three sides. Amenities include a swimming pool and access to the existing boat slips constructed by a previous property owner, a pedestrian linkage to the Riverwalk and the North Waterfront Park immediately to the south. This project was approved for construction in March 2015 and the certificate of occupancy was granted in May 2017.

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 and certificates of occupancy were issued December 2016.

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.

Woodlands at Echo Farms is a 139.7 acre residential development proposed to locate on the Echo Farms golf course. This 461 unit development, when built out, would consist of 216 apartments, 81 townhomes, and 164 single family lot. The preliminary plan for this development was approved by the City's Subdivision Review Board in March 2017. Plans for the development are currently under review by the City.

Pacific Place is an 11.08 acre residential subdivision located at on Greenville Loop Road. A total of 40 single family residential units are proposed. The plans for the development are currently under review by the City.

Helmsdale is a 31 lot single family development in Landfall located between Arboretum Drive and South Moorings. This is the 2nd of two phases. The plans for the development are currently under review by the City.

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 five 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), 4625 Carolina Beach Road (0.23 acres) and 7758,7764, 7770,7766,7800,7802,7804,7806 and 7810 Market Street [16.259 acres]. In addition, four 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.

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 2016, travel and tourism generated an economic impact of \$553.60 million in the County, an increase of 6.3% over 2015. 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 \$49.29 million. Travel generated \$129.81 million in payroll in 2016 and provided 6,150 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.



Red Caboose.

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

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 art 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 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 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.

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 almost 18,000 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.



Wilmington is home to **Airlie Gardens**. At the heart of the gardens 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.

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.

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 approved the state budget for the 2017-18 fiscal. Funding to the Film Grant Fund allocated \$15 million in new funding and rolled over about \$18 million left over from the previous year's film grant appropriations. The following year, \$31 million are allocated and set to recur each year statewide. With the approval of recurring funds in the state budget, local officials are gearing up to push the area market. 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 was announced in February 2017 the show was eligible for a state grant of \$9 million for its second season. The grant eligibility reflects 25% of what the production expects to spend locally. 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. Due to the partially restored incentive, 2016 has witnessed an uptick with 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 was completed in the spring of 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. In May 2017, it was announced that NHRMC, for the fourth straight year, was named a recipient of one of the country's 100 best hospitals for patient experience by the Women's Choice Award. NHRMC completed an expansion and upgrade to the 17th Street Emergency Room in February 2017. This expansion increased the previous size from 17,800 square feet to 48,000 square feet and patient care spaces increased from 54 to 108 spaces. The Intensive Care Units at NHRMC's main campus are currently under a \$14 million renovation project. This project, which started in March, 2017, will be done in phases so ICU areas can continue to operate. Future plans include the construction of a new orthopedic and spine hospital that will add three floors and 134,000 square feet to the existing surgical pavilion, a parking deck, and a pedestrian sky bridge. 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 2017 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% 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 \$1,323,550 for fiscal year ending June 30, 2017. There was no capital subsidy for the current fiscal year. The City's operating subsidy for operations is approximately 16% of the current year's transit budget. There are also approximately 55 trucking companies serving the greater Wilmington area.

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 to more thoroughly investigate

the merits of the proposal has been completed and City Council adopted a resolution to accept the consultant's report at the April 18, 2017 meeting. Council approved continuing the project, with the City retaining the lead.

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 19th 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 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, a 1,100 feet long, 150 feet wide, and 8,200 TEU Vessel. Two “New Panamax” cranes with a combine value of \$27.4 million are expected to be in place in mid-2018.

A new partnership with ZIM Integrated Shipping began in June 2017, providing access to South China, Southeast Asia, and India. This service will support legacy apparel, furniture and hardware industries throughout the Carolinas. Another new partnership is set to begin soon is with The Alliance, which includes container carriers NYK Group, “K” Line, MOL, Yang Ming and Hapag-Lloyd. This will bring some of the largest vessels to ever visit the Carolinas to the port on a consistent basis, as well as provide direct access to the markets of Qingdao, Ningbo, Shanghai and Busan.

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, with capabilities of 45,000 metric tons each. The domes have systems for continuously monitoring and controlling temperature as well as fire detection and suppression. Enviva also built 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. The Wilmington terminal's first ship loaded in December 2016.



Port of Wilmington Cold Storage is a 101,000 square foot cold storage facility 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 site offers over 11,000 pallet positions and 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. By utilizing this newly created cold storage facility, protein producers are able to save a substantial amount on transportation costs to ship to their existing markets abroad. Having access to this facility reduces spoilage, and increases 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 Port of Wilmington Cold Storage facility adds the missing link in the global cold storage chain for Port of Wilmington by providing a facility which offers 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. The facility, which was finished mid-2016, received its first four truckloads of turkey parts on August 26, 2016.

On June 5, the refrigerated carrier, StreamLines' Blue Stream services “Georgia Trader” was the first vessel on the string to load at the Port of Wilmington. This connects the port with perishable shippers in Central America and Europe. The combination of the new services and the cold storage facility will give more opportunity to North Carolina farmers to grow exports to Europe, as well as support cargo movement for grocers. It provides a seamless logistical advantage for international shippers. 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% 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.

In September, 2016 the **Queen City Express** began the only direct, non-stop service from a port in the U.S. Southeast into the Greater Charlotte area. CSX stated that the Port will have overnight, daily service to the **Carolina Connector** (CCX) hub connecting intermodal customers throughout CSX's entire network. This service provides substantial advantage for the Port as first-class, intermodal connections are available for its beneficial cargo owners and carriers alike.

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 4th largest in the State. In calendar year 2016, the Airport served 817,896 passengers, an increase of 6.2% over 2015. 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), located within the City, was founded as Wilmington College in 1947 and designated as the 6th university in the University of North Carolina System (UNC) in 1969. UNCW is the only public university in southeastern North Carolina. Expanding from three buildings in 1961 to more than 90 today, the campus still reflects the Georgian style of architecture that has made the institution one of the most attractive in the

State of North Carolina. UNCW manages the nation's only underwater ocean laboratory, Aquarius, owned by NOAA and located in the Florida Keys National Marine Sanctuary.



UNCW is a comprehensive level I university in the 16-campus University of North Carolina System. It is accredited by the Southern Association of Colleges and Schools and offers 54 bachelor's degrees in 49 majors, 31 master's degrees, and four (4) Doctoral programs. In July, 2017 UNCW announced two new online business master's degrees to begin in the 2018 fall semester. One is in finance and investment management, and the other in business analytics. UNCW is funded with State appropriations and receives federal funds for research and financial aid programs. UNCW had a fall 2017 enrollment of approximately 16,850 full-time-equivalent undergraduate and graduate students.

UNCW is ranked 6th among Public Universities and 59th overall on a list of 2018 best value colleges. UNCW's Watson College of Education ranked 14th on a list of best colleges for elementary education and 20th among best colleges for special education. U.S. News & World Report ranks UNCW 14th best regional university in the south.

Cape Fear Community College (CFCC) is the 6th largest community college within North Carolina Community College system, with over 23,000 students enrolling in classes annually. Founded in 1958, CFCC is accredited by the Southern Association of Colleges and Schools Commission on Colleges. CFCC's main campus is located in historic downtown Wilmington on the banks of the Cape Fear River. The College also has a campus in northern New Hanover County and locations in Burgaw and Surf City. CFCC students can train for a new career in one of the College's many technical programs or earn a two-year college transfer degree.

In 2017, CFCC was named one of the top 50 best value community colleges in the country according to valuecolleges.com. Community for Accredited Online Schools recognized Cape Fear Community College as having several of the best vocational and technical programs in the nation. According to the Bureau of Labor Statistics, employment of registered nurses is projected to grow 16% through 2024, which is significantly faster than the average for all occupations. Students at CFCC achieved a 100% passage rate on the National Council Licensure Exam for the most recent academic year, making the college's Associate Degree in Nursing (ADN) program the only nursing program in North Carolina to receive a perfect passage rate three years in a row. Seven CFCC programs ranked in the top 20 when compared to peer institutions. CFCC offers 136 academic programs that lead to a two-year degree, one year diploma or certificate. 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 **Wilson Center** opened in 2015 and is home to a 1500-seat performance hall, a studio theater, art and music studios, classrooms, and more. While the Wilson Center is the largest and most technologically sophisticated performing arts center in eastern North Carolina, an important focus of the facility is on student learning and academic growth. In this unique learning environment, students have the opportunity to work behind-the-scenes with professional touring performance companies.



The latest addition to CFCC is the **Advanced and Emerging Technologies Center** located on its North Campus. The Center encompasses updated spaces for several existing programs and also features 14,000 square feet of flexible space that can be used for specialized training with commercial partners. In addition, the Center includes the Veterinary Medical Technician Training Building, which houses CFCC's new Veterinary Technology program, and the Heavy Equipment & Transportation Technology Building which is home to the Diesel and Heavy Equipment Technology program.



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 28 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.

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.



The WPD opened a Real Time Crime Center in the fourth quarter of 2016. The RTCC, also known as the STING Center, and its purpose is to leverage technology and data to provide relevant real time information to increase situational awareness of the department in order to improve safety of officers and the public. In calendar year 2016, our officers responded to more than 196,429 calls for service, a 3.6% increase since 2015.

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, the annual operating budget, and the Maintenance Facility. Administrative Division includes the Office of the Chief, Accreditation, Human Resources, Public Information, and Information Technology.



In calendar year 2016, the fire department responded to 14,025 calls for service. These responses included 7,996 Emergency Medical incidents and 485 fire related responses. Total losses due to fires was \$4.05 million, but the amount saved exceeded \$55 million. The department had more than 68,000 hours of training and conducted one recruit class of new firefighters.

In late 2015, a new fire station located on Cinema Dr. opened 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. Another new fire station began construction in July 2017 and will replace two other aging station. 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 rating by Fitch, Standard and Poor's and Moody's. 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.

The City adopts a Capital Improvement Program (CIP) that looks ahead to project and plan for capital needs addressing both project needs and financial strategy. Major areas covered by the CIP are transportation, parks, storm water utility, downtown infrastructure improvements and general public improvements. In Fiscal Year 2013, a five year budget plan was adopted that established a 5 cents property tax set aside which funds 80% debt service and 20% pay-go (80/20 Plan) for \$41.1 million of tax-supported projects in the CIP. In FY 2015, the voters approved a \$44 million Streets and Sidewalks Bond Referendum with a 2 cents property tax set aside. In FY 2016, the voters approved a \$30.465 million General Obligation Bond Referendum for parks and recreation projects. In FY 2017, City Council authorized a \$25.8 million installment purchase contract with PNC Bank, National Association for the construction of the parking deck component of the Water Street Parking Deck redevelopment project. In FY 2018, City Council approved the 2nd 80/20 Plan to fund \$57.6 million of projects over a six year period. In connection with the FY 2018 property tax revaluation, the existing dedicated tax rates for the 1st 80/20 Plan and the Streets and Sidewalks Bond were reduced to revenue neutral rates of 4.68 cents and 1.87 cents, respectively. To fund the additional initiatives, City Council included property tax set asides in the FY 2018 adopted budget

of 1.8 cents for the Parks and Recreation Bonds, .94 cents for the Water Street Deck redevelopment and .18 cents for the 2nd 80/20 Plan.

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 2017 results that are built into the 2017-2018 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.



The Center hosted 127 events representing 74,486 in event attendance and 11,091 in hotel room nights during FY 2017. The Hampton Inn Hotel opened June 2017 and the new Embassy Suites Hotel is slated to open in December 2017, positioning the Convention Center to attract large convention business.

Convention Center Event Types	2017 vs. 2016					Growth
	FYE 2013	FYE 2014	FYE 2015	FYE 2016	FYE 2017	
Convention/TS/Conference	8	14	9	8	8	0.0%
Public Shows	14	16	14	19	15	-21.1%
Meetings/Other	37	25	39	29	31	6.9%
Banquets	83	64	93	86	73	-15.1%
TOTALS	142	119	155	142	127	-10.6%
Attendance	80,104	73,423	85,246	72,301	74,486	3.0%
Total Room Nights	5,731	9,128	13,324	11,791	11,091	-5.9%
Repeat Users	77	46	69	78	85	9.0%

Source: Wilmington Convention Center

New bookings contracted in FY 2017 for future dates include 4 weddings, 18 military balls, 5 public shows, 7 non-profit fundraisers, 4 conventions, which include two conventions new to Wilmington. The activity decreased slightly during 2017 as compared to 2016, 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
- Public Shows had an average fiscal year with 15 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.
- The Center hosted 73 stand-alone food & beverage functions at the WCC which has seen a drop of 15% vs. 2016 which had 86 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.
- The sales team generated over 665 leads, 130 tentative bookings and 125 contracted events generated in FY 2017 along with facility tours for 105 prospective customers.
- New General Manager Fredia Brady and Executive Chef Don Vilain joined the Wilmington Convention Center team.
- SAVOR Food and Beverage Culinary Team received the Epicurean Evening Culinary Awards for Best Appetizer Gold Medal and Best Presentation Bronze Medal.

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.

Public-Private Partnership Development



In 2013, the City began working on a redevelopment idea for the Water Street Parking Deck, which was constructed in the 1960's. This deck sits on 1.2 acres and has become an obsolete eyesore surrounded by vibrant retail and entertainment businesses. The City entered into a Public-Private Partnership which is now known as **River Place**, 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 403 space parking deck. The project has been approved by the City.

Private Development

Arbor Commons is a 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 and a 35,962 square foot Lidl grocery store is currently under construction.

The Flats at Main is a proposed commercial district mixed use development with 119 multi-family residential units and an approximate 1,200 square foot commercial use. The property is located at 1829 Sir Tyler Drive and is currently under construction.

Holiday Inn Express and Suites is a proposed 4-story hotel with 109 rooms proposed for property located at 1025 Medical Center Drive. The engineering plans are currently being reviewed by the City.

Monkey Junction Self Storage is a proposed self-storage development consisting of a 1-story 10,800 building, a 2-story 55,800 square foot climate-controlled building, and a 3-story 78,375 square foot climate control building. The engineering plans are currently being reviewed by the City.

Garris Road Storage is a proposed self-storage development consisting of a 3-story, 102,000 square foot climate control building and 16,000 square feet of office/flex space. The engineering plans are currently being reviewed by the City.

Flying Machine Brewery is a proposed 15,325 square foot brewery and tap room proposed for property located at 3130 Randall Parkway. The project has been approved by the City and it is currently under construction.

Baker BMW is a proposed 30,200 square foot automobile dealership expansion adjacent to the existing BMW dealership located on New Center Drive. The project has been approved by the City and it is currently under construction.

Carmax is a proposed 41,000 square foot automobile dealership on a 15 acre site located at 6030 Market Street. The project has been approved by the City and it is currently under construction.

Greenfield Commercial is an adaptive reuse of an existing 18,000 square foot building and two new buildings. The existing 18,000 square foot metal warehouse building located on South Front Street will be converted to office suites. Two new buildings along South 2nd Street would have approximately 4,900 square feet of retail and 2,500 square feet of restaurant. This development is a continuation of the South Front development and is currently under construction.

NHRMC Employee Parking Deck is a 5 level parking garage with 720 parking spaces being constructed on S. 17th Street across from the New Hanover Regional Medical Center campus. The parking structure will provide NHRMC employees with off-site parking in order to accommodate hospital growth and to provide additional parking opportunities for hospital patients and visitors. A pedestrian bridge was constructed over S. 17th Street for hospital employees to have a safe walking movement to the hospital. The parking garage is currently under construction and is nearing completion.

Embassy Suites is a 186 room full service hotel, adjacent to the Wilmington Convention Center, located at 9 Estell Lee Place and is currently under construction. The hotel will feature meeting spaces as well as a full service restaurant and a roof-top bar /outdoor space. The hotel is nearing completion with an expected opening date of mid-December.

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, 2016. 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, Miranda Briggs 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

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Wilmington
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO



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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, 2017, 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 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, 2017, 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 Matters

As discussed in Note 8 to the financial statements, in the year ended June 30, 2017, the City adopted new accounting guidance contained in Governmental Accounting Standards Board Statement (GASB) 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*. The City also adopted GASB 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Our opinions are not modified with respect to these matters.

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 Other Postemployment Benefits Schedules of Funding Progress and Employer Contributions, the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, the Other Postemployment Benefits' schedules of Changes in the Net OPEB Liability and Related Ratios, City Contributions, and Investment Returns, and the Local Governmental Employees' Retirement System's Schedules of the City's Proportionate Share of Net Pension Liability (Asset) and City Contributions on pages 115 through 122, 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, 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 30, 2017, 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
December 1, 2017



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, 2017. 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

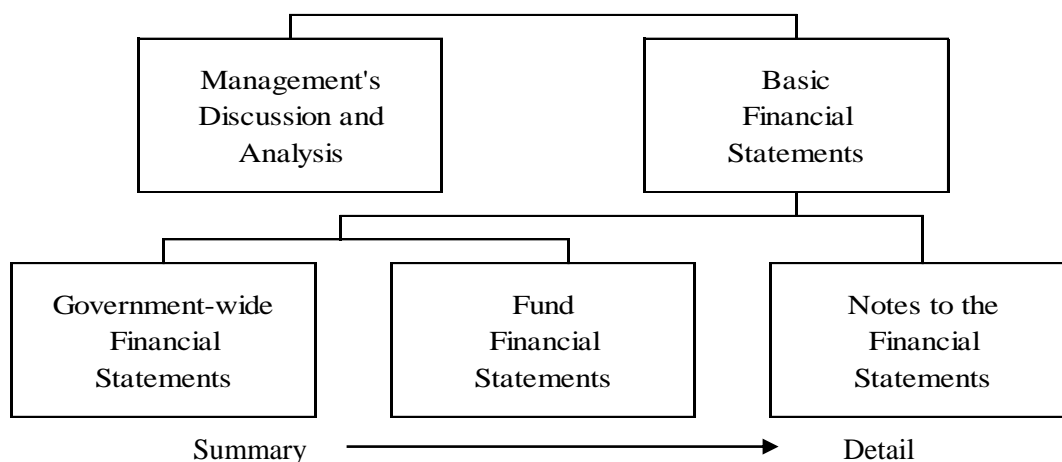
- The assets and deferred outflows of resources of the City of Wilmington exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$375,048,784 (*net position*).
- The government's total net position increased by \$4,183,314. Included in this amount are increases in the net position of governmental activities and business-type activities due to normal operations of \$6,562,972 and \$6,119,318 respectively. These increases are offset by the restatement (decrease) of beginning net position of governmental activities in the amount of \$8,498,976 pursuant to the implementation of GASB Statement No. 73 that required the City to record the total pension liability of the Law Enforcement Officers' Special Separation Allowance in the full accrual financial statements.
- As of the close of the current fiscal year, the City of Wilmington's governmental funds combined ending fund balances increased \$10,286,677 from the prior year to a total of \$130,436,207. Approximately 25.9% of this amount, or \$33,751,316, 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 \$34,473,018 or 40.0% of total general fund expenditures and 32.7% 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 increased by \$25,702,738 or 10.2% during the current fiscal year. Total long-term liabilities increased for governmental activities by \$26,032,800 and decreased by \$330,062 for the business-type activities.
- The City of Wilmington's bond rating is AAA/AAA/Aaa which has remained steady for Fitch and Standard & Poor's and an upgrade 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 - 112 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 115 of this report.

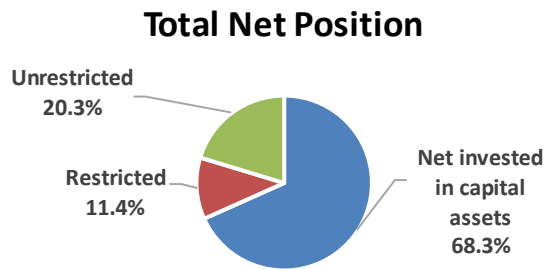
Interdependence with Other Entities – The City depends on financial resources flowing from, or associated with, both the Federal Government and the State of North Carolina. Because of this dependency, the City is subject to changes in specific flows in intergovernmental revenues based on modifications 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 \$375,048,784 as of June 30, 2017. The City's net position increased by \$4,183,314 for the fiscal year ended June 30, 2017. A significant portion of the City's net position \$255,971,942 (68.3%) 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, \$42,805,354 (11.4%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$76,271,488 (20.3%) is unrestricted.

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 \$562,206 and \$119,577 respectively of revenues that exceeded the current year budget. Additionally, resources accumulated to pay future debt service increased \$2,818,016.
- **Business-type Activities:** \$848,788 increase over the prior year in charges for services coupled with a decrease of \$201,621 in expenses from the prior year had a positive effect on unrestricted net position.



**Net Position
Figure 2**

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
ASSETS:						
Current and other assets	\$ 156,350,187	\$ 144,460,817	\$ 38,200,017	\$ 34,070,047	\$ 194,550,204	\$ 178,530,864
Capital assets	<u>390,900,686</u>	<u>389,425,550</u>	<u>61,857,176</u>	<u>60,496,818</u>	<u>452,757,862</u>	<u>449,922,368</u>
Total assets	<u>547,250,873</u>	<u>533,886,367</u>	<u>100,057,193</u>	<u>94,566,865</u>	<u>647,308,066</u>	<u>628,453,232</u>
DEFERRED OUTFLOWS OF RESOURCES						
	<u>19,589,636</u>	<u>9,034,558</u>	<u>2,094,052</u>	<u>982,250</u>	<u>21,683,688</u>	<u>10,016,808</u>
LIABILITIES:						
Long-term liabilities	239,702,466	213,669,666	36,908,694	37,238,756	276,611,160	250,908,422
Current and other liabilities	<u>13,048,744</u>	<u>12,384,185</u>	<u>2,987,113</u>	<u>2,013,277</u>	<u>16,035,857</u>	<u>14,397,462</u>
Total liabilities	<u>252,751,210</u>	<u>226,053,851</u>	<u>39,895,807</u>	<u>39,252,033</u>	<u>292,647,017</u>	<u>265,305,884</u>
DEFERRED INFLOWS OF RESOURCES						
	<u>1,178,150</u>	<u>2,019,921</u>	<u>117,803</u>	<u>278,765</u>	<u>1,295,953</u>	<u>2,298,686</u>
NET POSITION:						
Net investment in capital assets	222,453,072	220,482,002	33,518,870	30,970,797	255,971,942	251,452,799
Restricted	41,349,356	40,527,283	1,455,998	1,549,898	42,805,354	42,077,181
Unrestricted	<u>49,108,721</u>	<u>53,837,868</u>	<u>27,162,767</u>	<u>23,497,622</u>	<u>76,271,488</u>	<u>77,335,490</u>
Total net position	<u>\$ 312,911,149</u>	<u>\$ 314,847,153</u>	<u>\$ 62,137,635</u>	<u>\$ 56,018,317</u>	<u>\$ 375,048,784</u>	<u>\$ 370,865,470</u>

Changes in Net Position
Figure 3

	Governmental		Business-type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 8,936,577	\$ 8,966,687	\$ 24,419,764	\$ 23,570,976	\$ 33,356,341	\$ 32,537,663
Operating grants and contributions	8,803,433	7,553,003	449,020	73,830	9,252,453	7,626,833
Capital grants and contributions	3,779,344	15,403,679	-	405,208	3,779,344	15,808,887
General revenues:						
Property taxes	66,670,221	65,339,216	-	-	66,670,221	65,339,216
Other taxes	38,169,791	36,408,976	-	-	38,169,791	36,408,976
Investment earnings	506,832	336,799	135,225	93,856	642,057	430,655
Other	3,105,552	3,048,485	143,503	200,150	3,249,055	3,248,635
Total revenues	<u>129,971,750</u>	<u>137,056,845</u>	<u>25,147,512</u>	<u>24,344,020</u>	<u>155,119,262</u>	<u>161,400,865</u>
Expenses:						
General government	24,897,698	21,981,320	-	-	24,897,698	21,981,320
Public safety	51,805,339	48,796,835	-	-	51,805,339	48,796,835
Transportation	17,757,240	15,483,263	-	-	17,757,240	15,483,263
Economic and physical development	6,918,462	6,890,269	-	-	6,918,462	6,890,269
Environmental Protection	-	17,854	-	-	-	17,854
Culture and recreation	11,290,134	10,187,498	-	-	11,290,134	10,187,498
Transit system	2,799,556	1,523,022	-	-	2,799,556	1,523,022
Interest and other charges	7,169,163	8,773,139	-	-	7,169,163	8,773,139
Solid waste management	-	-	8,260,576	8,800,178	8,260,576	8,800,178
Storm water management	-	-	7,152,715	6,909,622	7,152,715	6,909,622
Parking facilities	-	-	2,927,402	2,925,836	2,927,402	2,925,836
Golf	-	-	1,458,687	1,365,365	1,458,687	1,365,365
Total expenses	<u>122,637,592</u>	<u>113,653,200</u>	<u>19,799,380</u>	<u>20,001,001</u>	<u>142,436,972</u>	<u>133,654,201</u>
Increase in net position before transfers	7,334,158	23,403,645	5,348,132	4,343,019	12,682,290	27,746,664
Transfers from (to) other funds	<u>(771,186)</u>	<u>(535,736)</u>	<u>771,186</u>	<u>535,736</u>	<u>-</u>	<u>-</u>
Increase in net position	<u>6,562,972</u>	<u>22,867,909</u>	<u>6,119,318</u>	<u>4,878,755</u>	<u>12,682,290</u>	<u>27,746,664</u>
Net position at beginning of year as previously stated	314,847,153	290,878,638	56,018,317	51,139,562	370,865,470	342,018,200
Restatement for accounting change (Note 8)	<u>(8,498,976)</u>	<u>1,100,606</u>	<u>-</u>	<u>-</u>	<u>(8,498,976)</u>	<u>1,100,606</u>
Net position at beginning of year as restated	<u>306,348,177</u>	<u>291,979,244</u>	<u>56,018,317</u>	<u>51,139,562</u>	<u>362,366,494</u>	<u>343,118,806</u>
Net position at end of year	<u>\$ 312,911,149</u>	<u>\$ 314,847,153</u>	<u>\$ 62,137,635</u>	<u>\$ 56,018,317</u>	<u>\$ 375,048,784</u>	<u>\$ 370,865,470</u>

Governmental activities. Governmental activities decreased the City's net position by \$1,936,004. Of this amount, \$6,562,972 was an increase in net position due to normal operations. The difference caused by a decrease of \$8,498,976 is due to a restatement (decrease) of beginning net position pursuant to the implementation of GASB Statement No. 73 that required the City to record the total pension liability of the Law Enforcement Officers' Special Separation Allowance in the full accrual financial statements. Key elements of this net decrease are as follows:

- The increase in net position before transfers in the prior year was \$23,403,645 compared to this year of \$7,334,158, a decrease of \$16,069,487.
 - Revenues decreased by \$7,085,095 or 5.2% from the prior year. The current year increases over prior year were \$1,380,943 in sales tax, \$1,331,005 in property tax, and \$1,255,814 in operating grants and contributions related to Hurricane Matthew reimbursements from FEMA. These increases were offset by the decrease of \$11,624,335 in capital grants and contributions related to prior year dedicated developments and easements.
 - Expenses increased by \$8,984,392 or 7.9% over the prior year. The largest increases were \$3,008,504 in Public Safety due to the increase in the Local Government Employees Retirement System pension expense as well as increases in salary and benefits; and \$2,916,378 in General Government mainly due to Hurricane Matthew response and increases in salaries and benefits. In addition to the market increase, five full time positions were added during fiscal year 2017 within the governmental activities.
- Transfers from (to) the Business-type Activities in the prior year were (\$535,736) compared to this year of (\$771,186) an increase of \$235,450.
 - \$190,000 of this increase is a transfer from the debt service fund to the parking fund to pay for financing costs related to the Water Street parking deck redevelopment project.
 - \$29,866 was transferred from the general fund to the solid waste fund to assist the police department with neighborhood cleanup efforts.

Business-type activities. Business-type activities increased the City of Wilmington's net position by \$6,119,318 accounting for 100% 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 \$4,343,019 compared to this year of \$5,348,132, an increase of \$1,005,113.
 - The City implemented a 5.9% storm water rate increase over the prior year contributing to the increase in charges for service of \$848,788.
 - Expenses decreased by \$201,621 or 1.0% from the prior year mainly due to turnover and vacancies.
- Transfers from (to) the Governmental Activities in the prior year were \$535,736 compared to this year of \$771,186, an increase of \$235,450.
 - \$190,000 of this increase is a transfer from the debt service fund to the parking fund to pay for financing costs related to the Water Street parking deck redevelopment project.
 - \$29,866 was transferred from the general fund to the solid waste fund to assist the police department with neighborhood cleanup efforts.

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 \$34,473,018, a 12.3% decrease from the prior year; while total fund balance was \$59,152,740, a 3.6% decrease over the prior year. 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 30.8% of the operating budget, while total fund balance represents 52.9% of the same amount. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund

expenditures (not including transfers). Unassigned fund balance represents 40.0% of total General Fund expenditures, while total fund balance represents 68.7% of that same amount.

At June 30, 2017, the governmental funds of the City of Wilmington reported a combined fund balance of \$130,436,207, an 8.6% increase or \$10,286,677 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 \$2.2 million decrease mainly due to programmed use of fund balance for various one time capital expenditures. The appropriation of fund balance was budgeted at \$10,911,178. However, due to the revenues coming in slightly higher than budget and expenditures lower than budget, the use of appropriated fund balance was minimal. Sales tax and property tax receipts were higher than budgeted due to the continuing recovery of the economy. The City also received FEMA reimbursements for Hurricane Matthew expenditures. The General fund expenditures were less than budgeted due to prolonged position vacancies mainly in public safety as well as reduced street lighting costs resulting from continued efficiency measures made by the City through an LED transition project. Insurance and workers compensation claims were also less than budgeted due to continued safety training measures. The Streets and Sidewalks Fund saw an increase of \$6.9 million due to proceeds from the issuance of \$9,787,299 of Limited Obligation Bonds to fund various city wide capital improvements. The non-major funds saw an increase as well of \$3.7 million predominately due to proceeds from the issuance of Limited Obligation Bonds in the amount of \$2,047,701. These proceeds were used to fund building and park improvements. The increase in total fund balance in the governmental funds was offset by a decrease in the Special Purpose Fund of \$.9 million, mainly due Convention Center operations. Additionally, the Debt Service Fund had an increase of \$2.8 million.

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

Revenues (excluding transfers) were above budget estimates by \$2,260,390 for the fiscal year. This increase was mainly due to an increase in sales tax receipts of \$562,206 and FEMA reimbursements for hurricane Matthew of \$605,814. Property taxes and franchise tax revenues had smaller increases of \$346,239 and \$119,577, respectively.

Expenditures (excluding transfers) in the General Fund were \$6,169,941 less than the \$92,307,613 budget. The City experienced prolonged vacancies during the year, mostly in public safety, which resulted in expenditure levels below the authorized budget in salaries and benefits as well as other operational expenditures such as utilities and insurance coverages.

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 \$4,321,361, \$19,833,975, and 3,100,556, respectively. The unrestricted net position of the non-major Golf enterprise fund totaled a deficit of \$93,125.

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, 2017 was \$452,757,862 (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.

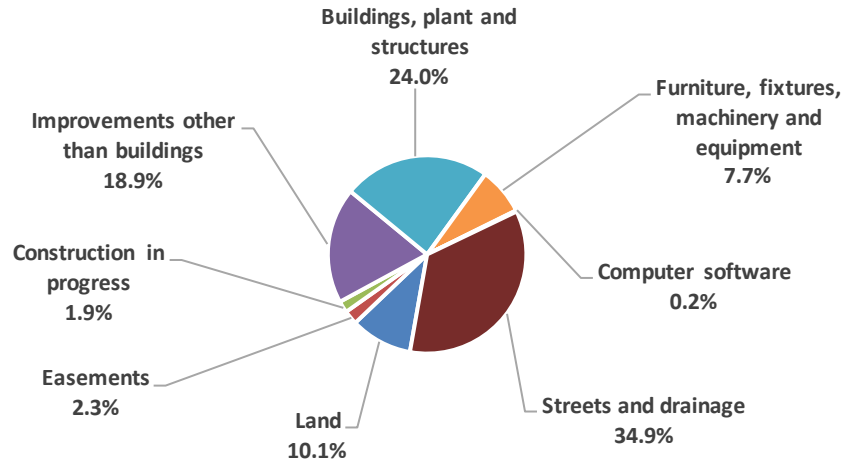
Major capital asset transactions during the year include the following:

- An increase of \$5,918,293 in streets and drainage for governmental activity capital assets (see Figure 4) represented the largest increase. Of this amount, the City accepted \$1,068,429 of contributed streets from developments. Improvements other than buildings accounted for \$2,220,344 of the increase mainly for Riverwalk and waterfront park improvements. Additionally, land increased by \$3,312,682

for the acquisition of property for economic development and the future location of the public safety training facility.

- An increase of \$1,983,149 in construction in progress for business-type activities represented the largest increase and was primarily comprised of the Water Street parking deck redevelopment project.

Capital Assets



**Capital Assets
Figure 4**

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 59,443,874	\$ 56,131,192	\$ 7,740,179	\$ 7,740,179	\$ 67,184,053	\$ 63,871,371
Easements	14,045,043	13,519,255	1,363,534	1,328,978	15,408,577	14,848,233
Construction in progress	8,519,922	7,201,470	4,478,028	2,494,879	12,997,950	9,696,349
Total non-depreciable assets	<u>82,008,839</u>	<u>76,851,917</u>	<u>13,581,741</u>	<u>11,564,036</u>	<u>95,590,580</u>	<u>88,415,953</u>
Improvements other than buildings	63,386,625	61,166,281	62,448,020	61,508,731	125,834,645	122,675,012
Buildings, plant and structures	144,266,833	145,242,900	15,518,808	15,518,808	159,785,641	160,761,708
Furniture, fixtures, machinery and equipment	49,659,785	47,065,758	1,374,940	1,421,252	51,034,725	48,487,010
Computer software	1,453,678	1,423,071	58,184	33,343	1,511,862	1,456,414
Streets and drainage	<u>232,812,589</u>	<u>226,894,296</u>	-	-	<u>232,812,589</u>	<u>226,894,296</u>
Total assets being depreciated	491,579,510	481,792,306	79,399,952	78,482,134	570,979,462	560,274,440
Accumulated depreciation	<u>(182,687,663)</u>	<u>(169,218,673)</u>	<u>(31,124,517)</u>	<u>(29,549,352)</u>	<u>(213,812,180)</u>	<u>(198,768,025)</u>
Total capital assets being depreciated, net	<u>308,891,847</u>	<u>312,573,633</u>	<u>48,275,435</u>	<u>48,932,782</u>	<u>357,167,282</u>	<u>361,506,415</u>
Total capital assets, net	<u>\$ 390,900,686</u>	<u>\$ 389,425,550</u>	<u>\$ 61,857,176</u>	<u>\$ 60,496,818</u>	<u>\$ 452,757,862</u>	<u>\$ 449,922,368</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. At June 30, 2017, the City has general obligation bonds authorized but unissued of \$44,000,000 of Streets and Sidewalks Bonds and \$30,465,000 of Parks and Recreation Bonds. The total bonded debt outstanding is \$43,840,000. Of the amount outstanding, \$20,930,000 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	
	2017	2016	2017	2016	2017	2016
General obligation bonds	\$ 20,930,000	\$ 23,100,000	\$ -	\$ -	\$ 20,930,000	\$ 23,100,000
Revenue bonds	-	-	22,910,000	23,660,000	22,910,000	23,660,000
Total	\$ 20,930,000	\$ 23,100,000	\$ 22,910,000	\$ 23,660,000	\$ 43,840,000	\$ 46,760,000

The City of Wilmington's total bonded debt decreased by \$2,920,000 during the past fiscal year. At June 30, 2017, the general obligation debt was rated AAA/AAA/Aaa 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 \$919,749,371.

The City's total debt increased by \$846,943 (.4%) during the past fiscal year. The City issued \$11,835,000 in new Limited Obligation Bonds for various CIP projects. The addition of debt was offset by principal retirements for the year ended June 30, 2017 totaling \$10,988,058.

**Total Debt Outstanding
Figure 6**

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
General obligation bonds	\$ 20,930,000	\$ 23,100,000	\$ -	\$ -	\$ 20,930,000	\$ 23,100,000
Revenue bonds	-	-	22,910,000	23,660,000	22,910,000	23,660,000
Installment Obligations	135,895,281	129,877,594	6,004,719	6,932,406	141,900,000	136,810,000
Other Long term obligations	12,289,527	13,422,584	190,000	380,000	12,479,527	13,802,584
Total	\$ 169,114,808	\$ 166,400,178	\$ 29,104,719	\$ 30,972,406	\$ 198,219,527	\$ 197,372,584

Additional information on the City of Wilmington's long-term debt can be found in note 3 on pages 85 - 100 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 3.9% at June 30, 2017 was below the State average of 4.2% and the national average of 4.4%.
- Sales tax receipts (county-wide) ended the year up by 5% over the prior fiscal year and the City of Wilmington's distribution saw a 6.2% 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 6.2% over prior year's receipts which is slightly higher than State projections.

All of these factors were included in preparing the City of Wilmington's budget for the 2018 fiscal year.

Budget Highlights for the Fiscal Year Ending June 30, 2018

Governmental Activities. A county-wide tax revaluation was completed effective with the January 1, 2017 assessed values. The City reduced their previous tax rate of 48.5 cents per \$100 of assessed valuation to 48.34 cents per \$100 of assessed valuation effective July 1, 2017. This rate is adjusted to revenue neutral, including a growth factor of 1.74% and increasing by 2.92 cents for the debt service costs related to the City's 2nd CIP plan, voter approved 2016 Parks Bond and the Water Street parking deck redevelopment. Of this rate, 38.87 cents was adopted for the General Fund operations and 9.47 cents is dedicated to the debt service fund.

Sales tax revenue was budgeted 13.5% higher or approximately \$3.1 million over the previous year's budget. This is about 6.2% higher than the projected FY17 actual sales tax receipts.

The FY 2018 budget appropriates \$7,960,200 of fund balance for capital purchases of equipment, technology and capital projects. The budgeted expenditures, excluding transfers, in the General Fund are expected to increase by \$2.9 million from the adopted 2016-17 General Fund budget or 3.2% to \$91,703,767. This increase includes 8 new (full and part time) positions across various departments and 3% funding for the continuation of the employee compensation plan. The FY18 Adopted budget continues to fund efforts to aid in the reduction and prevention of youth violence in progressive and innovative ways. There are multiple organizations receiving \$635,903 in general fund dollars and \$150,000 in Community Development Block Grant (CDBG) funding for programs serving at-risk youth in our community.

Business-type Activities. Stormwater rates increased by 5.9% to \$8.11 per month per residence. Solid Waste fees remain unchanged. Parking added a monthly unreserved single space rate of \$100 per month as well as increasing the monthly reserved single space rate from \$100 to \$130.

Requests for Information

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

BASIC FINANCIAL STATEMENTS



W CITY OF
WILMINGTON
NORTH CAROLINA

CITY OF WILMINGTON, NORTH CAROLINA

Statement of Net Position

June 30, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents/investments	\$ 99,606,192	\$ 32,505,836	\$ 132,112,028	\$ 174,461
Taxes receivable, net	1,182,779	-	1,182,779	-
Accounts receivable, net	1,239,491	2,808,326	4,047,817	3,890
Other receivables	947,942	10,213	958,155	-
Internal balances	52,000	(52,000)	-	-
Due from other governments	11,669,868	373,669	12,043,537	843,930
Inventories	811,567	137,304	948,871	190,884
Notes receivable	18,288,884	-	18,288,884	-
Prepays	768,805	118,145	886,950	29,314
Restricted assets:				
Cash and cash equivalents/investments	20,537,123	2,298,524	22,835,647	-
Other receivables	673	-	673	-
Due from other governments	932,884	-	932,884	-
Due from management company	311,979	-	311,979	-
Capital assets:				
Land, easements and construction in progress	82,008,839	13,581,741	95,590,580	4,548,657
Other capital assets, net of accumulated depreciation	308,891,847	48,275,435	357,167,282	18,500,025
Total assets	547,250,873	100,057,193	647,308,066	24,291,161
DEFERRED OUTFLOWS OF RESOURCES	19,589,636	2,094,052	21,683,688	312,047
LIABILITIES				
Accounts payable	3,094,528	2,093,246	5,187,774	328,118
Due to other governments	1,683,206	-	1,683,206	-
Accrued liabilities	5,723,099	552,687	6,275,786	110,280
Customer and escrow deposits	1,038,697	119,105	1,157,802	-
Unearned revenues	-	58,603	58,603	-
Restricted liabilities:				
Accounts payable	1,467,832	163,472	1,631,304	-
Unearned revenues	41,382	-	41,382	-
Long-term liabilities:				
Net pension liability	16,355,070	1,915,900	18,270,970	360,797
Total pension liability	11,041,905	-	11,041,905	-
Due within one year	15,435,590	2,167,834	17,603,424	177,324
Due in more than one year	196,869,901	32,824,960	229,694,861	-
Total liabilities	252,751,210	39,895,807	292,647,017	976,519
DEFERRED INFLOWS OF RESOURCES	1,178,150	117,803	1,295,953	12,643
NET POSITION				
Net investment in capital assets	222,453,072	33,518,870	255,971,942	23,048,682
Restricted for:				
Stabilization by State statute	12,895,809	-	12,895,809	-
Community development housing loans	19,049,751	-	19,049,751	-
Convention center facility	5,285,244	-	5,285,244	-
Capital projects	3,045,485	1,455,998	4,501,483	-
Public safety	846,077	-	846,077	-
Economic and physical development	179,866	-	179,866	-
Cultural and recreational	47,124	-	47,124	-
Transit	-	-	-	52,377
Unrestricted	49,108,721	27,162,767	76,271,488	512,987
Net position	\$ 312,911,149	\$ 62,137,635	\$ 375,048,784	\$23,614,046

CITY OF WILMINGTON, NORTH CAROLINA

Statement of Activities

Year Ended June 30, 2017

<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	\$ 24,897,698	\$ 1,424,614	\$ 27,586	\$ -
Public safety	51,805,339	1,028,767	642,567	189,214
Transportation	17,757,240	1,770,500	4,376,486	1,998,796
Economic and physical development	6,918,462	3,821,324	2,134,380	-
Environmental protection	-	44,500	30,000	-
Cultural and recreational	11,290,134	846,872	360	171,334
Transit system	2,799,556	-	-	1,420,000
Hurricane disaster recovery	-	-	1,255,814	-
Interest and other charges	7,169,163	-	336,240	-
Total governmental activities	<u>122,637,592</u>	<u>8,936,577</u>	<u>8,803,433</u>	<u>3,779,344</u>
Business-type activities:				
Solid waste management	8,260,576	9,168,326	389,129	-
Storm water management	7,152,715	10,678,945	59,891	-
Parking facilities	2,927,402	3,367,787	-	-
Golf	1,458,687	1,204,706	-	-
Total business-type activities	<u>19,799,380</u>	<u>24,419,764</u>	<u>449,020</u>	<u>-</u>
Total primary government	<u>\$ 142,436,972</u>	<u>\$ 33,356,341</u>	<u>\$ 9,252,453</u>	<u>\$ 3,779,344</u>
Component unit	<u>\$ 9,638,533</u>	<u>\$ 2,343,422</u>	<u>\$ 3,938,816</u>	<u>\$ 2,089,326</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	\$ (23,445,498)	\$ -	\$ (23,445,498)	\$ -
Public safety	(49,944,791)	-	(49,944,791)	-
Transportation	(9,611,458)	-	(9,611,458)	-
Economic and physical development	(962,758)	-	(962,758)	-
Environmental protection	74,500	-	74,500	-
Cultural and recreational	(10,271,568)	-	(10,271,568)	-
Transit system	(1,379,556)	-	(1,379,556)	-
Hurricane disaster recovery	1,255,814	-	1,255,814	-
Interest and other charges	(6,832,923)	-	(6,832,923)	-
Total governmental activities	<u>(101,118,238)</u>	<u>-</u>	<u>(101,118,238)</u>	<u>-</u>
Business-type activities:				
Solid waste management	-	1,296,879	1,296,879	-
Storm water management	-	3,586,121	3,586,121	-
Parking facilities	-	440,385	440,385	-
Golf	-	(253,981)	(253,981)	-
Total business-type activities	<u>-</u>	<u>5,069,404</u>	<u>5,069,404</u>	<u>-</u>
Total primary government	<u>(101,118,238)</u>	<u>5,069,404</u>	<u>(96,048,834)</u>	<u>-</u>
Component unit	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,266,969)</u>
General revenues:				
Ad valorem taxes	66,670,221	-	66,670,221	-
Room occupancy tax	3,824,615	-	3,824,615	-
Grants and contributions not restricted to specific programs	2,314,364	-	2,314,364	-
Operating subsidy from primary government	-	-	-	1,323,550
Operating subsidy from other governments	-	-	-	413,123
Local option sales tax	24,371,379	-	24,371,379	-
Franchise tax	8,251,577	-	8,251,577	-
Video programming sales tax	1,408,749	-	1,408,749	-
Rental vehicle tax	313,471	-	313,471	-
Investment earnings	506,832	135,225	642,057	-
Miscellaneous	791,188	143,503	934,691	163,027
Total general revenues not including transfers	<u>108,452,396</u>	<u>278,728</u>	<u>108,731,124</u>	<u>1,899,700</u>
Transfers from (to) other funds	<u>(771,186)</u>	<u>771,186</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers	<u>107,681,210</u>	<u>1,049,914</u>	<u>108,731,124</u>	<u>1,899,700</u>
Change in net position	<u>6,562,972</u>	<u>6,119,318</u>	<u>12,682,290</u>	<u>632,731</u>
Net position at beginning of year as previously stated	314,847,153	56,018,317	370,865,470	22,981,315
Restatement for accounting change (Note 8)	<u>(8,498,976)</u>	<u>-</u>	<u>(8,498,976)</u>	<u>-</u>
Net position at beginning of year as restated	<u>306,348,177</u>	<u>56,018,317</u>	<u>362,366,494</u>	<u>22,981,315</u>
Net position at end of year	<u>\$ 312,911,149</u>	<u>\$ 62,137,635</u>	<u>\$ 375,048,784</u>	<u>\$ 23,614,046</u>

CITY OF WILMINGTON, NORTH CAROLINA

**Balance Sheet -
Governmental Funds**

June 30, 2017

	General Fund	Special Purpose Fund	Streets and Sidewalks Fund
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents/investments	\$ 53,882,214	\$ 638,605	\$ 11,398,085
Taxes receivable, net	1,028,599	-	-
Accounts receivable, net	1,220,889	-	-
Other receivables	942,054	10	1,757
Due from other funds	429,754	-	-
Advances to other funds	26,000	-	-
Due from other governments	10,607,862	402,122	461,914
Notes receivable, net	217,620	70,947	-
Inventories	792,031	-	-
Prepays	699,386	5,438	-
Restricted assets:			
Cash and cash equivalents/investments	-	5,211,580	11,004,766
Other receivables	-	659	-
Due from management company	-	311,979	-
Due from other governments	-	831,825	-
Total assets	<u>\$ 69,846,409</u>	<u>\$ 7,473,165</u>	<u>\$ 22,866,522</u>
LIABILITIES			
Accounts payable	\$ 928,385	\$ 141,247	\$ 1,034,851
Due to other funds	-	296,706	-
Due to other governments	1,683,206	-	-
Accrued liabilities	4,825,828	44,333	-
Customer and escrow deposits	705,042	-	-
Restricted liabilities:			
Accounts payable	-	172,835	1,125,195
Unearned revenue	-	41,382	-
Total liabilities	<u>8,142,461</u>	<u>696,503</u>	<u>2,160,046</u>
DEFERRED INFLOWS OF RESOURCES			
Taxes receivable, net	1,028,599	-	-
Accounts receivable	1,304,722	-	-
Notes receivable	217,620	-	-
Prepaid property taxes	267	-	-
Total deferred inflows of resources	<u>2,551,208</u>	<u>-</u>	<u>-</u>

	Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents/investments	\$ 15,139,813	\$ 7,073,749	\$ 88,132,466
Taxes receivable, net	154,180	-	1,182,779
Accounts receivable, net	-	-	1,220,889
Other receivables	1,849	867	946,537
Due from other funds	-	-	429,754
Advances to other funds	-	-	26,000
Due from other governments	62,005	135,965	11,669,868
Notes receivable, net	-	18,000,317	18,288,884
Inventories	-	-	792,031
Prepays	-	57,911	762,735
Restricted assets:			
Cash and cash equivalents/investments	1,265	4,319,512	20,537,123
Other receivables	-	14	673
Due from management company	-	-	311,979
Due from other governments	-	101,059	932,884
Total assets	<u>\$ 15,359,112</u>	<u>\$ 29,689,394</u>	<u>\$ 145,234,602</u>
LIABILITIES			
Accounts payable	\$ 2,371	\$ 446,073	\$ 2,552,927
Due to other funds	-	107,048	403,754
Due to other governments	-	-	1,683,206
Accrued liabilities	-	19,186	4,889,347
Customer and escrow deposits	-	333,655	1,038,697
Restricted liabilities:			
Accounts payable	-	169,802	1,467,832
Unearned revenue	-	-	41,382
Total liabilities	<u>2,371</u>	<u>1,075,764</u>	<u>12,077,145</u>
DEFERRED INFLOWS OF RESOURCES			
Taxes receivable, net	154,180	-	1,182,779
Accounts receivable	-	850	1,305,572
Notes receivable	-	14,967	232,587
Prepaid property taxes	45	-	312
Total deferred inflows of resources	<u>154,225</u>	<u>15,817</u>	<u>2,721,250</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

June 30, 2017

	<u>General Fund</u>	<u>Special Purpose Fund</u>	<u>Streets and Sidewalks Fund</u>
FUND BALANCES			
Non Spendable:			
Inventories	\$ 792,031	\$ -	\$ -
Prepays	699,386	5,438	-
Restricted:			
Stabilization by State statute	12,895,809	402,132	9,460,455
Community development loans	-	70,947	-
Convention center	-	5,285,244	-
Capital projects	-	-	9,879,571
Debt service	-	-	-
Public safety	-	629,591	-
Economic and physical development	-	179,866	-
Cultural and recreational	-	47,124	-
Committed:			
Capital projects	-	-	1,366,450
Debt service	-	-	-
Public safety	720,032	334,029	-
Economic and physical development	-	19,911	-
Cultural and recreational	184,522	-	-
Transit	400,000	-	-
General government	27,742	-	-
Assigned:			
Self-insurance	1,000,000	-	-
Subsequent year's expenditures	7,960,200	-	-
Unassigned (deficit)	34,473,018	(197,620)	-
Unassigned (deficit), reported in:			
Nonmajor special revenue funds	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>59,152,740</u>	<u>6,776,662</u>	<u>20,706,476</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 69,846,409</u>	<u>\$ 7,473,165</u>	<u>\$ 22,866,522</u>

	Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
FUND BALANCES			
Non Spendable:			
Inventories	\$ -	\$ -	\$ 792,031
Prepays	-	57,911	762,735
Restricted:			
Stabilization by State statute	63,854	2,373,304	25,195,554
Community development loans	-	18,978,804	19,049,751
Convention center	-	-	5,285,244
Capital projects	-	4,034,297	13,913,868
Debt service	1,265	-	1,265
Public safety	-	216,486	846,077
Economic and physical development	-	-	179,866
Cultural and recreational	-	-	47,124
Committed:			
Capital projects	-	3,461,093	4,827,543
Debt service	15,137,397	-	15,137,397
Public safety	-	-	1,054,061
Economic and physical development	-	-	19,911
Cultural and recreational	-	-	184,522
Transit	-	-	400,000
General government	-	-	27,742
Assigned:			
Self-insurance	-	-	1,000,000
Subsequent year's expenditures	-	-	7,960,200
Unassigned (deficit)	-	-	34,275,398
Unassigned (deficit), reported in:			
Nonmajor special revenue funds	-	(524,082)	(524,082)
Total fund balances	<u>15,202,516</u>	<u>28,597,813</u>	<u>130,436,207</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 15,359,112</u>	<u>\$ 29,689,394</u>	<u>\$ 145,234,602</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

June 30, 2017

Total fund balances - governmental funds	\$ 130,436,207
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.	384,702,690
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.	(16,150,435)
This amount represents the City's total pension liability of the Law Enforcement Officers' Special Separation Allowance (Separation Allowance).	(11,041,905)
Contributions to the LGERS pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position.	3,384,516
Benefit payments and pension administration costs for the Separation Allowance pension plan after the measurement date are deferred outflows of resources on the Statement of Net Position.	775,293
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.	14,686,416
Liabilities for unavailable revenues considered deferred inflows of resources in fund statements.	2,720,938
This amount represents pension related deferrals from the City's participation in the LGERS pension plan.	9,555,728
This amount represents pension related deferrals from the City's participation in the Separation Allowance pension plan.	(689,603)
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>(205,468,696)</u>
Net position - governmental activities	<u>\$ 312,911,149</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, 2017

	General Fund	Special Purpose Fund	Streets and Sidewalks Fund
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Ad valorem taxes	\$ 56,995,803	\$ -	\$ -
Room occupancy tax	-	3,824,615	-
Other taxes	34,345,176	-	-
Unrestricted intergovernmental	2,036,486	-	-
Restricted intergovernmental	4,568,333	1,756,986	588,271
Licenses and permits	691,594	-	-
Sales and services	2,585,868	3,725,661	-
Fines and forfeits	170,291	-	-
Investment earnings	285,566	30,674	56,223
Donations	-	2,050	282,632
Miscellaneous	598,189	1,181,583	-
Total revenues	<u>102,277,306</u>	<u>10,521,569</u>	<u>927,126</u>
Expenditures:			
Current:			
General government	22,449,467	-	-
Public safety	46,997,233	1,073,652	-
Transportation	7,820,110	2,814,198	7,807,849
Economic and physical development	115,178	4,557,309	-
Cultural and recreational	7,582,969	22,222	747,152
Transit system	1,323,550	56,006	-
Debt service:			
Principal retirement	-	1,455,000	-
Interest and other charges	-	2,139,878	-
Total expenditures	<u>86,288,507</u>	<u>12,118,265</u>	<u>8,555,001</u>
Excess (deficiency) of revenues over (under) expenditures	<u>15,988,799</u>	<u>(1,596,696)</u>	<u>(7,627,875)</u>
Other financing sources (uses):			
Transfers from other funds	874,875	607,408	4,003,176
Transfers to other funds	(19,168,211)	-	-
Issuance of installment obligations	-	-	9,787,299
Premium on installment obligations	-	-	735,310
Total other financing sources (uses)	<u>(18,293,336)</u>	<u>607,408</u>	<u>14,525,785</u>
Net change in fund balances	<u>(2,304,537)</u>	<u>(989,288)</u>	<u>6,897,910</u>
Fund balances at beginning of year	61,358,920	7,765,950	13,808,566
Change in reserve for inventories	98,357	-	-
Fund balances at end of year	<u>\$ 59,152,740</u>	<u>\$ 6,776,662</u>	<u>\$ 20,706,476</u>

	Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
Revenues:			
Ad valorem taxes	\$ 9,570,021	\$ -	\$ 66,565,824
Room occupancy tax	-	-	3,824,615
Other taxes	-	-	34,345,176
Unrestricted intergovernmental	-	-	2,036,486
Restricted intergovernmental	336,240	2,349,258	9,599,088
Licenses and permits	-	-	691,594
Sales and services	-	-	6,311,529
Fines and forfeits	-	-	170,291
Investment earnings	59,116	30,657	462,236
Donations	-	37,054	321,736
Miscellaneous	-	151,390	1,931,162
Total revenues	<u>9,965,377</u>	<u>2,568,359</u>	<u>126,259,737</u>
Expenditures:			
Current:			
General government	-	1,101,370	23,550,837
Public safety	-	2,573,143	50,644,028
Transportation	-	99,210	18,541,367
Economic and physical development	-	2,967,725	7,640,212
Cultural and recreational	-	1,606,265	9,958,608
Transit system	-	-	1,379,556
Debt service:			
Principal retirement	7,255,370	-	8,710,370
Interest and other charges	4,940,024	-	7,079,902
Total expenditures	<u>12,195,394</u>	<u>8,347,713</u>	<u>127,504,880</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,230,017)</u>	<u>(5,779,354)</u>	<u>(1,245,143)</u>
Other financing sources (uses):			
Transfers from other funds	9,334,832	8,184,635	23,004,926
Transfers to other funds	(4,286,799)	(686,763)	(24,141,773)
Issuance of installment obligations	-	2,047,701	11,835,000
Premium on installment obligations	-	-	735,310
Total other financing sources (uses)	<u>5,048,033</u>	<u>9,545,573</u>	<u>11,433,463</u>
Net change in fund balances	<u>2,818,016</u>	<u>3,766,219</u>	<u>10,188,320</u>
Fund balances at beginning of year	12,384,500	24,831,594	120,149,530
Change in reserve for inventories	-	-	98,357
Fund balances at end of year	<u>\$ 15,202,516</u>	<u>\$ 28,597,813</u>	<u>\$ 130,436,207</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, 2017

Net change in fund balances - total governmental funds	\$ 10,188,320
Amounts reported for governmental activities in the statement of activities are different because:	
Change in fund balance due to change in reserve for inventory.	98,357
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period, including amounts for donations and disposals.	1,795,566
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.	232,653
Contributions to the Local Governmental Retirement System (LGERS) pension plan in the current fiscal year are not included on the Statement of Activities.	3,384,516
Benefit payments and pension administration costs for the Law Enforcement Officers' Special Separation Allowance (Separation Allowance) after the measurement date are not included on the Statement of Activities.	297,998
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.	(3,956,225)
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.	(6,280,423)
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.	<u>802,210</u>
Change in net position - governmental activities	<u>\$ 6,562,972</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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Ad valorem tax	\$ 56,649,564	\$ 56,649,564	\$ 56,995,803	\$ 346,239
Local option sales tax	22,867,173	23,809,173	24,371,379	562,206
Franchise tax	8,132,000	8,132,000	8,251,577	119,577
Video programming tax	1,511,855	1,511,855	1,408,749	(103,106)
Rental vehicle tax	275,000	275,000	313,471	38,471
Unrestricted intergovernmental	1,872,492	1,872,492	2,036,486	163,994
Restricted intergovernmental	3,193,332	3,893,332	4,568,333	675,001
Licenses and permits	650,208	650,208	691,594	41,386
Sales and services	2,399,604	2,428,509	2,585,868	157,359
Fines and forfeits	160,700	160,700	170,291	9,591
Interest earnings	204,358	204,358	285,566	81,208
Miscellaneous	385,553	429,725	598,189	168,464
Total revenues	<u>98,301,839</u>	<u>100,016,916</u>	<u>102,277,306</u>	<u>2,260,390</u>
Expenditures:				
General Government	17,433,872	18,262,130	15,274,191	2,987,939
Public Safety	46,576,910	48,531,276	46,997,233	1,534,043
Transportation	16,014,503	16,015,902	14,959,729	1,056,173
Cultural and Recreational	8,132,992	8,174,755	7,582,969	591,786
Transit System	1,323,550	1,323,550	1,323,550	-
Total expenditures	<u>89,481,827</u>	<u>92,307,613</u>	<u>86,137,672</u>	<u>6,169,941</u>
Excess of revenues over expenditures	<u>8,820,012</u>	<u>7,709,303</u>	<u>16,139,634</u>	<u>8,430,331</u>
Other financing sources (uses):				
Transfers from other funds	874,875	874,875	874,875	-
Transfers to other funds	(16,114,416)	(19,495,356)	(19,319,046)	176,310
Appropriated fund balance	6,419,529	10,911,178	-	(10,911,178)
Total other financing uses	<u>(8,820,012)</u>	<u>(7,709,303)</u>	<u>(18,444,171)</u>	<u>(10,734,868)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(2,304,537)</u>	<u>\$ (2,304,537)</u>
Fund balance at beginning of year			61,358,920	
Change in reserve for inventories			<u>98,357</u>	
Fund balance at end of year			<u>\$ 59,152,740</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			150,835	
General government expenditures			(35,657)	
Economic and physical development expenditures			(115,178)	
Fund balance at beginning of year			<u>-</u>	
Fund balance at end of year			<u>\$ 59,152,740</u>	

See notes to financial statements.

CITY OF WILMINGTON, NORTH CAROLINA

**Statement of Net Position -
Proprietary Funds**

June 30, 2017

	Enterprise Funds		
	Solid Waste Management Fund	Storm Water Management Fund	Parking Facilities Fund
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 5,481,703	\$ 21,938,476	\$ 4,680,122
Accounts receivable:			
Customers, net	1,523,497	1,280,471	4,358
Other receivables	6,897	2,692	572
Due from other governments	223,724	148,280	1,665
Inventory of materials and supplies	-	119,379	-
Prepays	41,006	54,980	13,553
Restricted assets:			
Cash and cash equivalents	-	2,298,410	114
Total current assets	<u>7,276,827</u>	<u>25,842,688</u>	<u>4,700,384</u>
Noncurrent assets:			
Capital assets:			
Land	-	1,107,671	6,523,115
Easements	-	1,328,978	34,556
Improvements other than buildings	-	59,957,312	231,282
Buildings, plant and structures	-	1,202,630	13,830,830
Intangible software	-	-	58,184
Furniture, fixtures, machinery and equipment	52,808	543,717	459,567
Construction in progress	-	2,402,500	2,075,528
Less accumulated depreciation	<u>(34,546)</u>	<u>(20,478,325)</u>	<u>(9,153,821)</u>
Total capital assets, net of accumulated depreciation	<u>18,262</u>	<u>46,064,483</u>	<u>14,059,241</u>
Total assets	<u>7,295,089</u>	<u>71,907,171</u>	<u>18,759,625</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	578,897	490,425	22,285
Contributions to pension plan in current fiscal year	193,665	150,509	8,516
Charge on refunding	<u>-</u>	<u>294,603</u>	<u>222,591</u>
Total deferred outflows of resources	<u>772,562</u>	<u>935,537</u>	<u>253,392</u>

	Nonmajor Golf Fund	Total	Internal Service Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 405,535	\$ 32,505,836	\$ 11,473,726
Accounts receivable:			
Customers, net	-	2,808,326	18,602
Other receivables	52	10,213	1,405
Due from other governments	-	373,669	-
Inventory of materials and supplies	17,925	137,304	19,536
Prepays	8,606	118,145	6,070
Restricted assets:			
Cash and cash equivalents	-	2,298,524	-
Total current assets	<u>432,118</u>	<u>38,252,017</u>	<u>11,519,339</u>
Noncurrent assets:			
Capital assets:			
Land	109,393	7,740,179	-
Easements	-	1,363,534	-
Improvements other than buildings	2,259,426	62,448,020	-
Buildings, plant and structures	485,348	15,518,808	-
Intangible software	-	58,184	19,000
Furniture, fixtures, machinery and equipment	318,848	1,374,940	22,757,610
Construction in progress	-	4,478,028	1,081,319
Less accumulated depreciation	<u>(1,457,825)</u>	<u>(31,124,517)</u>	<u>(17,659,933)</u>
Total capital assets, net of accumulated depreciation	<u>1,715,190</u>	<u>61,857,176</u>	<u>6,197,996</u>
Total assets	<u>2,147,308</u>	<u>100,109,193</u>	<u>17,717,335</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	102,752	1,194,359	125,252
Contributions to pension plan in current fiscal year	29,809	382,499	38,561
Charge on refunding	<u>-</u>	<u>517,194</u>	<u>-</u>
Total deferred outflows of resources	<u>132,561</u>	<u>2,094,052</u>	<u>163,813</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

June 30, 2017

	Enterprise Funds		
	<u>Solid Waste Management Fund</u>	<u>Storm Water Management Fund</u>	<u>Parking Facilities Fund</u>
LIABILITIES			
Current liabilities:			
Accounts payable:			
Trade	\$ 279,745	\$ 44,027	\$ 133,915
Contracts and retainage	-	266,172	1,348,737
Accrued liabilities:			
Personnel costs	287,535	129,051	7,013
Interest	203	81,063	19,194
Current portion of long-term liabilities:			
Due to other funds	-	-	-
Bonds payable	-	775,000	-
Installment obligations	-	80,000	844,437
Other long-term obligations	190,000	-	-
Accrued vacation and sick leave	135,916	112,727	2,025
Customer and escrow deposits	-	119,105	-
Unearned revenues	-	-	-
Restricted liabilities:			
Contracts and retainage payable	-	163,472	-
Total current liabilities	<u>893,399</u>	<u>1,770,617</u>	<u>2,355,321</u>
Noncurrent liabilities:			
Noncurrent portion of long-term liabilities:			
Advances from other funds	-	-	-
Bonds payable	-	23,702,513	-
Installment obligations	-	612,642	4,981,296
Other long-term obligations	-	-	-
Accrued vacation and sick leave	111,189	92,219	1,657
Accrued other postemployment benefits	1,741,103	1,204,414	80,448
Net pension liability	<u>928,321</u>	<u>788,762</u>	<u>35,631</u>
Total noncurrent liabilities	<u>2,780,613</u>	<u>26,400,550</u>	<u>5,099,032</u>
Total liabilities	<u>3,674,012</u>	<u>28,171,167</u>	<u>7,454,353</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	54,016	47,859	1,895
Charge on refunding	-	4,504	-
Total deferred inflows of resources	<u>54,016</u>	<u>52,363</u>	<u>1,895</u>
NET POSITION			
Net investment in capital assets	18,262	23,329,205	8,456,213
Restricted for:			
Capital projects	-	1,455,998	-
Unrestricted (deficit)	<u>4,321,361</u>	<u>19,833,975</u>	<u>3,100,556</u>
Net Position	<u>\$ 4,339,623</u>	<u>\$ 44,619,178</u>	<u>\$ 11,556,769</u>

	Nonmajor Golf Fund	Total	Internal Service Funds
LIABILITIES			
Current liabilities:			
Accounts payable:			
Trade	\$ 20,650	\$ 478,337	\$ 541,601
Contracts and retainage	-	1,614,909	-
Accrued liabilities:			
Personnel costs	28,628	452,227	35,022
Interest	-	100,460	10,660
Current portion of long-term liabilities:			
Due to other funds	26,000	26,000	-
Bonds payable	-	775,000	-
Installment obligations	-	924,437	-
Other long-term obligations	-	190,000	410,000
Accrued vacation and sick leave	27,729	278,397	42,592
Customer and escrow deposits	-	119,105	-
Unearned revenues	58,603	58,603	-
Restricted liabilities:			
Contracts and retainage payable	-	163,472	-
Total current liabilities	<u>161,610</u>	<u>5,180,947</u>	<u>1,039,875</u>
Noncurrent liabilities:			
Noncurrent portion of long-term liabilities:			
Advances from other funds	26,000	26,000	-
Bonds payable	-	23,702,513	-
Installment obligations	-	5,593,938	-
Other long-term obligations	-	-	1,640,000
Accrued vacation and sick leave	42,827	247,892	32,413
Accrued other postemployment benefits	254,652	3,280,617	265,637
Net pension liability	<u>163,186</u>	<u>1,915,900</u>	<u>204,635</u>
Total noncurrent liabilities	<u>486,665</u>	<u>34,766,860</u>	<u>2,142,685</u>
Total liabilities	<u>648,275</u>	<u>39,947,807</u>	<u>3,182,560</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	9,529	113,299	12,172
Charge on refunding	-	4,504	-
Total deferred inflows of resources	<u>9,529</u>	<u>117,803</u>	<u>12,172</u>
NET POSITION			
Net investment in capital assets	1,715,190	33,518,870	4,147,996
Restricted for:			
Capital projects	-	1,455,998	-
Unrestricted	<u>(93,125)</u>	<u>27,162,767</u>	<u>10,538,420</u>
Net Position	<u>\$ 1,622,065</u>	<u>\$ 62,137,635</u>	<u>\$ 14,686,416</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2017

	Enterprise Funds		
	Solid Waste Management Fund	Storm Water Management Fund	Parking Facilities Fund
Operating revenues:			
Charges for services	\$ 9,168,326	\$ 10,678,945	\$ 3,367,787
Other operating revenues	18,482	103,996	-
Total operating revenues	<u>9,186,808</u>	<u>10,782,941</u>	<u>3,367,787</u>
Operating expenses:			
Salaries, employee benefits and other personnel costs	3,844,425	2,968,155	157,132
Materials and fuels consumed	435,244	269,606	1,639
Landfill disposal fees	1,382,716	-	-
Services	1,034,600	754,819	1,505,452
Utilities	26,274	35,613	64,421
Depreciation	5,304	1,042,640	647,432
Amortization	-	615	-
Other operating expenses	1,527,959	1,250,180	357,728
Total operating expenses	<u>8,256,522</u>	<u>6,321,628</u>	<u>2,733,804</u>
Operating income (loss)	<u>930,286</u>	<u>4,461,313</u>	<u>633,983</u>
Nonoperating revenues (expenses):			
Investment earnings	21,946	92,281	19,144
Restricted intergovernmental	389,129	59,891	-
Interest and other charges	(4,054)	(831,087)	(187,880)
Gain (loss) on disposal of capital assets, net	-	-	(5,718)
Total nonoperating revenues (expenses)	<u>407,021</u>	<u>(678,915)</u>	<u>(174,454)</u>
Income (loss) before capital contributions and transfers	1,337,307	3,782,398	459,529
Capital contributions	-	-	-
Transfers from other funds	29,866	-	740,386
Transfers to other funds	(6,000)	-	-
Change in net position	1,361,173	3,782,398	1,199,915
Net position at beginning of year	<u>2,978,450</u>	<u>40,836,780</u>	<u>10,356,854</u>
Net position at end of year	<u>\$ 4,339,623</u>	<u>\$ 44,619,178</u>	<u>\$ 11,556,769</u>

	Nonmajor Golf Fund	Total	Internal Service Funds
Operating revenues:			
Charges for services	\$ 1,204,706	\$ 24,419,764	\$ 6,144,204
Other operating revenues	<u>21,025</u>	<u>143,503</u>	<u>104,858</u>
Total operating revenues	<u>1,225,731</u>	<u>24,563,267</u>	<u>6,249,062</u>
Operating expenses:			
Salaries, employee benefits and other personnel costs	675,370	7,645,082	697,542
Materials and fuels consumed	278,436	984,925	16,245
Landfill disposal fees	-	1,382,716	-
Services	37,817	3,332,688	922,016
Utilities	36,304	162,612	6,250
Depreciation	108,995	1,804,371	2,147,426
Amortization	-	615	-
Other operating expenses	<u>321,765</u>	<u>3,457,632</u>	<u>1,633,260</u>
Total operating expenses	<u>1,458,687</u>	<u>18,770,641</u>	<u>5,422,739</u>
Operating income (loss)	<u>(232,956)</u>	<u>5,792,626</u>	<u>826,323</u>
Nonoperating revenues (expenses):			
Investment earnings	1,854	135,225	44,596
Restricted intergovernmental	-	449,020	-
Interest and other charges	-	(1,023,021)	(34,645)
Gain on disposal of capital assets, net	<u>-</u>	<u>(5,718)</u>	<u>45,751</u>
Total nonoperating revenues (expenses)	<u>1,854</u>	<u>(444,494)</u>	<u>55,702</u>
Income (loss) before capital contributions and transfers	(231,102)	5,348,132	882,025
Capital contributions	6,934	6,934	190,406
Transfers from other funds	-	770,252	372,595
Transfers to other funds	<u>-</u>	<u>(6,000)</u>	<u>(642,816)</u>
Change in net position	(224,168)	6,119,318	802,210
Net position at beginning of year	<u>1,846,233</u>	<u>56,018,317</u>	<u>13,884,206</u>
Net position at end of year	<u>\$ 1,622,065</u>	<u>\$ 62,137,635</u>	<u>\$ 14,686,416</u>

CITY OF WILMINGTON, NORTH CAROLINA

**Statement of Cash Flows -
Proprietary Funds**

Year Ended June 30, 2017

	Enterprise Funds		
	Solid Waste Management Fund	Storm Water Management Fund	Parking Facilities Fund
Cash flows from operating activities:			
Receipts from customers and users	\$ 9,100,808	\$ 8,334,997	\$ 3,367,787
Receipts from interfund services provided	38,957	2,458,599	-
Payments to suppliers	(3,301,812)	(1,815,645)	(626,935)
Payments to or on behalf of employees	(3,989,082)	(2,865,276)	(164,009)
Payments for interfund services used	<u>(1,017,528)</u>	<u>(680,245)</u>	<u>(8,498)</u>
Net cash provided by (used in) operating activities	<u>831,343</u>	<u>5,432,430</u>	<u>2,568,345</u>
Cash flows from noncapital and related financing activities:			
Advances from other funds	-	-	-
Due to other funds	(118,863)	-	(7,325)
Transfers from other funds	29,866	-	740,386
Transfers to other funds	(6,000)	-	-
Restricted intergovernmental	<u>389,129</u>	<u>46,577</u>	<u>-</u>
Net cash provided by (used in) noncapital and related financing activities	<u>294,132</u>	<u>46,577</u>	<u>733,061</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	-	(1,030,010)	(1,923,400)
Principal payments on bonds	-	(750,000)	-
Principal payments on installment obligations	-	(80,000)	(847,687)
Principal payments on other long-term obligations	(190,000)	-	-
Interest and other charges	(4,256)	(1,006,320)	(251,683)
Proceeds from sale of capital assets	<u>-</u>	<u>-</u>	<u>-</u>
Net cash used in capital and related financing activities	<u>(194,256)</u>	<u>(2,866,330)</u>	<u>(3,022,770)</u>
Cash flows from investing activities:			
Investment earnings	<u>21,945</u>	<u>92,376</u>	<u>19,224</u>
Net increase (decrease) in cash and cash equivalents	953,164	2,705,053	297,860
Cash and cash equivalents at beginning of year	<u>4,528,539</u>	<u>21,531,833</u>	<u>4,382,376</u>
Cash and cash equivalents at end of year	<u>\$ 5,481,703</u>	<u>\$ 24,236,886</u>	<u>\$ 4,680,236</u>

	Nonmajor Golf Fund	Total	Internal Service Funds
Cash flows from operating activities:			
Receipts from customers and users	\$ 1,241,759	\$ 22,045,351	\$ 310,304
Receipts from interfund services provided	-	2,497,556	5,933,727
Payments to suppliers	(643,931)	(6,388,323)	(2,299,413)
Payments to or on behalf of employees	(616,199)	(7,634,566)	(722,007)
Payments for interfund services used	(38,914)	(1,745,185)	(6,172)
Net cash provided by (used in) operating activities	<u>(57,285)</u>	<u>8,774,833</u>	<u>3,216,439</u>
Cash flows from noncapital and related financing activities:			
Advances from other funds	(26,000)	(26,000)	-
Due to other funds	(15,618)	(141,806)	(23,341)
Transfers from other funds	-	770,252	372,595
Transfers to other funds	-	(6,000)	-
Restricted intergovernmental	-	435,706	-
Net cash provided by (used in) noncapital and related financing activities	<u>(41,618)</u>	<u>1,032,152</u>	<u>349,254</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	-	(2,953,410)	(2,475,122)
Principal payments on bonds	-	(750,000)	-
Principal payments on installment obligations	-	(927,687)	-
Principal payments on other long-term obligations	-	(190,000)	(410,000)
Interest and other charges	-	(1,262,259)	(36,777)
Proceeds from sale of capital assets	-	-	49,174
Net cash used in capital and related financing activities	<u>-</u>	<u>(6,083,356)</u>	<u>(2,872,725)</u>
Cash flows from investing activities:			
Investment earnings	<u>1,879</u>	<u>135,424</u>	<u>44,787</u>
Net increase (decrease) in cash and cash equivalents	(97,024)	3,859,053	737,755
Cash and cash equivalents at beginning of year	<u>502,559</u>	<u>30,945,307</u>	<u>10,735,971</u>
Cash and cash equivalents at end of year	<u>\$ 405,535</u>	<u>\$ 34,804,360</u>	<u>\$ 11,473,726</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2017

	Enterprise Funds		
	Solid Waste Management Fund	Storm Water Management Fund	Parking Facilities Fund
Reconciliation to Statement of Net Position:			
Cash and cash equivalents	\$ 5,481,703	\$ 21,938,476	\$ 4,680,122
Restricted cash and cash equivalents	<u>-</u>	<u>2,298,410</u>	<u>114</u>
Total cash and cash equivalents	<u>\$ 5,481,703</u>	<u>\$ 24,236,886</u>	<u>\$ 4,680,236</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 930,286	\$ 4,461,313	\$ 633,983
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	5,304	1,043,255	647,432
Changes in assets and liabilities:			
Accounts receivable	4,815	4,621	-
Due from other governments	(51,858)	130,297	-
Inventory of materials and supplies	-	(79,350)	-
Prepays	3,667	20,599	(13,553)
Deferred outflows of resources for pensions	(585,796)	(487,353)	(23,139)
Net pension liability	727,067	596,066	29,999
Deferred inflows of resources for pensions	(86,741)	(55,747)	(5,134)
Accounts payable and accrued liabilities	(176,169)	(255,414)	1,307,799
Accrued vacation and sick leave	16,872	25,241	(12,110)
Accrued other postemployment benefits	43,896	28,902	3,068
Unearned revenues	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>\$ 831,343</u>	<u>\$ 5,432,430</u>	<u>\$ 2,568,345</u>
Noncash investing, capital and financing activities:			
Capital assets acquired on account	\$ 9,190	\$ (35,201)	\$ 4,819
Capital contributions from governmental funds	-	-	-
Donation of capital assets to governmental funds	<u>-</u>	<u>-</u>	<u>-</u>
Net effect of noncash activities	<u>\$ 9,190</u>	<u>\$ (35,201)</u>	<u>\$ 4,819</u>

	Nonmajor Golf Fund	Total	Internal Service Funds
Reconciliation to Statement of Net Position:			
Cash and cash equivalents	\$ 405,535	\$ 32,505,836	\$ 11,473,726
Restricted cash and cash equivalents	-	2,298,524	-
Total cash and cash equivalents	<u>\$ 405,535</u>	<u>\$ 34,804,360</u>	<u>\$ 11,473,726</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (232,956)	\$ 5,792,626	\$ 826,323
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	108,995	1,804,986	2,147,426
Changes in assets and liabilities:			
Accounts receivable	10,478	19,914	(5,031)
Due from other governments	-	78,439	-
Inventory of materials and supplies	1,973	(77,377)	152,503
Prepays	1,963	12,676	1,706
Deferred outflows of resources for pensions	(100,262)	(1,196,550)	(122,399)
Net pension liability	125,596	1,478,728	161,212
Deferred inflows of resources for pensions	(12,269)	(159,891)	(22,342)
Accounts payable and accrued liabilities	(6,771)	869,445	120,587
Accrued vacation and sick leave	(14,199)	15,804	(12,938)
Accrued other postemployment benefits	54,617	130,483	(30,608)
Unearned revenues	5,550	5,550	-
Net cash provided by (used in) operating activities	<u>\$ (57,285)</u>	<u>\$ 8,774,833</u>	<u>\$ 3,216,439</u>
Noncash investing, capital and financing activities:			
Capital assets acquired on account	\$ -	\$ (21,192)	\$ (192,293)
Capital contributions from governmental funds	6,934	6,934	190,406
Donation of capital assets to governmental funds	-	-	(642,816)
Net effect of noncash activities	<u>\$ 6,934</u>	<u>\$ (14,258)</u>	<u>\$ (644,703)</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

June 30, 2017

	Other Postemployment Benefits Trust Fund	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ -	\$ 517,066
Investments:		
North Carolina Capital Management Trust, Government Portfolio	2,930,525	-
North Carolina Capital Management Trust, Term Portfolio	-	59,002
U.S. Government Agencies	-	11,739
Other receivables	<u>-</u>	<u>27</u>
Total assets	<u>2,930,525</u>	<u>587,834</u>
 LIABILITIES		
Accounts payable	-	258
Escrow funds and deposits	<u>-</u>	<u>587,576</u>
Total liabilities	<u>-</u>	<u>587,834</u>
 NET POSITION		
Restricted for postemployment benefits other than pensions	<u>\$ 2,930,525</u>	<u>\$ -</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2017

	<u>Other Postemployment Benefits Trust Fund</u>
Additions:	
Contributions:	
Employer	\$ 2,558,413
Plan members	<u>394,852</u>
Total contributions	2,953,265
Investment earnings	<u>7,628</u>
Total additions	<u>2,960,893</u>
Deductions:	
Benefit payments	1,899,824
Administrative expense	<u>180,591</u>
Total deductions	<u>2,080,415</u>
Change in net position	880,478
Net position restricted for postemployment benefits other than pensions	
Beginning of year	<u>2,050,047</u>
End of year	<u>\$ 2,930,525</u>

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CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements June 30, 2017

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 117,255. 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, 2017

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, 2017 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, 2017

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, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. BASIS OF PRESENTATION (continued)

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

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

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 of the Water Street parking deck and accounted for in the Parking Facilities Fund, a business-type activity. Additionally, this fund passes through and accumulates resources pursuant to the Council adopted Five Year Capital Improvement Plan, the Streets and Sidewalks Bond Referendum, and the Parks and Recreation 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.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. BASIS OF PRESENTATION (continued)

Additionally, the City reports the following fund types:

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

Pension Trust Funds. 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, 2017

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, 2017

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 Government 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.

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. 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.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

RESTRICTED ASSETS (continued)

Cash and cash equivalents/investments are restricted in the accompanying governmental fund 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	\$4,306,620	\$ -	\$ -	\$ -	\$ 4,306,620
Red light camera fines	43,292	-	-	-	43,292
Debt proceeds and related interest earnings	3,095	7,969,281	1,265	4,067,423	12,041,064
Federal forfeiture funds	603,771	-	-	-	603,771
Unauthorized substance tax	27,190	-	-	-	27,190
Firemen's relief funds	-	-	-	115,413	115,413
Donations	136,180	3,035,485	-	10,000	3,181,665
Program income from grant funds	81,702	-	-	-	81,702
Grant matches restricted by related grant award	<u>9,730</u>	<u>-</u>	<u>-</u>	<u>126,676</u>	<u>136,406</u>
	<u>\$5,211,580</u>	<u>\$11,004,766</u>	<u>\$1,265</u>	<u>\$ 4,319,512</u>	<u>\$ 20,537,123</u>

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

	Storm Water Management Fund	Parking Facilities Fund	Business-Type Activities
Debt proceeds and related interest earnings	<u>\$ 2,298,410</u>	<u>\$ 114</u>	<u>\$ 2,298,524</u>

AD VALOREM TAXES RECEIVABLE

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the City levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2016. For collection purposes, taxes receivable are written off at the end of ten years in accordance with North Carolina General Statutes.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)

June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

ALLOWANCES FOR DOUBTFUL ACCOUNTS

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

INVENTORIES AND PREPAID ITEMS

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

Certain payments to vendors and employees reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used. 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 June 30, 2015 are recorded at acquisition value. During the current fiscal year, the City received land and building valued at \$1,420,000 from the North Carolina Department of Transportation which were subsequently contributed to the Cape Fear Public Transportation Authority. General infrastructure assets acquired prior to July 1, 2002 consist of streets and related right of way that were acquired or received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

The City follows the policy of capitalizing interest as a component of the cost of proprietary fund type capital assets constructed for its own use in accordance with the guidelines of GASB Statement No. 62, and other related pronouncements. During the year ended June 30, 2017, a total of \$189,001 was capitalized in the Storm Water Management Fund and \$42,294 was capitalized in the Parking Facilities Fund.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2017

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 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 received prior to July 1, 2015, are valued at their estimated fair value at date of donation. Donated capital assets received after June 30, 2015, are recorded at acquisition value. The cost of normal maintenance and repairs which do not add to the value of the asset or materially extend assets' lives are not capitalized. The Authority's capital assets include a transfer facility, garage and maintenance facilities, buses, other vehicles, certain equipment, land and construction in progress.

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

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

<u>Asset class</u>	<u>Estimated useful lives</u>
Buildings and improvements	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.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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 and contributions made to the pension plan in the current fiscal year and benefit payments and administration costs paid subsequent to the measurement date that result from the implementation of GASB Statement No. 74, “Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans”. 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. The Authority has one item that meets the criterion for this category – deferrals of pension expense.

LONG-TERM OBLIGATIONS

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

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

COMPENSATED ABSENCES

Under the City’s current personnel ordinance, full-time employees accrue vacation days based on years of service and may accumulate up to twice their annual accrual level on December 31st of each year. Any unused days not exceeding twice the annual accrual level will be paid upon termination of employment.

Full time employees receive up to twelve paid holidays per year. If scheduled holidays cannot be taken, nonexempt employees who are in classifications approved for banking accrued holidays may accumulate all approved holidays and be paid for any unused days upon request. However, all accumulated holiday balances are liquidated prior to fiscal year end

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

COMPENSATED ABSENCES (continued)

Sick leave credits can be accumulated indefinitely and do not vest. 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 up to 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. Any unused or unpaid sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes.

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, 2017 the Authority recorded a liability of \$104,764 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.

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.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

FUND BALANCES (continued)

The governmental fund types classify fund balances as follows:

Nonspendable fund balance - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The following are the City's nonspendable fund balances as of June 30, 2017:

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, 2017:

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 notes receivable where related amounts to be collected are restricted by revenue source for the purpose of providing community development loans.

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

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

Restricted for debt service - portion of fund balance that is restricted by loan documents for issuance 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 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 Empire dog park and other projects that provide cultural and recreational enhancement opportunities.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)

June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

FUND BALANCES (continued)

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, 2017:

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, the Southeastern North Carolina Airborne Law Enforcement program and to provide matching funds for future public safety grant opportunities.

Committed for economic and physical development - portion of fund balance committed by City Council to fund affordable housing programs, historic preservation education and other projects which have an economic impact on the City.

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

Committed for transit - portion of fund balance committed by City Council to allow the Authority access to additional necessary operating funds as an advance on awarded federal and/or State operating funds that the Authority has not received.

Committed for general government - portion of fund balance committed by City Council to provide funds for future special travel and training opportunities for City Council, City Manager, Clerk and Attorney.

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, 2017:

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.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

FUND BALANCES (continued)

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, 2017. 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, 2017, 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.

F. COMPARATIVE DATA

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

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2017

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	\$ 20,930,000
Installment obligations	135,895,281
Other long-term obligations	10,239,527
Unamortized premiums	15,313,096
Unamortized deferred outflows of resources	(5,291,137)
Unamortized deferred inflows of resources	56,914
Accrued interest payable	788,070
Accrued vacation and sick leave	6,888,114
Accrued other postemployment benefits	<u>20,648,831</u>
	<u>\$ 205,468,696</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, 2017

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	\$ 12,496,175
Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	1,519,831
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.	445,476
The net book value of capital assets disposed decreases net position in the statement of activities, but does not appear in governmental funds because they are not financial resources.	(89,679)
Depreciation expense	<u>(12,576,237)</u>
	<u>\$ 1,795,566</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	\$ (11,835,000)
Issuance premium (to be amortized over the life of the obligation)	(735,310)
Principal payments:	
Bonds payable	2,170,000
Installment obligations	5,817,313
Other long-term obligations	723,057
Amortization of premiums and loss on refundings	<u>(96,285)</u>
	<u>\$ (3,956,225)</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2017

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, including pension and other expenses 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	\$ (84,358)
Accrued other postemployment benefits	(1,201,224)
Pension expense - Local Governmental Employees' Retirement System	(4,269,124)
Pension expense - Law Enforcement Special Separation Allowance	(767,386)
Accrued interest payable	<u>41,669</u>
	<u>\$ (6,280,423)</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, 2017, the City's deposits had a carrying amount of \$88,821,926 and a bank balance of \$91,005,684. Of the bank balance, \$1,000,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. Cash on hand at June 30, 2017, was \$22,515.

At June 30, 2017, the Authority's deposits had a carrying amount of \$163,977 and a bank balance of \$268,065 of which, \$250,000 was fully covered by federal depository insurance. The Authority's cash on hand at June 30, 2017 consisted of various petty cash funds totaling \$1,249.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

A. ASSETS (continued)

DEPOSITS AND INVESTMENTS (continued)

At June 30, 2017, the Foundation’s deposits had a carrying amount and bank balance of \$8,387 which was fully covered by federal depository insurance.

At June 30, 2017, the investments and related maturities of the City were as follows:

Investment Type	Valuation Measurement Method	Fair Value	Less Than 6 Months	6 - 12 Months
North Carolina Capital Management Trust - Government Portfolio	Amortized Cost	\$ 27,484,106	\$ 27,484,106	\$ -
North Carolina Capital Management Trust - Term Portfolio *	Fair Value-Level 1	35,144,870	35,144,870	-
U.S. Government Agencies	Fair Value-Level 2	<u>6,992,590</u>	<u>2,995,590</u>	<u>3,997,000</u>
Total investments		<u>\$ 69,621,566</u>	<u>\$ 65,624,566</u>	<u>\$ 3,997,000</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, 2017, the Authority’s investments consisted of \$848 in North Carolina Capital Management Trust’s Government 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, 2017 is .33 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.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

A. ASSETS (continued)

DEPOSITS AND INVESTMENTS (continued)

Credit Risk

The City has no formal policy on managing credit risk. As of June 30, 2017, the City's investment in the NCCMT Government 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.

RECEIVABLES

Current receivables for governmental activities at the government-wide level at June 30, 2017, were as follows:

	Taxes	Accounts	Other Governments	Notes	Restricted	Other	Total
General Fund	\$ 2,335,994	\$ 2,100,962	\$ 10,607,862	\$ 217,620	\$ -	\$ 942,054	\$ 16,204,492
Special Purpose Fund	-	-	402,122	70,947	1,144,463	10	1,617,542
Streets and Sidewalks Fund	-	-	461,914	-	-	1,757	463,671
Debt Service Fund	250,198	-	62,005	-	-	1,849	314,052
Nonmajor Governmental Funds	-	-	135,965	18,654,519	101,073	867	18,892,424
Internal Service Funds	-	18,602	-	-	-	1,405	20,007
Total receivables	2,586,192	2,119,564	11,669,868	18,943,086	1,245,536	947,942	37,512,188
Allowance for doubtful accounts	(1,403,413)	(880,073)	-	(654,202)	-	-	(2,937,688)
Total governmental activities	<u>\$ 1,182,779</u>	<u>\$ 1,239,491</u>	<u>\$ 11,669,868</u>	<u>\$ 18,288,884</u>	<u>\$ 1,245,536</u>	<u>\$ 947,942</u>	<u>\$ 34,574,500</u>

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

Local government sales and use taxes	\$ 6,395,104
Franchise tax	1,807,148
Video programming sales tax	355,342
PEG channel support	6,897
Refund of sales and use tax paid	666,020
Motor vehicle tax	460,698
ABC revenues	287,994
Other grants and reimbursements	<u>1,690,665</u>
Local government sales and use taxes	<u>\$ 11,669,868</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2017

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	\$	659
Due from other governments - Room occupancy tax		831,825
Due from management company for convention center		311,979
Interest on Firemen's Relief Funds		14
Due from other governments - Firemen's Relief Funds		<u>101,059</u>
	\$	<u><u>1,245,536</u></u>

Receivables for business-type activities at the government-wide level at June 30, 2017, were as follows:

	Accounts	Other Governments	Other	Total
Solid Waste Management Fund	\$ 2,035,898	\$ 223,724	\$ 6,897	\$ 2,266,519
Storm Water Management Fund	1,660,860	148,280	2,692	1,811,832
Parking Facilities Fund	4,358	1,665	572	6,595
Nonmajor Golf Fund	<u>-</u>	<u>-</u>	<u>52</u>	<u>52</u>
Total receivables	3,701,116	373,669	10,213	4,084,998
Allowance for doubtful accounts	<u>(892,790)</u>	<u>-</u>	<u>-</u>	<u>(892,790)</u>
Total business-type activities	<u><u>\$ 2,808,326</u></u>	<u><u>\$ 373,669</u></u>	<u><u>\$ 10,213</u></u>	<u><u>\$ 3,192,208</u></u>

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

Refund of sales and use tax paid	\$	5,666
Solid waste disposal tax		18,538
Cape Fear Public Utility Authority		250,154
Other grants and reimbursements		<u>99,311</u>
	\$	<u><u>373,669</u></u>

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

Interest earnings	\$	4,005
Other reimbursements		<u>6,208</u>
	\$	<u><u>10,213</u></u>

The amount due from other governments for the Authority as of June 30, 2017 consists of the following:

State operating grant revenues	\$	125,925
Federal operating grant revenues		596,899
Local government sales and use taxes		63,634
New Hanover County		55,577
Other		<u>1,895</u>
	\$	<u><u>843,930</u></u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2017

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, 2017, was as follows:

	July 1, 2016	Increases	Decreases	Transfers	June 30, 2017
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 56,131,192	\$ 3,015,448	\$ -	\$ 297,234	\$ 59,443,874
Easements	13,519,255	525,788	-	-	14,045,043
Construction in progress	<u>7,201,470</u>	<u>4,863,850</u>	-	<u>(3,545,398)</u>	<u>8,519,922</u>
Total capital assets not being depreciated	<u>76,851,917</u>	<u>\$ 8,405,086</u>	<u>\$ -</u>	<u>\$ (3,248,164)</u>	<u>82,008,839</u>
Capital assets being depreciated:					
Improvements other than buildings	61,166,281	\$ 1,324,781	\$ -	\$ 895,563	63,386,625
Buildings, plant and structures	145,242,900	875	(679,708)	(297,234)	144,266,833
Furniture, fixtures, machinery and equipment	47,065,758	2,743,749	(744,853)	595,131	49,659,785
Computer software	1,423,071	30,607	-	-	1,453,678
Streets and drainage	<u>226,894,296</u>	<u>3,793,737</u>	-	<u>2,124,556</u>	<u>232,812,589</u>
Total capital assets being depreciated	<u>481,792,306</u>	<u>\$ 7,893,749</u>	<u>\$ (1,424,561)</u>	<u>\$ 3,318,016</u>	<u>491,579,510</u>
Less accumulated depreciation for:					
Improvements other than buildings	20,827,304	\$ 2,969,134	\$ -	\$ -	23,796,438
Buildings, plant and structures	38,003,118	3,492,467	(590,029)	-	40,905,556
Furniture, fixtures, machinery and equipment	37,003,614	3,736,090	(741,430)	76,786	40,075,060
Computer software	1,337,755	55,120	-	-	1,392,875
Streets and drainage	<u>72,046,882</u>	<u>4,470,852</u>	-	-	<u>76,517,734</u>
Total accumulated depreciation	<u>169,218,673</u>	<u>\$ 14,723,663</u>	<u>\$ (1,331,459)</u>	<u>\$ 76,786</u>	<u>182,687,663</u>
Total capital assets being depreciated, net	<u>312,573,633</u>				<u>308,891,847</u>
Governmental activities capital assets, net	<u>\$ 389,425,550</u>				<u>\$ 390,900,686</u>

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

General government	\$ 1,083,608
Public safety	2,468,514
Transportation	4,889,843
Economic and physical development	1,226,370
Cultural and recreational	2,907,902
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>2,147,426</u>
	<u>\$ 14,723,663</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2017

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, 2017, was as follows:

	July 1, 2016	Increases	Decreases	Transfers	June 30, 2017
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	\$ 9,190	\$ -	\$ 5,990	52,808
Less accumulated depreciation for:					
Furniture, fixtures, machinery and equipment	29,242	\$ 5,304	\$ -	\$ -	34,546
Total capital assets being depreciated, net	8,386				18,262
Solid waste capital assets, net	14,376				18,262
Storm water:					
Capital assets not being depreciated:					
Land	1,107,671	\$ -	\$ -	\$ -	1,107,671
Easements	1,328,978	-	-	-	1,328,978
Construction in progress	2,180,706	807,803	-	(586,009)	2,402,500
Total capital assets not being depreciated	4,617,355	\$ 807,803	\$ -	\$ (586,009)	4,839,149
Capital assets being depreciated:					
Improvements other than buildings	59,018,023	\$ 353,280	\$ -	\$ 586,009	59,957,312
Buildings, plant and structures	1,202,630	-	-	-	1,202,630
Furniture, fixtures, machinery and equipment	520,990	22,727	-	-	543,717
Total capital assets being depreciated	60,741,643	\$ 376,007	\$ -	\$ 586,009	61,703,659
Less accumulated depreciation for:					
Improvements other than buildings	18,850,074	\$ 983,321	\$ -	\$ -	19,833,395
Buildings, plant and structures	225,173	30,065	-	-	255,238
Furniture, fixtures, machinery and equipment	360,438	29,254	-	-	389,692
Total accumulated depreciation	19,435,685	\$ 1,042,640	\$ -	\$ -	20,478,325
Total capital assets being depreciated, net	41,305,958				41,225,334
Storm water capital assets, net	45,923,313				46,064,483

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

A. ASSETS (continued)

CAPITAL ASSETS (continued)

	July 1, 2016	Increases	Decreases	Transfers	June 30, 2017
Parking facilities:					
Capital assets not being depreciated:					
Land	\$ 6,523,115	\$ -	\$ -	\$ -	\$ 6,523,115
Easements	-	34,556			34,556
Construction in progress	<u>308,183</u>	<u>1,767,345</u>	<u>-</u>	<u>-</u>	<u>2,075,528</u>
Total capital assets not being depreciated	<u>6,831,298</u>	<u>\$ 1,801,901</u>	<u>\$ -</u>	<u>\$ -</u>	<u>8,633,199</u>
Capital assets being depreciated:					
Improvements other than buildings	231,282	\$ -	\$ -	\$ -	231,282
Buildings, plant and structures	13,830,830	-	-	-	13,830,830
Furniture, fixtures, machinery and equipment	473,934	136,624	(150,991)	-	459,567
Computer Software	<u>33,343</u>	<u>31,988</u>	<u>(7,147)</u>	<u>-</u>	<u>58,184</u>
Total capital assets being depreciated	<u>14,569,389</u>	<u>\$ 168,612</u>	<u>\$ (158,138)</u>	<u>\$ -</u>	<u>14,579,863</u>
Less accumulated depreciation for:					
Improvements other than buildings	17,252	\$ 11,564	\$ -	\$ -	28,816
Buildings, plant and structures	8,262,377	576,855	-	-	8,839,232
Furniture, fixtures, machinery and equipment	370,606	49,861	(150,991)	-	269,476
Computer Software	<u>8,574</u>	<u>9,152</u>	<u>(1,429)</u>	<u>-</u>	<u>16,297</u>
Total accumulated depreciation	<u>8,658,809</u>	<u>\$ 647,432</u>	<u>\$ (152,420)</u>	<u>\$ -</u>	<u>9,153,821</u>
Total capital assets being depreciated, net	<u>5,910,580</u>				<u>5,426,042</u>
Parking facilities capital assets, net	<u>12,741,878</u>				<u>14,059,241</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>388,700</u>	<u>-</u>	<u>-</u>	<u>(69,852)</u>	<u>318,848</u>
Total capital assets being depreciated	<u>3,133,474</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (69,852)</u>	<u>3,063,622</u>
Less accumulated depreciation for:					
Improvements other than buildings	834,539	\$ 89,755	\$ -	\$ -	924,294
Buildings, plant and structures	222,945	10,134	-	-	233,079
Furniture, fixtures, machinery and equipment	<u>368,132</u>	<u>9,106</u>	<u>-</u>	<u>(76,786)</u>	<u>300,452</u>
Total accumulated depreciation	<u>1,425,616</u>	<u>\$ 108,995</u>	<u>\$ -</u>	<u>\$ (76,786)</u>	<u>1,457,825</u>
Total capital assets being depreciated, net	<u>1,707,858</u>				<u>1,605,797</u>
Golf capital assets, net	<u>1,817,251</u>				<u>1,715,190</u>
Business-type activities capital assets, net	<u>\$ 60,496,818</u>				<u>\$ 61,857,176</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

A. ASSETS (continued)

CAPITAL ASSETS (continued)

COMMITMENTS FOR CAPITAL PROJECTS

At June 30, 2017, the City has commitments for active projects as follows:

	Spent to date	Remaining commitment
Governmental funds:		
Capital projects	\$ 17,228,714	\$ 18,048,941
Enterprise funds:		
Storm Water capital projects	\$ 3,213,700	\$ 1,297,153
Parking Facilities capital projects	241,363	63,818
Total enterprise funds	\$ 3,455,063	\$ 1,360,971

DISCRETELY PRESENTED COMPONENT UNIT

Activity for the Cape Fear Public Transportation Authority for the year ended June 30, 2017, is as follows:

	June 30, 2016	Increases	Decreases	June 30, 2017
Capital assets not being depreciated:				
Land	\$ 2,717,404	\$ 1,370,001	\$ -	\$ 4,087,405
Construction in progress	71,510	479,380	(89,638)	461,252
Total capital assets not being depreciated	2,788,914	\$ 1,849,381	\$ (89,638)	4,548,657
Capital assets being depreciated:				
Buildings and improvements	15,883,947	\$ -	\$ -	15,883,947
Furniture, fixtures, machinery and equipment	14,336,826	498,377	(846,657)	13,988,546
Total capital assets being depreciated	30,220,773	\$ 498,377	\$ (846,657)	29,872,493
Less accumulated depreciation for:				
Buildings and improvements	1,250,121	\$ 604,600	\$ -	1,854,721
Furniture, fixtures, machinery and equipment	9,412,794	951,610	(846,657)	9,517,747
Total accumulated depreciation	10,662,915	\$ 1,556,210	\$ (846,657)	11,372,468
Total capital assets being depreciated, net	19,557,858			18,500,025
Authority capital assets, net	\$ 22,346,772			\$ 23,048,682

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)

June 30, 2017

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.

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, 2017

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, 2017, was 8.00% of compensation for law enforcement officers and 7.25% 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 \$3,805,576 and \$72,816, respectively for the year ended June 30, 2017.

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, 2017, the City and the Authority reported a liability of \$18,270,970 and \$360,797, respectively for its proportionate share of the LGERS net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 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, 2016, the City's proportion was 0.861%, which was a decrease of 0.058% from its proportion measured as of June 30, 2015. At June 30, 2016, the Authority's proportion was 0.017%, which was an increase of 0.01% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the City recognized pension expense of \$4,828,942. At June 30, 2017, 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	\$ 343,280	\$ 640,235
Changes of assumptions	1,251,398	-
Net difference between projected and actual earnings on pension plan investments	10,101,546	-
Changes in proportion and differences between City contributions and proportionate share of contributions	75,559	381,680
City contributions subsequent to the measurement date	3,805,576	-
Total	\$ 15,577,359	\$ 1,021,915

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2017

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)

\$3,805,576 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, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$ 1,597,151
2019	1,598,731
2020	4,728,383
2021	<u>2,825,603</u>
	<u>\$ 10,749,868</u>

For the year ended June 30, 2017, the Authority recognized pension expense of \$99,219. At June 30, 2017, 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	\$ 6,778	\$ 12,643
Changes of assumptions	24,711	-
Net difference between projected and actual earnings on pension plan investments	199,475	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,267	-
Contributions subsequent to the measurement date	<u>72,816</u>	<u>-</u>
Total	<u>\$ 312,047</u>	<u>\$ 12,643</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2017

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)

\$72,816 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, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$ 35,833
2019	35,858
2020	96,901
2021	57,996
	<u>\$ 226,588</u>

Actuarial Assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.75 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, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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, 2017

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, 2016 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%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 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, 2017

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)	\$ 43,365,534	\$ 18,270,970	\$ (2,689,877)
Authority's proportionate share of the pension liability (asset)	\$ 856,339	\$ 360,797	\$ (53,117)

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

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 under the age of 62 who have completed 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. 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, 2017

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)

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 criteria which are outlined in GASB Statement 73.

Actuarial Assumptions. The entry age normal actuarial cost method was used in the December 31, 2015 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.86 percent

The discount rate is based on the weekly average of the Bond Buyer General Obligation 20-year Municipal Bond Index determined at the end of each month

Mortality rates are based on the RP-2014 Mortality tables with adjustments for mortality improvements.

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 City paid \$572,284 as benefits came due for the reporting period.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2017, the City reported a total pension liability of \$11,041,905. The total pension liability was measured as of December 31, 2016 based on a December 31, 2015 actuarial valuation. The total pension liability was rolled forward to December 31, 2016 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2017, the City recognized pension expense of \$767,386.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2017

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)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	212,308
City benefit payments and plan administrative expense made subsequent to the measurement date	297,998	-
Total	\$ 297,998	\$ 212,308

\$297,998 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$ (42,208)
2019	(42,208)
2020	(42,208)
2021	(42,208)
2022	(42,208)
Thereafter	(1,268)
	\$ (212,308)

\$296,672 paid as benefits came due and \$1,326 of administrative expenses subsequent to the measurement date are reported as deferred outflows of resources.

Sensitivity of the City's total pension liability to changes in the discount rate. The following presents the City's total pension liability calculated using the discount rate of 3.86 percent, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.86 percent) or 1-percentage-point higher (4.86 percent) than the current rate:

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2017

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)

Sensitivity of the City's total pension liability to changes in the discount rate. (continued)

	1% Decrease (2.86%)	Discount Rate (3.86%)	1% Increase (4.86%)
Total pension liability	\$ 11,947,141	\$ 11,041,905	\$ 10,212,745

Schedule of Changes in Total Pension Liability Law Enforcement Officers' Special Separation Allowance

	2017
Beginning balance at December 31, 2015 (See Note 8)	\$ 10,964,122
Service cost	426,020
Interest on total pension liability	382,911
Changes of assumptions or other inputs	(254,516)
Benefit payments	(476,632)
Ending balance of the total pension liability at December 31, 2016	\$ 11,041,905

The plan currently uses mortality tables that vary by age, 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, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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, 2017

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, 2017, the City's required contribution was \$733,349 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 \$1,424,266 for the year ended June 30, 2017. Employee contributions to this plan, including law enforcement officers, included in salary expense for the year ended June 30, 2017, were \$1,109,485.

4. Other Postemployment Benefits

Plan Description.

Plan Administration. 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 postemployment 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.

Plan Membership. Membership of the plan consisted of the following at June 30, 2016, the date of the latest actuarial valuation:

	General Employees	Firefighters	Law Enforcement Officers
Inactive plan members and dependents receiving benefits	54	58	49
Inactive plan members entitled to but not yet receiving benefits	-	-	-
Active plan members*	292	137	162
Total	346	195	211

* Excludes 361 active members who will not receive benefits due to the January 1, 2011 closure of the plan and 7 elected officials who are not eligible for future benefits.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (continued)

4. Other Postemployment Benefits (continued)

Benefits Provided. 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. 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 last hired by the City and the years of creditable service the retiree achieved with the LGERS. For qualified retired employees hired on or after January 1, 2007 but before July 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 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 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 June 30, 2016.

Effective with employees hired on or after July 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, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (continued)

4. Other Postemployment Benefits (continued)

Benefits Provided. (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.

Contributions. 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, 2017 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 last hired by the City and the years of creditable service the retiree achieved with the LGERS. 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. For the current year, the City contributed \$2,558,413 or 7.35% of annual covered payroll, including \$1,683,538 for current premiums and an additional \$874,875 to prefund benefits. The City is self-insured. Contributions of \$394,852 were made by retirees for healthcare premiums.

Investments.

Investment Policy. The City of Wilmington Employee Benefit Trust, established under the terms of a City Council resolution, authorizes the Trustee to invest and reinvest trust assets in accordance with North Carolina General Statutes and to diversify the investments to minimize the risk of losses. Investments in securities of the North Carolina Capital Management Trust’s (NCCMT) Government 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.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Government Portfolio	100%	3.5%

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (continued)

4. Other Postemployment Benefits (continued)

Investments. (continued)

Rate of return. For the year ended June 30, 2017, the annual money weighted rate of return on investments, net of investment expense, was .24 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability. The components of the net OPEB liability at June 30, 2017 were as follows:

Total OPEB liability	\$ 49,146,408
Plan fiduciary net position	<u>2,930,525</u>
City's net OPEB liability	<u>\$ 46,215,883</u>
Plan fiduciary net position as a percentage of the total OPEB liability	5.96%

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2016 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.0 percent
Salary increases	3.50 to 7.75 percent (7.35 percent for law enforcement), including wage inflation
Investment rate of return	3.50 percent, net of OPEB plan investment expense, including price inflation
Healthcare cost trend rates	7.75 percent for 2016 decreasing to 5 percent in 2022

The total OPEB liability was rolled forward to June 30, 2017, utilizing update procedures incorporating the actuarial assumptions.

Mortality rates were based on RP-2014 Healthy Annuitant base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. For general employees, rates are adjusted by 115% (male) and 79% (female) for ages under 78 and by 135% (male) and 116% (female) for ages 78 and older. For law enforcement officers, rates are adjusted by 104% for males and 100% for females.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 to December 31, 2014, adopted by the LGERS.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (continued)

4. Other Postemployment Benefits (continued)

Actuarial assumptions. (continued)

Discount rate. The discount rate used to measure the total OPEB liability was 3.56 percent. The projection of cash flows used to determine the discount rate was based upon the Single Equivalent Interest Rate. However, because the OPEB's plan fiduciary net position was not projected to be sufficient to make all future benefit payments, the discount rate incorporates a municipal bond rate which is 3.56 percent per the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System.

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the City's net OPEB liability, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56 percent) or 1-percentage-point higher (4.56 percent) than the current discount rate:

	1% Decrease (2.56%)	Discount Rate (3.56%)	1% Increase (4.56%)
Net OPEB liability (asset)	\$ 50,713,875	\$ 46,215,883	\$ 42,142,978

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the City's net OPEB liability, as well as what the City's net OPEB liability would be if it were to calculate healthcare cost trend rates that are 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current healthcare cost trend rate:

	1% Decrease (6.75% decreasing to 4%)	Healthcare Cost Trend Rate (7.75%)	1% Increase (8.75% decreasing to 6%)
Net OPEB liability (asset)	\$ 41,002,389	\$ 46,215,883	\$ 52,269,283

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, 2017

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	\$ 4,216,794
Interest on net OPEB obligation	915,759
Adjustment to annual required contribution	<u>(1,273,041)</u>
Annual OPEB cost	3,859,512
Contributions made	<u>(2,558,413)</u>
Change in net OPEB obligation	1,301,099
Net OPEB obligation, beginning of year	<u>22,893,986</u>
Net OPEB obligation, end of year	<u>\$ 24,195,085</u>

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the healthcare plan and the net OPEB obligation for 2017, 2016, and 2015 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2015	\$ 5,457,018	33.30	\$ 21,607,410
June 30, 2016	4,376,062	70.60	22,893,986
June 30, 2017	3,859,512	66.30	24,195,085

Funded Status and Funding Progress. As of June 30, 2017, the latest measurement date based on the actuarial valuation date of June 30, 2016, the plan was funded 5.96%. The actuarially accrued liability for benefits was \$49,146,408 and the actuarial value of assets was \$2,930,525 resulting in an unfunded actuarial accrued liability (UAAL) of \$46,215,883. The covered payroll (annual payroll of active employees covered by the plan) was \$34,820,821, and the ratio of the UAAL to the covered payroll was 132.72%.

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.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2017

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. (continued)

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, 2017, were \$298,640 that was matched by the City.

Employer contributions to the 457 Deferred Compensation Plan totaled \$1,490,226 for the year ended June 30, 2017. 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, 2017, were \$473,919.

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, 2017, the City made contributions to the State for death benefits of \$20,534. 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 postemployment benefit amount and the other benefit amount.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (continued)

DEFERRED COMENSATION PLAN (continued)

The City has elected to provide additional group-term life insurance benefits to employees for benefit eligible positions. The City provides Basic Life Insurance which includes an Accidental Death and Dismemberment provision. All full-time active employees are eligible for this benefit after the eligibility waiting period. The coverage is effective the first of the month following 60 days of employment. Lump sum death benefit payments to beneficiaries are equal to the employee's annual salary rounded to the next higher \$1,000, if not already a multiple of \$1,000, subject to a maximum benefit of \$150,000. However, in no event will the basic amount of life insurance be less than \$10,000. All death benefits are made by the insurance provider. The City has no liability beyond the payment of monthly premiums. For the fiscal year ended June 30, 2017, the City paid \$84,201 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, 2017 is summarized as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Deferred amount for loss on refunded debt	\$ 5,291,137	\$ 517,194
Contributions to pension plan in current year for the Local Governmental Employees' Retirement System (LGERS)	3,423,077	382,499
Benefit payments/administration costs paid subsequent to the measurement date for the Law Enforcement Officers' Special Separation Allowance (Separation Allowance)	297,998	-
Pension deferrals - LGERS	<u>10,577,424</u>	<u>1,194,359</u>
	<u>\$ 19,589,636</u>	<u>\$ 2,094,052</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2017

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, 2017 is summarized as follows:

	Governmental Activities	Business-type Activities
Deferred amount for gain on refunded debt	\$ 56,914	\$ 4,504
Pension deferrals - LGERS	908,616	113,299
Pension deferrals - Separation Allowance	212,308	-
Unearned Revenue:		
Prepaid property taxes	312	-
	\$ 1,178,150	\$ 117,803

UNEARNED REVENUES

The balance in unearned revenues at June 30, 2017 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	\$ -	\$ 41,382	\$ 41,382	\$ -
Prepaid golf course green fees	58,603	-	-	58,603
	\$ 58,603	\$ 41,382	\$ 41,382	\$ 58,603

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, 2017, the City has general obligation bonds authorized but unissued of \$44,000,000 of Streets and Sidewalks Bonds for which the authorization expires November 4, 2021 and of \$30,465,000 of Parks and Recreation Bonds for which the authorization expires November 8, 2023. The City may by application to the Local Government Commission request an extension of the authorization to November 4, 2024 and November 8, 2026, respectively.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2017

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, 2017 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 a rate of 3.875 percent.</p>	\$ 255,000
<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>	560,000
<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>	900,000
<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 3.00 to 4.00 percent.</p>	2,925,000
<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 in installment of \$305,000 through January 1, 2018; semiannual interest payments due January 1 and July 1 at a rate of 2.25 percent.</p>	305,000

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2017

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 3.00 to 4.00 percent.</p>	\$ 3,975,000
<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>	2,585,000
<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>	2,775,000
<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>\$ 20,930,000</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2017

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, 2017 are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
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	1,425,000	532,956
2023-2027	7,140,000	1,786,057
2028-2032	5,085,000	573,932
2033-2036	880,000	62,325
	<u>\$ 20,930,000</u>	<u>\$ 5,639,413</u>

Revenue Bonds

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

Revenue bonds outstanding at June 30, 2017 are comprised of the following individual issue:

	Business-type activities
<p>\$14,035,000 Storm Water Fee Revenue Bonds, Series 2007 issued for storm water system improvements and to refund \$3,130,000 of outstanding Series 1997A Public Improvements Bonds; principal installments due annually on June 1 in varying amounts from \$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.</p>	\$ 2,590,000
<p>\$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 1.50 to 5.00 percent.</p>	19,425,000

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

Revenue Bonds (continued)

	Business-type activities
\$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 1.50 to 2.625 percent.	\$ 895,000
Serviced by Storm Water Management Fund	\$ 22,910,000

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

Year Ending June 30	Business-type Activities	
	Principal	Interest
2018	\$ 775,000	\$ 946,619
2019	810,000	917,294
2020	840,000	887,509
2021	865,000	856,244
2022	895,000	823,594
2023-2027	5,130,000	3,477,249
2028-2032	6,235,000	2,370,825
2033-2037	4,600,000	1,083,375
2038-2040	2,760,000	223,600
	\$ 22,910,000	\$ 11,586,309

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, 2017, \$7,300,000 of outstanding general obligation bonds are considered defeased.

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 \$1,722,666 or 30.78% of available net revenues of \$5,596,849.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

Revenue Bonds (continued)

Certain covenants are contained in the revenue bond order. The City was in compliance with the covenants during the fiscal year ended June 30, 2017. The revenue coverage calculation as of June 30, 2017 is as follows:

Revenues (1)		
Operating revenues	\$ 10,678,945	
Other operating revenue	103,996	
Investment earnings	<u>92,281</u>	<u>\$ 10,875,222</u>
Current Expenses (2)		
Operating expenses	6,321,628	
Less depreciation	(1,042,640)	
Less amortization	<u>(615)</u>	<u>5,278,373</u>
Revenues available for debt service		<u>5,596,849</u>
Principal and interest requirements (3)		
Revenue bonds (at 120%)	2,065,943	
Other indebtedness (at 100%)	<u>106,150</u>	<u>2,172,093</u>
Revenues in excess of principal and interest requirements		<u>\$ 3,424,756</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.

Installment Obligations

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

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

Installment Obligations (continued)

Installment obligations outstanding at June 30, 2017 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 of \$1,050,000 through June 1, 2018; semiannual interest payments due June 1 and December 1 at rate of 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>	\$ 1,050,000	\$ -
<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 of \$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>	465,000	-
<p>\$28,180,000 Limited Obligation Bonds, Series 2010B of which a portion is taxable Build America Bonds and a portion is taxable refunding bonds; issued for improvements to Empie Park 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 \$1,320,000 to \$1,400,000 through June 1, 2030; semiannual interest payments due June 1 and December 1 at rates from 4.60 to 6.33 percent.</p> <p style="padding-left: 20px;">Serviced by Debt Service Fund</p>	18,120,000	-

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

Installment Obligations (continued)

	Governmental activities	Business-type activities
<p>\$30,695,000 Refunding Limited Obligated Bonds, Series 2012 issued to refund \$2,455,000 of outstanding Series 2001 and \$10,310,000 of outstanding Series 2008D installment purchase agreements and \$8,200,000 of outstanding Series 2003A and \$9,730,000 of outstanding Series 2004 Certificates of Participation; principal payments due annually on June 1 in installments ranging from \$530,000 to \$2,090,000 through June 1, 2030; semiannual interest payments due on June 1 and December 1 at rates from 3.50 to 5.00 percent.</p>		
Served by Debt Service Fund	\$ 16,773,750	\$ -
Served by Parking Facilities Fund	-	4,266,250
<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 \$1,260,000 to \$1,485,000 through June 1, 2032; semiannual interest payments due on June 1 and December 1 at rates from 3.00 to 5.00 percent.</p>		
Served by Debt Service Fund	20,530,000	-
Served by Storm Water Management Fund	-	600,000
<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 of \$780,000 through June 1, 2018; semiannual interest payments due on June 1 and December 1 at rate 2.0 percent.</p>		
Served by Debt Service Fund	780,000	-

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

Installment Obligations (continued)

	Governmental activities	Business-type activities
<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	\$ -
<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&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 1.75 to 2.65 percent.</p>		
Serviced by Debt Service Fund	1,271,531	-
Serviced by Parking Facilities Fund	-	1,138,469
<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>		
Serviced by Convention Center Fund	48,940,000	-

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

Installment Obligations (continued)

\$11,835,000 Limited Obligation Bonds, Series 2017, for improvements to streets, sidewalks, streetscapes, Riverwalk, riverfront, Thalian Hall, Greenfiled Lake dock and walkway, and acquisition of land for a firing range and public safety training facility; principal payments due annually on June 1 in installments ranging from \$590,000 to \$595,000 beginning June 1, 2018 through June 1, 2037; semiannual interest payments due June 1 and December 1 at rates from 2.0 to 5.0 percent.

	Governmental activities	Business-type activities
Serviced by Debt Service Fund	\$ 11,835,000	\$ -
	\$ 135,895,281	\$ 6,004,719

Installment Obligations Serviced By:

Debt Service Fund	\$ 85,440,281	\$ -
Convention Center Fund	50,455,000	-
Storm Water Management Fund	-	600,000
Parking Facilities Fund	-	5,404,719
	\$ 135,895,281	\$ 6,004,719

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
2018	\$ 7,470,563	\$ 5,838,112	\$ 924,437	\$ 256,476
2019	5,702,313	5,540,764	992,687	231,986
2020	6,572,155	5,316,961	572,845	200,589
2021	6,706,750	5,017,248	468,250	174,288
2022	6,596,750	4,703,610	468,250	150,875
2023-2027	40,021,750	18,254,687	2,183,250	415,212
2028-2032	35,480,000	8,960,657	395,000	19,750
2033-2037	23,450,000	2,914,863	-	-
2038	3,895,000	116,850	-	-
	\$ 135,895,281	\$ 56,663,752	\$ 6,004,719	\$ 1,449,176

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

Installment Obligations (continued)

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, 2017, \$50,355,000 of outstanding certificates of participation are considered defeased.

Other Long-Term Obligations

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

Other long-term obligations outstanding at June 30, 2017 are comprised of the following individual issues:

	<u>Governmental activities</u>	<u>Business-Type activities</u>
\$12,000,000 installment agreement payable to New Hanover County. In July 2006, the City and County executed an interlocal agreement pursuant to which the the parties agreed to cooperate in the financing of certain parks and recreation projects through a County general obligation bond referendum, a portion of which would be used to finance City projects and the City agreed to pay the County a portion of the County's debt service on related bonds issued. The County issued related general obligation bonds in June 2008 and this installment agreement represents the portion of the County's debt service payable by the City to the County for City projects. Principal payments due to the County annually on June 1 in the amount of \$470,000 through June 1, 2018; semiannual interest payments due June 1 and December 1 at a rate of 4.0 percent; \$555,000 of this obligation was defeased by the City in December 2015; \$7,035,000 of this obligation was refunded by New Hanover County in conjunction with the County's issuance of 2016 General Obligation Refunding Bonds.	\$ 470,000	\$ -
Serviced by Debt Service Fund		

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2017

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 payable to New Hanover County. In July 2006, the City and County executed an interlocal agreement pursuant to which the the parties agreed to cooperate in the financing of certain parks and recreation projects through a County general obligation bond referendum, a portion of which would be used to finance City projects and the City agreed to pay the County a portion of the County's debt service on related bonds issued. The County issued related general obligation bonds in June 2010 and this installment agreement represents the portion of the County's debt service payable by the City to the County for City projects. Principal payments due to the County 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 4.0 to 5.0 percent; \$2,535,233 of this obligation was refunded by New Hanover County in conjunction with the County's issuance of 2016 General Obligation Refunding Bonds.</p>		
Serviced by Debt Service Fund	\$ 1,012,230	\$ -
<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>		
Serviced by Solid Waste Management Fund	-	190,000

CITY OF WILMINGTON, NORTH CAROLINA

**Notes to Financial Statements (Continued)
June 30, 2017**

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

Other Long-Term Obligations (continued)

	<u>Governmental</u> activities	<u>Business-type</u> activities
<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 installments of \$205,000 plus interest at 1.56 percent through March 1, 2022.</p>		
Serviced by Equipment Maintenance and Replacement Fund	\$ 2,050,000	\$ -

\$6,265,838 installment agreement payable to New Hanover County. In July 2006, the City and County executed an interlocal agreement pursuant to which the the parties agreed to cooperate in the financing of certain parks and recreation projects through a County general obligation bond referendum, a portion of which would be used to finance City projects and the City agreed to pay the County a portion of the County's debt service on related bonds issued. The County issued related general obligation bonds in June 2008 and later refunded a portion of these bonds in May 2016. This installment agreement represents the portion of the County's refunding debt service payable by the City to the County for City projects. Principal payments due to the County 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%

Serviced by Debt Service Fund	6,265,839	-
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CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)
June 30, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

Other Long-Term Obligations (continued)

	<u>Governmental</u> activities	<u>Business-type</u> activities
<p>\$2,491,458 installment agreement payable to New Hanover County. In July 2006, the City and County executed an interlocal agreement pursuant to which the the parties agreed to cooperate in the financing of certain parks and recreation projects through a County general obligation bond referendum, a portion of which would be used to finance City projects and the City agreed to pay the County a portion of the County's debt service on related bonds issued. The County issued related general obligation bonds in June 2010 and later refunded a portion of these bonds in May 2016. This installment agreement represents the portion of the County's refunding debt service payable by the City to the County for City projects. Principal payments due to the County 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%.</p>		
Serviced by Debt Service Fund	\$ 2,491,458	\$ -
	<u>\$ 12,289,527</u>	<u>\$ 190,000</u>
<p>Other Long-Term Obligations Serviced By:</p>		
Debt Service Fund	\$ 10,239,527	\$ -
Solid Waste Management Fund	-	190,000
Equipment Maintenance and Replacement Fund	<u>2,050,000</u>	<u>-</u>
	<u>\$ 12,289,527</u>	<u>\$ 190,000</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2017

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
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	1,272,702	323,573	-	-
2023-2027	4,339,887	945,187	-	-
2028-2031	2,126,057	107,060	-	-
	<u>\$ 12,289,527</u>	<u>\$ 3,032,093</u>	<u>\$ 190,000</u>	<u>\$ 1,824</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, 2017, \$555,000 of outstanding other long-term obligations are considered defeased.

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, 2017 amounts to \$1,095,058,898 resulting in a legal debt margin of \$919,749,371.

Changes in long-term liabilities for governmental activities during fiscal year 2017 were as follows:

	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Due Within One Year
General obligation bonds	\$ 23,100,000	\$ -	\$ (2,170,000)	\$ 20,930,000	\$ 2,055,000
Installment obligations	129,877,594	11,835,000	(5,817,313)	135,895,281	7,470,563
Other long-term obligations	13,422,584	-	(1,133,057)	12,289,527	1,133,058
Plus deferred amounts:					
For issuance premium	14,958,303	735,310	(380,517)	15,313,096	-
Compensated absences	6,891,699	4,857,755	(4,786,335)	6,963,119	4,776,969
Other postemployment benefits	19,743,852	3,629,569	(2,458,953)	20,914,468	-
Net pension liability (LGERS)	3,687,783	12,667,287	-	16,355,070	-
Total pension liability (Separation Allowance)	<u>1,987,851</u>	<u>9,054,054</u>	<u>-</u>	<u>11,041,905</u>	<u>-</u>
Governmental activity long-term liabilities	<u>\$213,669,666</u>	<u>\$ 42,778,975</u>	<u>\$ (16,746,175)</u>	<u>\$239,702,466</u>	<u>\$ 15,435,590</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

Other long-term liabilities disclosures (continued)

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for internal service funds are included as part of the above totals for governmental activities. At year-end, \$2,050,000 of internal service funds' other long-term obligations, \$75,005 of compensated absences, \$265,637 of other postemployment benefits and \$204,635 of net pension liability 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.

Changes in long-term liabilities for business-type activities during fiscal year 2017 were as follows:

	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Due Within One Year
Revenue bonds	\$ 23,660,000	\$ -	\$ (750,000)	\$ 22,910,000	\$ 775,000
Installment obligations	6,932,406	-	(927,687)	6,004,719	924,437
Other long-term obligations	380,000	-	(190,000)	190,000	190,000
Less deferred amounts:					
For issuance discount	(2,399)	-	-	(2,399)	-
Plus deferred amounts:					
For issuance premium	2,170,958	-	(87,390)	2,083,568	-
Compensated absences	510,485	573,684	(557,880)	526,289	278,397
Other postemployment benefits	3,150,134	269,718	(139,235)	3,280,617	-
Net pension liability (LGERS)	<u>437,172</u>	<u>1,478,728</u>	<u>-</u>	<u>1,915,900</u>	<u>-</u>
Business-type activity long-term liabilities	<u>\$ 37,238,756</u>	<u>\$ 2,322,130</u>	<u>\$ (2,652,192)</u>	<u>\$ 36,908,694</u>	<u>\$ 2,167,834</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, 2017, the City paid \$112,500 for this service. The City's obligation for the year ending June 30, 2018 is \$114,750 as the fee is adjusted based on the CPI-U-South Region index.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2017

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, 2017 the City paid \$1,319,174 for these services. The contract costs are expected to be \$1,320,768 for the year ending June 30, 2018.

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 15th 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 annual incentive payments, which were reduced due to employment thresholds, amounted to \$121,563 for fiscal year 2014, \$115,250 for fiscal year 2015, \$115,125 for fiscal year 2016, and \$117,437 for fiscal year 2017.

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, \$50,000 was paid in February 2017 for the fiscal year 2016 incentive and no incentive payment has been made for fiscal year 2017. There remains two years of eligibility on the agreement.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)

June 30, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

COMMITMENTS AND CONTINGENCIES (continued)

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, \$50,000 was paid in February 2017 for the fiscal year 2016 incentive and no incentive payment has been made for fiscal year 2017. There remains two years of eligibility on the agreement.

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. was 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 was \$45,000 per year for five years commencing when AAIPharma Services Corp. secured a Certificate of Occupancy and demonstrated that the minimum required levels of new full time employees had been hired and the minimum level of direct investment had been attained. The City received notice in May 2017 that AAIPharma Services, now known as Alcami Corporation underwent a change in ownership in December 2016. The new ownership made a decision to terminate the incentive agreement with the City as they will not be building their headquarters facility in Wilmington.

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. A payment of \$7,224 was made in July of each year from 2015 through 2017.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

COMMITMENTS AND CONTINGENCIES (continued)

In May 2013, the city partnered with the Development Finance Initiative (DFI) to conduct a pre-development process that led to issuing a Request for Proposals for redevelopment of the Water Street Parking Deck (WSPD), using parameters determined by City Council. In October 2014, the City received eight submissions in response to the request for proposals. On February 17, 2015 the City Council prioritized the development firms with which the staff would negotiate regarding the creation of a Memorandum of Understanding (MOU) in association with the redevelopment of the WSPD. On May 19, 2015 the City Council authorized the MOU with East West Partners of Chapel Hill, N.C. Most of the provisions of the MOU are non-binding, but lay out the understandings around which both parties have agreed to develop a Purchase and Development Agreement (PDA). The MOU 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. An amendment to the June 21, 2016 PDA was approved by City Council on August 15, 2017. The amendment was necessary to identify construction costs and allocations between the City and the developer.

The Authority has entered into a binding agreement with the City, in connection with the transfer of land and a building with the commitment to construct a multi-modal transfer station on the premises. The Authority has budgeted approximately \$3,372,000 for the construction of the facility. As of June 30, 2017, the Authority has entered into contracts totaling \$481,350, of which \$250,435 has been expended.

The Authority retains a transit management company to provide management and operational services for the public transportation system. For the year ended June 30, 2017, 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, 2017, the Authority incurred management fees totaling \$364,750. The contract is in effect from June 12, 2016 through June 30, 2019.

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, 2017 are as follows:

General Fund	\$ 963,722
Special Purpose Fund	185,186
Streets and Sidewalks Fund	12,304,219
Solid Waste Management Fund	20,438
Storm Water Management Fund	1,326,477
Parking Facilities Fund	109,386
Nonmajor Governmental Funds	6,004,973
Nonmajor Golf Fund	7,223
Internal Service Funds	<u>1,367,832</u>
Total encumbrances	<u>\$ 22,289,456</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

COMMITMENTS AND CONTINGENCIES (continued)

Jointly Governed Organizations

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

The City, in conjunction with New Hanover, 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, 2017.

Related Organization

The nine-member Board of the Wilmington Housing Authority is appointed by the Mayor of the City of Wilmington. The City is accountable for the Housing Authority because it appoints the governing board; however, the City is not financially accountable for the Housing Authority. The City of Wilmington is also disclosed as a related organization in the Notes to Financial Statements for the Wilmington Housing Authority.

C. INTERFUND BALANCES AND ACTIVITY

The compositions of interfund balances as of June 30, 2017, are as follows:

	General Fund
Receivable Fund	\$ 455,754
Payable Fund:	
Special Purpose Fund	\$ 296,706
Nonmajor Governmental Funds	107,048
Nonmajor Golf Fund	52,000
Total	\$ 455,754

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

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)
June 30, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

C. INTERFUND BALANCES AND ACTIVITY (continued)

The General Fund provided an advance of \$130,000 to the Nonmajor Golf Fund in June 2014 for greens restoration. The advance is payable in equal annual installments over five years beginning in fiscal year 2015. As of June 30, 2017, the outstanding advance is \$52,000 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.

Interfund transfers for the year ended June 30, 2017 were as follows:

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Solid Waste Mgmt. Fund	Internal Service Funds	Total	Governmental Activities Capital Assets
Transfers out:	\$ 19,168,211	\$ 4,286,799	\$ 686,763	\$ 6,000	\$ 642,816	\$ 24,790,589	\$ 197,340
Transfers in:							
General Fund	\$ -	\$ 874,875	\$ -	\$ -	\$ -	\$ 874,875	\$ -
Special Purpose Fund	601,408	-	-	6,000	-	\$ 607,408	-
Streets and Sidewalks Fund	3,352,266	650,910	-	-	-	\$ 4,003,176	-
Debt Service Fund	9,334,832	-	-	-	-	\$ 9,334,832	-
Nonmajor Governmental Funds	5,477,244	2,020,628	686,763	-	-	\$ 8,184,635	-
Solid Waste Management Fund	29,866	-	-	-	-	\$ 29,866	-
Parking Facilities Fund	-	740,386	-	-	-	\$ 740,386	-
Nonmajor Golf Fund	-	-	-	-	-	\$ -	6,934
Internal Service Fund	372,595	-	-	-	-	\$ 372,595	190,406
Total	\$ 19,168,211	\$ 4,286,799	\$ 686,763	\$ 6,000	\$ -	\$ 24,147,773	\$ 197,340
Governmental Activities Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ 642,816	\$ 642,816	

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

C. INTERFUND BALANCES AND ACTIVITY (continued)

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

NOTE 4 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; natural disasters; errors and omissions; and injuries to employees. The City has chosen to establish a risk financing fund for risks associated with the employees' health 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, 2017, such interfund premiums did not exceed reimbursable expenditures.

MEDICAL SELF-INSURANCE PROGRAM

The City has contracted with Blue Cross and Blue Shield of North Carolina to administer its group medical self-insurance program. In addition, the City has a contract with Blue Cross and Blue Shield 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, 2017, the City has recorded a liability of \$329,548 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>2016</u>	<u>2017</u>
Unpaid claims, beginning	\$ 473,711	\$ 736,936
Incurred claims (including IBNRs)	9,184,525	9,855,867
Claim payments	<u>(8,921,300)</u>	<u>(10,263,255)</u>
Unpaid claims, ending, due within one year	<u>\$ 736,936</u>	<u>\$ 329,548</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2017

NOTE 4 – RISK MANAGEMENT (continued)

DENTAL SELF-INSURANCE PROGRAM

As of June 30, 2017, 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, 2017, the City has recorded a liability of \$51,440 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 dental claims liabilities during the past two fiscal years are as follows:

	<u>2016</u>	<u>2017</u>
Unpaid claims, beginning	\$ 46,186	\$ 44,054
Incurred claims (including IBNRs)	460,371	442,528
Claim payments	<u>(462,503)</u>	<u>(435,142)</u>
Unpaid claims, ending, due within one year	<u>\$ 44,054</u>	<u>\$ 51,440</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, 2017, the City has recorded a liability of \$936,255 for estimated claims in accordance with the guidelines of GASB Statement No. 10, which requires that a liability for claims be reported if it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Claim liabilities include an amount for claims that have been incurred but not reported (IBNR) and are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2017

NOTE 4 – RISK MANAGEMENT (continued)

WORKERS' COMPENSATION SELF-INSURANCE PROGRAM (continued)

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

	<u>2016</u>	<u>2017</u>
Unpaid claims, beginning	\$ 698,900	\$ 1,204,634
Incurred claims (including IBNRs)	1,718,106	684,925
Claim payments	<u>(1,212,372)</u>	<u>(953,304)</u>
Unpaid claims, ending, due within one year	<u>\$ 1,204,634</u>	<u>\$ 936,255</u>

COMMERCIAL COVERAGES

The City carries flood insurance with a loss limit of \$5,000,000 on most properties subject to a \$100,000 deductible. Certain items of property are excluded from this coverage, such as the City's Riverwalk and the Wilmington Convention Center. A separate flood insurance policy is purchased for the Wilmington Convention Center through the National Flood Insurance Program with the maximum policy limits of \$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/collection manager are individually bonded for \$100,000 each. The remaining employees that have access to funds are insured under a crime policy with limits of \$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 \$1,000,000, up to \$2,000,000 in commercial general liability, \$1,000,000 in automobile liability, and up to \$4,000,000 in umbrella liability through Selective Insurance Co. of S.C. The Authority does not currently maintain flood insurance as none of its structural property is located in a flood plain.

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

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2017

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. The City has a matter pending that the City believes is unlikely to, but could possibly have an impact on the City's future financial statements; however, the amount is unknown at this time.

At June 30, 2017, the Authority was a party to various legal disputes and litigation. In the opinion of the Authority's management, the ultimate effect of these matters will not have a material adverse effect on the Authority's financial position.

B. FEDERAL AND STATE ASSISTANCE PROGRAMS

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

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

C. UNDERGROUND STORAGE TANK REMOVAL PROGRAM

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

D. ROOM OCCUPANCY AND TOURISM DEVELOPMENT TAX

New Hanover County and the City of Wilmington each levy a 3% room occupancy tax pursuant to state enabling legislation. Session Law 2006-167 modified earlier legislation and created the Wilmington Convention Center District. That legislation also amended the method of distribution of the tax beginning July 1, 2008. Effective July 1, 2008, taxes levied by New Hanover County derived from accommodations in the district and 100% of the tax levied by the City of Wilmington must be used for construction, financing, operation, promotion, and maintenance of the convention center. For the year ended June 30, 2017, the City recognized \$3,824,615 in tax revenue as a result of the tax levy with a total of \$33,712,683 collected since the levy was enacted. Included in the current year's amount is \$167,205 received as a result of a resolution agreement involving the City and Online Travel Companies (OTC) for occupancy taxes covering the period from January 1, 2014 through June 30, 2016.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2017

NOTE 5 – SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES (continued)

D. ROOM OCCUPANCY AND TOURISM DEVELOPMENT TAX (continued)

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

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

NOTE 6 – ANNEXATIONS

Under North Carolina General Statutes, cities may annex areas upon a receipt of a valid petition signed by the owners of all the real property located within such area. Since May of 2009 the Wilmington City Council has adopted 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 August 1, 2017 the City Council authorized an agreement to purchase a custom-built fire ladder truck from Atlantic Emergency Solutions, Inc. in the amount of \$1,035,000 through the Houston-Galveston Area Council Cooperative Purchasing Program. This acquisition is included in the adopted fiscal year 2018 budget.

On August 15, 2017 the City Council authorized the acceptance of streets and storm drainage facilities valued at \$709,063 for ownership, operation and maintenance by the City. The improvements comprise a total of .39 miles of streets and is associated with Phase I of the Forks at Barclay development.

On August 15, 2017 the City Council awarded a professional services contract in an amount not to exceed \$2,892,430 for the design of North Riverfront Park. The development of the park is a project included in the 2016 approved parks bond referendum.

On August 15, 2017 the City Council authorized an amendment to the June 21, 2016 Purchase and Development Agreement (PDA) with East West Partners of Chapel Hill, N.C. for redevelopment of the Water Street Parking Deck (WSPD). The amendment was necessary to identify construction costs and allocations between the City and the developer and increased the prescribed maximum allowable investment in the project to \$24,252,204 resulting in a budget ordinance appropriating an additional \$3,300,000 to the project.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)

June 30, 2017

NOTE 7 – SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS (continued)

On September 5, 2017 the City Council awarded a \$2,698,746 contract to Motorola Solutions, Inc. for the purchase of 800 MHz radios. This acquisition is included in the adopted fiscal year 2018 budget.

On September 19, 2017 the City Council authorized the purchase of a mobile command center from LDV Inc. of Burlington, WI for the amount of a \$512,676 through the Houston-Galveston Area Council Cooperative Purchasing Program. This acquisition is included in the adopted fiscal year 2018 budget

On September 19, 2017 the City Council awarded a professional services contract to Clancy and Theys Construction Company of Raleigh, NC in an amount not to exceed \$1,919,000 for construction manager at-risk services for North Riverfront Park. Clancy and Theys will manage the project out of their Wilmington office. The development of the park is a project included in the 2016 approved parks bond referendum.

On October 3, 2017 the City Council authorized a 2nd amendment to the June 21, 2016 Purchase and Development Agreement (PDA) with East West Partners of Chapel Hill, N.C. for redevelopment of the Water Street Parking Deck (WSPD). The amendment primarily extends the air rights purchase deadline to December 29, 2017 and divides the project into a demolition phase and construction phase. This division allows the demolition of the existing parking deck to occur simultaneously with the closing of the property air rights.

On October 17, 2017 the City Council awarded a professional services contract to Live Nation Worldwide, for venue management services for North Riverfront Park. The agreement is for ten years with a ten year option. The City will receive \$200,000 annually in fixed rent and \$700,000 for in-kind value of maintenance expenses over the term of the contract. Additionally the City will receive \$2.00 per-ticket rent. Live Nation will also provide an initial capital investment of \$2,000,000 for equipment, fixtures and furnishings. The development of the park is a project included in the 2016 approved parks bond referendum.

On November 8, 2017, the City Council awarded a multiphase/multiyear contract for software and implementation services for an Enterprise Resource Planning (ERP) System to Tyler Technologies, Inc. for \$6,572,233. Each phase will carry a seven-year term. The funding for the initial implementation is included in the adopted fiscal year 2018 capital budget. The funding for the subscription fees will be annually appropriated in the out-years.

On November 8, 2017, the City Council expanded a previously awarded three-year contract to Berry, Dunn, McNeil & Parker for the purpose of retaining a dedicated staff member to work on site for a maximum of 30 months to assist with the implementation of an ERP system. The amendment to the contract is for an additional amount of \$571,560 and is included in the adopted fiscal year 2018 capital budget.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2017

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, 2017. The implementation of the statement requires, among other things, that the City record its total pension liability of the Law Enforcement Officers' Special Separation Allowance (Separation Allowance) in the full accrual financial statements. Accounting changes adopted to conform to the provisions of the statements are to be applied retroactively and reported as a restatement of beginning net position. Accordingly, beginning total pension liability and the effects on net position of benefit payments and administrative expenses paid by the City to the Separation Allowance during the measurement period (calendar year ending December 31, 2016) totaling \$8,498,976 were recognized as an adjustment to beginning net position in the governmental activities column of the government-wide Statement of Net Position in the current year. As a result, beginning net position of governmental activities decreased from \$314,847,153 to \$306,348,177.

The City also implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, in the fiscal year ended June 30, 2017 for the City's other postemployment benefit plan which provides healthcare benefits to eligible retirees. The implementation of this statement had no effect on net position.

NOTE 9 – PRONOUNCEMENTS ISSUED, NOT YET EFFECTIVE

The GASB has issued pronouncements prior to June 30, 2017 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 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 81, "Irrevocable Split-Interest Agreements", will be effective for the City beginning with its year ending June 30, 2018.
- GASB Statement Number 83, "Certain Asset Retirement Obligations", will be effective for the City beginning with its year ending June 30, 2019.
- GASB Statement Number 84, "Fiduciary Activities", will be effective for the City beginning with its year ending June 30, 2020.
- GASB Statement Number 85, "Omnibus 2017", will be effective for the City beginning with its year ending June 30, 2018.
- GASB Statement Number 86, "Certain Debt Extinguishment Issues", will be effective for the City beginning with its year ending June 30, 2018.
- GASB Statement Number 87, "Leases", will be effective for the City beginning with its year ending June 30, 2021.

REQUIRED SUPPLEMENTARY INFORMATION



W CITY OF
WILMINGTON
NORTH CAROLINA

CITY OF WILMINGTON, NORTH CAROLINA

**Other Postemployment Benefits
Required Supplementary Information
For the Year Ended June 30, 2017**

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
06-30-16	2,930,525	49,146,408	46,215,883	5.96	34,820,821	132.72

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed
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
2017	4,216,794	60.7

CITY OF WILMINGTON, NORTH CAROLINA

**Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
For the Year Ended June 30, 2017**

Schedule of Changes in Total Pension Liability

	<u>2017</u>
Beginning balance	\$ 10,964,122
Service costs	426,020
Interest on the total pension liability	382,911
Changes of benefit terms	-
Difference between expected and actual experience	-
Changes of assumptions and other inputs	(254,516)
Benefit payments	(476,632)
Other	-
Ending balance of the total pension liability	<u><u>\$ 11,041,905</u></u>

Notes to the Required Schedules:

The amounts presented for each fiscal year were determined as of the prior December 31.

CITY OF WILMINGTON, NORTH CAROLINA

**Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
For the Year Ended June 30, 2017**

Schedule of Total Pension Liability as a Percentage of Covered Payroll

	<u>2017</u>
Total pension liability	\$ 11,041,905
Covered payroll	\$ 15,426,775
Total pension liability as a percentage of its covered-employee payroll	71.58%

Notes to the Required Schedules:

City of Wilmington has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

December 31, 2016 Measurement Date: Municipal Bond Index Rate increased from 3.57% to 3.86%.

CITY OF WILMINGTON, NORTH CAROLINA

**Other Postemployment Benefits
Required Supplementary Information
For the Year Ended June 30, 2017**

Schedule of Changes in the City's Net OPEB Liability and Related Ratios

	<u>2017</u>
Total OPEB liability	
Service costs	\$ 1,735,746
Interest on the total OPEB liability	1,480,650
Changes of benefit terms	-
Difference between expected and actual experience	-
Changes of assumptions and other inputs	(2,419,235)
Benefit payments*	(1,683,538)
Other	<u>-</u>
Net change in total OPEB liability	(886,377)
Total OPEB liability - beginning	<u>50,032,785</u>
Total OPEB liability - ending (a)	<u>\$ 49,146,408</u>
Plan fiduciary net position	
Contributions - employer	\$ 2,558,413
Net investment income	4,928
Benefit payments*	(1,683,538)
Administrative expense	<u>-</u>
Net change in plan fiduciary net position	879,803
Plan fiduciary net position - beginning	<u>2,050,722</u>
Plan fiduciary net position - ending (b)	<u>\$ 2,930,525</u>
City's net OPEB liability - ending (a) - (b)	<u>\$ 46,215,883</u>
Plan fiduciary net position as a percentage of the total OPEB liability	5.96%
Covered-employee payroll	\$ 34,820,821
City's net OPEB liability as a percentage of covered-employee payroll	132.72%

* Benefit payments are net of participant contributions.

CITY OF WILMINGTON, NORTH CAROLINA

**Other Postemployment Benefits
Required Supplementary Information
Last Two Fiscal Years**

Schedule of City Contributions

	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ 4,216,794	\$ 4,713,266
Contributions in relation to the actuarially determined contribution	2,558,413	3,089,486
Contribution deficiency (excess)	<u>\$ 1,658,381</u>	<u>\$ 1,623,780</u>
Covered-employee payroll*	\$ 34,820,821	\$ 34,820,821
Contributions as a percentage of covered-employee payroll	7.35%	8.87%

* Covered payroll does not include pay for active members who are ineligible for benefits.

Notes to Schedule

Valuation date

Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected unit credit
Amortization method	Level dollar amount open
Amortization period	30 Years
Asset valuation method	Market value
Inflation	3.0 percent
Healthcare cost trend rates	7.75 percent for 2016 decreasing to an ultimate rate of 5 percent by 2022
Salary increases	3.50 to 7.75 percent, including wage inflation
Investment rate of return	4.0 percent, net of OPEB plan investment expense, including price inflation
Retirement age	In the 2016 actuarial valuation, expected retirement ages of employees were based on the results of an actual experience study for the period January 1, 2010 to December 31, 2014, adopted by the LGERS
Mortality	In the 2016 actuarial valuation, life expectancies were based on RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015

CITY OF WILMINGTON, NORTH CAROLINA

**Other Postemployment Benefits
Required Supplementary Information
For the Year Ended June 30, 2017**

Schedule of Investment Returns

	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	0.24%

CITY OF WILMINGTON, NORTH CAROLINA

**Local Governmental Employees' Retirement System
Required Supplementary Information
Last Four Fiscal Years ***

Schedule of City's Proportionate Share of Net Pension Liability (Asset)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Wilmington's proportion of the net pension liability (asset) (%)	0.86089%	0.91912%	0.86664%	0.86090%
Wilmington's proportion of the net pension liability (asset) (\$)	\$ 18,270,970	\$ 4,124,955	\$ (5,110,978)	\$ 10,377,151
Wilmington's covered-employee payroll *	\$ 51,780,213	\$ 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	35.29%	8.50%	(10.90%)	22.83%
Plan fiduciary net position as a percentage of the total pension liability**	91.47%	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

**Local Governmental Employees' Retirement System
Required Supplementary Information
Last Four Fiscal Years**

Schedule of City Contributions

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 3,805,576	\$ 3,531,195	\$ 3,422,257	\$ 3,257,102
Contributions in relation to the contractually required contribution	3,805,576	3,531,195	3,422,257	3,257,102
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Wilmington's covered-employee payroll	\$ 52,150,017	\$ 51,780,213	\$ 48,520,316	\$ 46,880,467
Contributions as a percentage of covered-employee payroll	7.30%	6.82%	7.05%	6.95%

**COMBINING & INDIVIDUAL
FUND STATEMENTS TAB (FRONT)**

**COMBINING & INDIVIDUAL
FUND STATEMENTS TAB (BACK)**

CITY OF WILMINGTON, NORTH CAROLINA

**Combining Balance Sheet -
Nonmajor Governmental Funds**

June 30, 2017

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents/investments	\$ 1,299,597	\$ 5,774,152	\$ 7,073,749
Other receivables	144	723	867
Due from other governments	115,713	20,252	135,965
Notes receivable, net	18,000,317	-	18,000,317
Prepays	3,778	54,133	57,911
Restricted assets:			
Cash and cash equivalents	115,413	4,204,099	4,319,512
Other receivables	14	-	14
Due from other governments	<u>101,059</u>	<u>-</u>	<u>101,059</u>
Total assets	<u>\$ 19,636,035</u>	<u>\$ 10,053,359</u>	<u>\$ 29,689,394</u>
LIABILITIES			
Accounts payable	\$ 120,480	\$ 325,593	\$ 446,073
Due to other funds	107,048	-	107,048
Accrued liabilities	19,186	-	19,186
Customer and escrow deposits	333,655	-	333,655
Restricted liabilities:			
Accounts payable	<u>-</u>	<u>169,802</u>	<u>169,802</u>
Total liabilities	<u>580,369</u>	<u>495,395</u>	<u>1,075,764</u>
DEFERRED INFLOWS OF RESOURCES			
Accounts receivable	-	850	850
Notes receivable	<u>14,967</u>	<u>-</u>	<u>14,967</u>
Total deferred inflows of resources	<u>14,967</u>	<u>850</u>	<u>15,817</u>
FUND BALANCES			
Non Spendable:			
Prepays	3,778	54,133	57,911
Restricted:			
Stabilization by State statute	365,713	2,007,591	2,373,304
Community development loans	18,978,804	-	18,978,804
Capital projects	-	4,034,297	4,034,297
Public safety	216,486	-	216,486
Committed:			
Capital projects	-	3,461,093	3,461,093
Unassigned (deficit)	<u>(524,082)</u>	<u>-</u>	<u>(524,082)</u>
Total fund balances	<u>19,040,699</u>	<u>9,557,114</u>	<u>28,597,813</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 19,636,035</u>	<u>\$ 10,053,359</u>	<u>\$ 29,689,394</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

June 30, 2017

	Community Development Fund	Home Investment Partnership Fund	Rental Rehabilitation Loan Fund	Commercial Loan Fund	Rehabilitation Loan Fund
ASSETS					
Cash and cash equivalents / investments	\$ 13,103	\$ 100,793	\$ 269,500	\$ -	\$ 387,517
Other receivables	-	-	33	-	47
Due from other governments	45,214	70,499	-	-	-
Notes receivable, net	-	8,113,659	111,003	1,211,058	2,698,784
Prepays	3,272	506	-	-	-
Restricted assets:					
Cash and cash equivalents	-	-	-	-	-
Other receivables	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	<u>\$ 61,589</u>	<u>\$ 8,285,457</u>	<u>\$ 380,536</u>	<u>\$ 1,211,058</u>	<u>\$ 3,086,348</u>
LIABILITIES					
Accounts payable	\$ 8,665	\$ 98,438	\$ -	\$ -	\$ 11,645
Due to other funds	36,549	70,499	-	-	-
Accrued liabilities	16,375	2,811	-	-	-
Customer and escrow deposits	-	148,778	533	830	135,181
Total liabilities	<u>61,589</u>	<u>320,526</u>	<u>533</u>	<u>830</u>	<u>146,826</u>
DEFERRED INFLOWS OF RESOURCES					
Notes receivable	-	-	173	-	1,192
FUND BALANCES					
Non Spendable:					
Prepays	3,272	506	-	-	-
Restricted:					
Stabilization by State statute	45,214	320,499	-	-	-
Community development loans	-	8,113,659	379,830	1,211,058	2,938,330
Public safety	-	-	-	-	-
Unassigned (deficit)	<u>(48,486)</u>	<u>(469,733)</u>	<u>-</u>	<u>(830)</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>7,964,931</u>	<u>379,830</u>	<u>1,210,228</u>	<u>2,938,330</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 61,589</u>	<u>\$ 8,285,457</u>	<u>\$ 380,536</u>	<u>\$ 1,211,058</u>	<u>\$ 3,086,348</u>

	CDBG HOP Loan Fund	GF HOP Loan Fund	Economic Development Loan Fund	Forgivable Loans & Legal Fees Fund	Firemen's Relief Fund	Total Nonmajor Special Revenue Funds
ASSETS						
Cash and cash equivalents / investments	\$ 4,609	\$ 173,493	\$ 1,078	\$ 349,504	\$ -	\$ 1,299,597
Other receivables	-	21	-	43	-	144
Due from other governments	-	-	-	-	-	115,713
Notes receivable, net	2,543,625	3,308,972	12,433	783	-	18,000,317
Prepays	-	-	-	-	-	3,778
Restricted assets:						
Cash and cash equivalents	-	-	-	-	115,413	115,413
Other receivables	-	-	-	-	14	14
Due from other governments	-	-	-	-	101,059	101,059
Total assets	<u>\$2,548,234</u>	<u>\$3,482,486</u>	<u>\$ 13,511</u>	<u>\$ 350,330</u>	<u>\$ 216,486</u>	<u>\$ 19,636,035</u>
LIABILITIES						
Accounts payable	\$ 30	\$ 57	\$ 1,050	\$ 595	\$ -	\$ 120,480
Due to other funds	-	-	-	-	-	107,048
Accrued liabilities	-	-	-	-	-	19,186
Customer and escrow deposits	<u>9,612</u>	<u>38,721</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>333,655</u>
Total liabilities	<u>9,642</u>	<u>38,778</u>	<u>1,050</u>	<u>595</u>	<u>-</u>	<u>580,369</u>
DEFERRED INFLOWS OF RESOURCES						
Notes receivable	<u>-</u>	<u>1,169</u>	<u>12,433</u>	<u>-</u>	<u>-</u>	<u>14,967</u>
FUND BALANCES						
Non Spendable:						
Prepays	-	-	-	-	-	3,778
Restricted:						
Stabilization by State statute	-	-	-	-	-	365,713
Community development loans	2,543,625	3,442,539	28	349,735	-	18,978,804
Public safety	-	-	-	-	216,486	216,486
Unassigned (deficit)	<u>(5,033)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(524,082)</u>
Total fund balances	<u>2,538,592</u>	<u>3,442,539</u>	<u>28</u>	<u>349,735</u>	<u>216,486</u>	<u>19,040,699</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$2,548,234</u>	<u>\$3,482,486</u>	<u>\$ 13,511</u>	<u>\$ 350,330</u>	<u>\$ 216,486</u>	<u>\$ 19,636,035</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

June 30, 2017

	Parks and Recreation Fund	Building Improvements Fund	Public Improvements Fund	Total Nonmajor Capital Projects Funds
ASSETS				
Cash and cash equivalents/investments	\$ 1,831,781	\$ 3,364,185	\$ 578,186	\$ 5,774,152
Other receivables	225	412	86	723
Due from other governments	7,756	12,496	-	20,252
Prepays	54,133	-	-	54,133
Restricted assets:				
Cash and cash equivalents	<u>10,036</u>	<u>4,067,387</u>	<u>126,676</u>	<u>4,204,099</u>
Total assets	<u>\$ 1,903,931</u>	<u>\$ 7,444,480</u>	<u>\$ 704,948</u>	<u>\$ 10,053,359</u>
LIABILITIES				
Accounts payable	\$ 259,823	\$ 57,270	\$ 8,500	\$ 325,593
Restricted liabilities:				
Accounts payable	<u>36</u>	<u>169,766</u>	<u>-</u>	<u>169,802</u>
Total liabilities	<u>259,859</u>	<u>227,036</u>	<u>8,500</u>	<u>495,395</u>
DEFERRED INFLOWS OF RESOURCES				
Accounts receivable	<u>-</u>	<u>850</u>	<u>-</u>	<u>850</u>
FUND BALANCES				
Non Spendable:				
Prepays	54,133	-	-	54,133
Restricted:				
Stabilization by State statute	1,008,139	948,918	50,534	2,007,591
Capital projects	10,000	3,897,621	126,676	4,034,297
Committed:				
Capital projects	<u>571,800</u>	<u>2,370,055</u>	<u>519,238</u>	<u>3,461,093</u>
Total fund balances	<u>1,644,072</u>	<u>7,216,594</u>	<u>696,448</u>	<u>9,557,114</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,903,931</u>	<u>\$ 7,444,480</u>	<u>\$ 704,948</u>	<u>\$ 10,053,359</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2017

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Restricted intergovernmental	\$ 2,028,476	\$ 320,782	\$ 2,349,258
Investment earnings	3,562	27,095	30,657
Donations	-	37,054	37,054
Miscellaneous	<u>112,990</u>	<u>38,400</u>	<u>151,390</u>
Total revenues	<u>2,145,028</u>	<u>423,331</u>	<u>2,568,359</u>
Expenditures:			
General government	141,793	959,577	1,101,370
Public safety	98,862	2,474,281	2,573,143
Transportation	-	99,210	99,210
Economic and physical development	941,577	2,026,148	2,967,725
Cultural and recreational	<u>-</u>	<u>1,606,265</u>	<u>1,606,265</u>
Total expenditures	<u>1,182,232</u>	<u>7,165,481</u>	<u>8,347,713</u>
Excess (deficiency) of expenditures over (under) expenditures	<u>962,796</u>	<u>(6,742,150)</u>	<u>(5,779,354)</u>
Other financing sources (uses):			
Transfers from other funds	1,095,121	7,089,514	8,184,635
Transfers to other funds	(686,763)	-	(686,763)
Issuance of installment obligations	<u>-</u>	<u>2,047,701</u>	<u>2,047,701</u>
Total other financing sources	<u>408,358</u>	<u>9,137,215</u>	<u>9,545,573</u>
Net change in fund balances	1,371,154	2,395,065	3,766,219
Fund balances at beginning of year	<u>17,669,545</u>	<u>7,162,049</u>	<u>24,831,594</u>
Fund balances at end of year	<u>\$ 19,040,699</u>	<u>\$ 9,557,114</u>	<u>\$ 28,597,813</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2017

	Community Development Fund	Home Investment Partnership Fund	Rental Rehabilitation Loan Fund	Commercial Loan Fund	Rehabilitation Loan Fund
Revenues:					
Restricted intergovernmental	\$ 1,107,448	\$ 921,028	\$ -	\$ -	\$ -
Investment earnings	-	-	545	-	424
Miscellaneous	-	5,628	695	-	2,088
Total revenues	<u>1,107,448</u>	<u>926,656</u>	<u>1,240</u>	<u>-</u>	<u>2,512</u>
Expenditures:					
General government	121,020	20,773	-	-	-
Public safety	-	-	-	-	-
Economic and physical development	<u>501,678</u>	<u>283,237</u>	<u>-</u>	<u>-</u>	<u>117,281</u>
Total expenditures	<u>622,698</u>	<u>304,010</u>	<u>-</u>	<u>-</u>	<u>117,281</u>
Excess (deficiency) of revenues over (under) expenditures	<u>484,750</u>	<u>622,646</u>	<u>1,240</u>	<u>-</u>	<u>(114,769)</u>
Other financing sources (uses):					
Transfers from other funds	5,793	8,882	189,877	200,000	26
Transfers to other funds	<u>(490,543)</u>	<u>(26)</u>	<u>(4,802)</u>	<u>(991)</u>	<u>(524)</u>
Total other financing sources (uses)	<u>(484,750)</u>	<u>8,856</u>	<u>185,075</u>	<u>199,009</u>	<u>(498)</u>
Net change in fund balances	-	631,502	186,315	199,009	(115,267)
Fund balances at beginning of year	<u>-</u>	<u>7,333,429</u>	<u>193,515</u>	<u>1,011,219</u>	<u>3,053,597</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 7,964,931</u>	<u>\$ 379,830</u>	<u>\$ 1,210,228</u>	<u>\$ 2,938,330</u>

	CDBG HOP Loan Fund	GF HOP Loan Fund	Economic Development Loan Fund	Forgivable Loans & Legal Fees Fund	Firemen's Relief Fund	Total Nonmajor Special Revenue Funds
Revenues:						
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,028,476
Investment earnings	-	489	-	1,531	573	3,562
Miscellaneous	46	3,753	14	155	100,611	112,990
Total revenues	46	4,242	14	1,686	101,184	2,145,028
Expenditures:						
General government	-	-	-	-	-	141,793
Public safety	-	-	-	-	98,862	98,862
Economic and physical development	33,324	20,444	(16,338)	1,951	-	941,577
Total expenditures	33,324	20,444	(16,338)	1,951	98,862	1,182,232
Excess (deficiency) of revenues over (under) expenditures	(33,278)	(16,202)	16,352	(265)	2,322	962,796
Other financing sources (uses):						
Transfers from other funds	290,543	50,000	-	350,000	-	1,095,121
Transfers to other funds	-	-	(189,877)	-	-	(686,763)
Total other financing sources (uses)	290,543	50,000	(189,877)	350,000	-	408,358
Net change in fund balances	257,265	33,798	(173,525)	349,735	2,322	1,371,154
Fund balances at beginning of year	2,281,327	3,408,741	173,553	-	214,164	17,669,545
Fund balances at end of year	\$2,538,592	\$3,442,539	\$ 28	\$ 349,735	\$ 216,486	\$ 19,040,699

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2017

	Parks and Recreation Fund	Building Improvements Fund	Public Improvements Fund	Total Nonmajor Capital Projects Funds
Revenues:				
Restricted intergovernmental	\$ 107,990	\$ -	\$ 212,792	\$ 320,782
Investment earnings	4,194	22,300	601	27,095
Donations	37,054	-	-	37,054
Miscellaneous	-	38,400	-	38,400
Total revenues	<u>149,238</u>	<u>60,700</u>	<u>213,393</u>	<u>423,331</u>
Expenditures:				
General government	-	791,917	167,660	959,577
Public safety	-	1,368,557	1,105,724	2,474,281
Transportation	-	99,210	-	99,210
Economic and physical development	-	2,026,148	-	2,026,148
Cultural and recreational	<u>1,217,710</u>	<u>388,555</u>	<u>-</u>	<u>1,606,265</u>
Total expenditures	<u>1,217,710</u>	<u>4,674,387</u>	<u>1,273,384</u>	<u>7,165,481</u>
Deficiency of revenues under expenditures	<u>(1,068,472)</u>	<u>(4,613,687)</u>	<u>(1,059,991)</u>	<u>(6,742,150)</u>
Other financing sources:				
Transfers from other funds	1,036,105	4,320,985	1,732,424	7,089,514
Issuance of installment obligations	<u>437,168</u>	<u>1,610,533</u>	<u>-</u>	<u>2,047,701</u>
Total other financing sources	<u>1,473,273</u>	<u>5,931,518</u>	<u>1,732,424</u>	<u>9,137,215</u>
Net change in fund balances	404,801	1,317,831	672,433	2,395,065
Fund balances at beginning of year	<u>1,239,271</u>	<u>5,898,763</u>	<u>24,015</u>	<u>7,162,049</u>
Fund balances at end of year	<u>\$ 1,644,072</u>	<u>\$ 7,216,594</u>	<u>\$ 696,448</u>	<u>\$ 9,557,114</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2017

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2017</u>
CHDO Proceeds Fund				
Assets:				
Cash and cash equivalents	\$ 221,587	\$ 151	\$ 73,237	\$ 148,501
Investments:				
North Carolina Capital Management Trust, Term Portfolio	11,875	47,127	-	59,002
U.S. Government Agencies	21,271	634	10,166	11,739
Other receivables	<u>38</u>	<u>27</u>	<u>38</u>	<u>27</u>
Total assets	<u>\$ 254,771</u>	<u>\$ 47,939</u>	<u>\$ 83,441</u>	<u>\$ 219,269</u>
Liabilities:				
Accounts payable	\$ 5,292	\$ 16,981	\$ 22,015	\$ 258
Escrow funds and deposits	<u>249,479</u>	<u>2,847</u>	<u>33,315</u>	<u>219,011</u>
Total liabilities	<u>\$ 254,771</u>	<u>\$ 19,828</u>	<u>\$ 55,330</u>	<u>\$ 219,269</u>
Law Enforcement Seizure Fund				
Assets:				
Cash and cash equivalents	<u>\$ 301,725</u>	<u>\$ 69,547</u>	<u>\$ 2,707</u>	<u>\$ 368,565</u>
Liabilities:				
Escrow funds and deposits	<u>\$ 301,725</u>	<u>\$ 69,547</u>	<u>\$ 2,707</u>	<u>\$ 368,565</u>
Totals - All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 523,312	\$ 69,698	\$ 75,944	\$ 517,066
Investments:				
North Carolina Capital Management Trust, Term Portfolio	11,875	47,127	-	59,002
U.S. Government Agencies	21,271	634	10,166	11,739
Other receivables	<u>38</u>	<u>27</u>	<u>38</u>	<u>27</u>
Total assets	<u>\$ 556,496</u>	<u>\$ 117,486</u>	<u>\$ 86,148</u>	<u>\$ 587,834</u>
Liabilities:				
Accounts payable	\$ 5,292	\$ 16,981	\$ 22,015	\$ 258
Escrow funds and deposits	<u>551,204</u>	<u>72,394</u>	<u>36,022</u>	<u>587,576</u>
Total liabilities	<u>\$ 556,496</u>	<u>\$ 89,375</u>	<u>\$ 58,037</u>	<u>\$ 587,834</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, 2017
With Comparative Actual Amounts for Year Ended June 30, 2016**

	2017		Variance Positive (Negative)	2016 Actual
	Budget	Actual		
Revenues:				
Ad valorem taxes:				
Current year	\$ 55,904,564	\$ 56,469,968	\$ 565,404	\$ 55,225,387
Prior years	460,000	331,377	(128,623)	409,052
Penalties and interest	285,000	194,458	(90,542)	202,145
Total	<u>56,649,564</u>	<u>56,995,803</u>	<u>346,239</u>	<u>55,836,584</u>
Other taxes:				
Local option sales tax	23,809,173	24,371,379	562,206	22,990,436
Franchise tax	8,132,000	8,251,577	119,577	8,392,055
Video programming sales tax	1,511,855	1,408,749	(103,106)	1,390,363
Rental vehicle tax	275,000	313,471	38,471	298,745
Total	<u>33,728,028</u>	<u>34,345,176</u>	<u>617,148</u>	<u>33,071,599</u>
Unrestricted intergovernmental:				
Beer and wine	575,000	522,764	(52,236)	501,086
ABC revenue	1,262,492	1,484,971	222,479	1,386,115
Court fees	35,000	28,751	(6,249)	30,611
Total	<u>1,872,492</u>	<u>2,036,486</u>	<u>163,994</u>	<u>1,917,812</u>
Restricted intergovernmental:				
Powell bill	2,925,558	2,941,419	15,861	2,953,143
PEG channel support	30,000	27,586	(2,414)	27,972
Categorical grants:				
Public Safety	-	40,497	40,497	-
Hurricane disaster assistance	650,000	1,255,814	605,814	-
Other	287,774	303,017	15,243	231,580
Total	<u>3,893,332</u>	<u>4,568,333</u>	<u>675,001</u>	<u>3,212,695</u>
Licenses and permits:				
Privilege licenses	-	14,490	14,490	68,450
Motor vehicle licenses	405,208	406,771	1,563	399,121
Other permits and fees	245,000	270,333	25,333	272,354
Total	<u>650,208</u>	<u>691,594</u>	<u>41,386</u>	<u>739,925</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

**Year Ended June 30, 2017
With Comparative Actual Amounts for Year Ended June 30, 2016**

	2017		Variance Positive (Negative)	2016 Actual
	Budget	Actual		
Revenues: (continued)				
Sales and services:				
Recreation department sales and service	\$ 808,178	\$ 843,671	\$ 35,493	\$ 879,799
Other departmental charges	<u>1,620,331</u>	<u>1,742,197</u>	<u>121,866</u>	<u>1,708,690</u>
Total	<u>2,428,509</u>	<u>2,585,868</u>	<u>157,359</u>	<u>2,588,489</u>
Fines and forfeits:				
Fire code violations	7,500	10,600	3,100	18,550
False alarm citations	100,000	104,110	4,110	121,458
Civil citations	<u>53,200</u>	<u>55,581</u>	<u>2,381</u>	<u>68,164</u>
Total	<u>160,700</u>	<u>170,291</u>	<u>9,591</u>	<u>208,172</u>
Interest earnings:				
Investment earnings	204,358	277,933	73,575	192,576
Interest on liens	<u>-</u>	<u>7,633</u>	<u>7,633</u>	<u>2,917</u>
Total	<u>204,358</u>	<u>285,566</u>	<u>81,208</u>	<u>195,493</u>
Miscellaneous:				
Sale of real estate, equipment and material	5,615	141,286	135,671	35,056
Rents	208,553	183,950	(24,603)	179,927
Other	<u>215,557</u>	<u>272,953</u>	<u>57,396</u>	<u>387,752</u>
Total	<u>429,725</u>	<u>598,189</u>	<u>168,464</u>	<u>602,735</u>
 Total revenues	 <u>100,016,916</u>	 <u>102,277,306</u>	 <u>2,260,390</u>	 <u>98,373,504</u>
Expenditures:				
General government:				
City Council and Clerk		424,887		398,244
City Manager		1,990,381		1,898,398
City Attorney		1,001,212		853,621
Human Resource Management		818,566		771,339
Finance		2,039,468		1,896,585
Information Technology Services		2,552,963		2,221,141
Contributions to other agencies		1,654,462		1,474,891
Nondepartmental		<u>4,792,252</u>		<u>3,927,811</u>
Total	<u>18,262,130</u>	<u>15,274,191</u>	<u>2,987,939</u>	<u>13,442,030</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2017

With Comparative Actual Amounts for Year Ended June 30, 2015

	2017		Variance Positive (Negative)	2016 Actual
	Budget	Actual		
Expenditures: (continued)				
Public safety:				
Police		\$ 29,744,878		\$ 29,696,561
Fire		17,252,355		16,498,677
Total	\$ 48,531,276	46,997,233	\$ 1,534,043	46,195,238
Transportation:				
Development Services		1,694,031		1,747,653
Public Services		5,445,588		5,063,624
Traffic engineering		3,198,578		3,237,142
Streets		2,180,528		2,071,093
Storm water management fee		2,441,004		2,249,917
Total	16,015,902	14,959,729	1,056,173	14,369,429
Cultural and recreational:				
Community Services		1,142,230		1,176,342
Parks and recreation		6,440,739		6,057,106
Total	8,174,755	7,582,969	591,786	7,233,448
Transit system:				
Cape Fear Public Transportation Authority	1,323,550	1,323,550	-	1,442,822
Total expenditures	92,307,613	86,137,672	6,169,941	82,682,967
Excess of revenues over expenditures	7,709,303	16,139,634	8,430,331	15,690,537
Other financing sources (uses):				
Operating transfer - in:				
Debt Service Fund	874,875	874,875	-	1,278,390
Operating transfers - out:				
Debt Service Fund	(9,334,832)	(9,334,832)	-	(9,971,933)
Special Purpose Fund	(729,834)	(601,408)	128,426	(774,503)
CDBG/Home Administration Fund	(198,719)	(150,835)	47,884	(184,096)
GF-HOP Loan Fund	(350,000)	(350,000)	-	-
GF-HOP Revolving	(50,000)	(50,000)	-	-
Home Investment Partnership	(8,358)	(8,358)	-	-
Streets and Sidewalks Fund	(3,352,266)	(3,352,266)	-	(352,500)
Parks and Recreation Fund	(16,105)	(16,105)	-	(118,788)
Building Improvements Fund	(3,320,357)	(3,320,357)	-	(510,850)
Solid Waste Management Fund	(29,866)	(29,866)	-	-
Public Improvements Fund	(1,732,424)	(1,732,424)	-	-

CITY OF WILMINGTON, NORTH CAROLINA

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

**Year Ended June 30, 2017
With Comparative Actual Amounts for Year Ended June 30, 2016**

	2017		Variance Positive (Negative)	2016 Actual
	Budget	Actual		
Other financing sources (uses): (continued)				
Operating transfers - out: (continued)				
Community Development Block Grant Fund	\$ -	\$ -	\$ -	\$ (9,321)
Technology Replacement Fund	(372,595)	(372,595)	-	(480,000)
Total operating transfers - out	<u>(19,495,356)</u>	<u>(19,319,046)</u>	<u>176,310</u>	<u>(12,401,991)</u>
Appropriated fund balance	<u>10,911,178</u>	-	<u>(10,911,178)</u>	-
Total other financing uses	<u>(7,709,303)</u>	<u>(18,444,171)</u>	<u>(10,734,868)</u>	<u>(11,123,601)</u>
Net change in fund balance	<u>\$ -</u>	<u>(2,304,537)</u>	<u>\$ (2,304,537)</u>	<u>4,566,936</u>
Fund balance at beginning of year as previously reported		61,358,920		55,607,154
Prior period adjustment (Note 8)		-		<u>1,100,606</u>
Fund balance at beginning of year as restated		61,358,920		56,707,760
Change in reserve for inventories		<u>98,357</u>		<u>84,224</u>
Fund balance at end of year		<u>\$ 59,152,740</u>		<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		150,835		184,096
General government expenditures		(35,657)		(49,228)
Economic and physical development expenditures		(115,178)		(134,868)
Fund balance at beginning of year		-		-
Fund balance at end of year		<u>\$ 59,152,740</u>		<u>\$ 61,358,920</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, 2017

	Grant Project Authorization	Actual Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Taxes:					
Room occupancy tax	\$ 32,346,034	\$ 29,888,068	\$ 3,824,615	\$ 33,712,683	\$ 1,366,649
Restricted intergovernmental:					
Federal grants	5,116,756	4,712,562	475,057	5,187,619	70,863
State grants	3,022,698	1,884,909	929,487	2,814,396	(208,302)
Other governments	1,976,705	1,605,855	352,442	1,958,297	(18,408)
Total restricted intergovernmental	10,116,159	8,203,326	1,756,986	9,960,312	(155,847)
Investment earnings	340,411	1,909,387	29,081	1,938,468	1,598,057
Donations	233,162	160,644	2,050	162,694	(70,468)
Miscellaneous:					
Red light traffic cameras	8,231,048	7,102,502	1,165,709	8,268,211	37,163
Other program income	319,237	346,237	15,874	362,111	42,874
Sale of property	6,615	30,084	-	30,084	23,469
Total miscellaneous	8,556,900	7,478,823	1,181,583	8,660,406	103,506
Total revenues	51,592,666	47,640,248	6,794,315	54,434,563	2,841,897
Expenditures:					
Public safety projects:					
Regional crime lab	347,199	98,282	157,583	255,865	91,334
Santa cop program	1,125	750	-	750	375
SABLE-helicopter unit	1,431,878	978,524	124,367	1,102,891	328,987
Federal forfeiture - SABLE	1,546,447	1,242,280	80,260	1,322,540	223,907
Strategy to address gangs	71,720	67,917	856	68,773	2,947
Second chance reentry	600,000	395,309	192,522	587,831	12,169
Firefighter assistance - FEMA	109,015	67,041	41,816	108,857	158
Port city super girls academy	25,200	-	13,834	13,834	11,366
Reset reentry system	200,000	-	19,804	19,804	180,196
Federal forfeiture	2,205,271	1,793,869	383,689	2,177,558	27,713
North Carolina drug tax	668,083	605,967	58,921	664,888	3,195
Total public safety	7,205,938	5,249,939	1,073,652	6,323,591	882,347
Transportation projects:					
Metropolitan planning	2,841,097	1,725,704	843,363	2,569,067	272,030
Red light traffic cameras	11,483,725	9,754,809	1,567,270	11,322,079	161,646
TDM coordinator	220,000	54,441	103,565	158,006	61,994
Rail realignment study	300,000	-	300,000	300,000	-
Total transportation	14,844,822	11,534,954	2,814,198	14,349,152	495,670

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, 2017

	Grant Project Authorization	Prior Years	Current Year	Totals to Date	Variance Positive (Negative)
Expenditures: (continued)					
Economic and physical development projects:					
Historic preservation education	\$ 43,617	\$ 31,074	\$ -	\$ 31,074	\$ 12,543
Annual housing summit	40,197	32,970	-	32,970	7,227
Brownfields program	400,000	270,838	105,504	376,342	23,658
Innovate NC	13,827	-	13,827	13,827	-
Community waste reduction/recycle	36,000	-	36,000	36,000	-
Affordable housing program	1,182,157	1,171,067	3,812	1,174,879	7,278
Homeownership services	173,706	122,427	10,382	132,809	40,897
UDAG income projects	1,280,639	1,203,961	150	1,204,111	76,528
Trees forever	48,405	36,250	2,611	38,861	9,544
Trolley station	3,716	2,123	-	2,123	1,593
Total economic and physical development	<u>3,222,264</u>	<u>2,870,710</u>	<u>172,286</u>	<u>3,042,996</u>	<u>179,268</u>
Cultural and recreational projects:					
Dog park development	35,490	26,612	-	26,612	8,878
Downtown business alliance	55,609	40,775	4,884	45,659	9,950
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
Living legends award	3,840	-	-	-	3,840
TD green streets program	20,000	-	16,953	16,953	3,047
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	385	6,545	944
Total cultural and recreational	<u>195,556</u>	<u>128,439</u>	<u>22,222</u>	<u>150,661</u>	<u>44,895</u>
Transit system:					
Metropolitan Planning	<u>176,581</u>	<u>120,581</u>	<u>56,006</u>	<u>176,587</u>	<u>(6)</u>
Total expenditures	<u>25,645,161</u>	<u>19,904,623</u>	<u>4,138,364</u>	<u>24,042,987</u>	<u>1,602,174</u>
Excess of revenues over expenditures	<u>25,947,505</u>	<u>27,735,625</u>	<u>2,655,951</u>	<u>30,391,576</u>	<u>4,444,071</u>
Other financing sources (uses):					
Operating transfers - in:					
UDAG Loan Fund	759,754	759,754	-	759,754	-
Community Development Fund	296,780	297,120	-	297,120	340
GF-HOP Loan Fund	1,086,000	1,086,000	-	1,086,000	-
Economic Development Loan Fund	288,353	292,304	-	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, 2017

	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	\$ -
Solid Waste Fund	6,000	-	6,000	6,000	-
Storm Water Management Fund	-	63	-	63	63
General Fund	<u>4,232,020</u>	<u>3,547,342</u>	<u>601,408</u>	<u>4,148,750</u>	<u>(83,270)</u>
Total operating transfers - in	<u>7,106,907</u>	<u>6,420,583</u>	<u>607,408</u>	<u>7,027,991</u>	<u>(78,916)</u>
Operating transfers - out:					
General Fund	(16,000)	(16,000)	-	(16,000)	-
Convention Center Fund	(32,302,585)	(27,170,699)	(5,131,886)	(32,302,585)	-
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)	(544,045)	-	(544,045)	14
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>(33,054,412)</u>	<u>(27,922,509)</u>	<u>(5,131,886)</u>	<u>(33,054,395)</u>	<u>17</u>
Total other financing uses	<u>(25,947,505)</u>	<u>(21,501,926)</u>	<u>(4,524,478)</u>	<u>(26,026,404)</u>	<u>(78,899)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 6,233,699</u>	<u>(1,868,527)</u>	<u>\$ 4,365,172</u>	<u>\$ 4,365,172</u>
Fund balance at beginning of year			<u>6,233,699</u>		
Fund balance at end of year			<u>\$ 4,365,172</u>		
A legally budgeted Convention Center Fund is consolidated into the Special Purpose Fund for reporting purposes:					
Sales and services			3,725,661		
Investment earnings			1,593		
Transfer from Special Purpose Fund			5,131,886		
Economic and physical development expenditures			(4,380,069)		
Debt service:					
Principal retirement			(1,455,000)		
Interest and other charges			(2,139,878)		
Fund balance at beginning of year			1,456,350		
An unbudgeted UDAG Loan Fund is consolidated into the Special Purpose Fund for reporting purposes:					
Economic and physical development expenditures			(4,954)		
Fund balance at beginning of year			<u>75,901</u>		
Fund balance at end of year			<u>\$ 6,776,662</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, 2017

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Sales and services:					
Convention center	\$ 17,997,260	\$ 14,824,042	\$ 3,334,792	\$ 18,158,834	\$ 161,574
Parking deck	<u>1,357,280</u>	<u>1,122,125</u>	<u>390,869</u>	<u>1,512,994</u>	<u>155,714</u>
Total sales and services	19,354,540	15,946,167	3,725,661	19,671,828	317,288
Investment earnings	<u>127,042</u>	<u>128,814</u>	<u>1,593</u>	<u>130,407</u>	<u>3,365</u>
Total revenues	<u>19,481,582</u>	<u>16,074,981</u>	<u>3,727,254</u>	<u>19,802,235</u>	<u>320,653</u>
Expenditures:					
Economic and physical development project:					
Convention Center operations	25,899,910	20,881,900	4,120,804	25,002,704	897,206
Parking deck operations	<u>1,730,087</u>	<u>944,457</u>	<u>259,265</u>	<u>1,203,722</u>	<u>526,365</u>
Total economic and physical development	<u>27,629,997</u>	<u>21,826,357</u>	<u>4,380,069</u>	<u>26,206,426</u>	<u>1,423,571</u>
Debt service:					
Principal retirement	10,790,000	9,335,000	1,455,000	10,790,000	-
Interest and other charges	25,802,936	23,233,441	2,139,878	25,373,319	429,617
Reserved for debt service	<u>166,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>166,702</u>
Total debt service	<u>36,759,638</u>	<u>32,568,441</u>	<u>3,594,878</u>	<u>36,163,319</u>	<u>596,319</u>
Total expenditures	<u>64,389,635</u>	<u>54,394,798</u>	<u>7,974,947</u>	<u>62,369,745</u>	<u>2,019,890</u>
Excess of expenditures over revenues	<u>(44,908,053)</u>	<u>(38,319,817)</u>	<u>(4,247,693)</u>	<u>(42,567,510)</u>	<u>2,340,543</u>
Other financing sources (uses):					
Operating transfers - in:					
Special Purpose Fund	32,302,585	27,170,699	5,131,886	32,302,585	-
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	38,332,922	33,201,036	5,131,886	38,332,922	-
Issuance of installment obligations	5,995,949	5,995,949	-	5,995,949	-
Issuance of refunding installment obligations	57,850,000	57,850,000	-	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>(63,213,738)</u>	<u>-</u>	<u>(63,213,738)</u>	<u>1</u>
Total other financing sources	<u>44,908,053</u>	<u>39,776,167</u>	<u>5,131,886</u>	<u>44,908,053</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,456,350</u>	884,193	<u>\$ 2,340,543</u>	<u>\$ 2,340,543</u>
Fund balance at beginning of year			<u>1,456,350</u>		
Fund balance at end of year			<u>\$ 2,340,543</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, 2017

	Grant Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Restricted intergovernmental:					
Federal grants	\$ 11,728,733	\$ 10,004,266	\$ 1,107,448	\$ 11,111,714	\$ (617,019)
Miscellaneous:					
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	12,197,641	10,473,230	1,107,448	11,580,678	(616,963)
Expenditures:					
Economic and physical development projects:					
Acquisition		331,000	-	331,000	
Public facilities		1,815,372	38,114	1,853,486	
Disposition		25,743	577	26,320	
Demolition		59,126	-	59,126	
Domestic Violence		342,602	9,650	352,252	
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		326,132	-	326,132	
First Fruit Ministries		76,994	22,827	99,821	
Housing counseling		14,910	-	14,910	
Wilmington interfaith network		10,000	-	10,000	
Joint Project		803,861	117,523	921,384	
YWCA - Kids Making It		25,000	-	25,000	
Salvation Army		30,000	-	30,000	
Relocation		42,988	-	42,988	
Energy repairs/housing		382,097	-	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	7,472,473	7,022,248	188,691	7,210,939	261,534
Excess of revenues over expenditures	4,725,168	3,450,982	918,757	4,369,739	(355,429)

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, 2017

	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	95,898	93,823	4,802	98,625	2,727
Commercial Loan Fund	22,192	23,995	991	24,986	2,794
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>640,077</u>	<u>639,805</u>	<u>5,793</u>	<u>645,598</u>	<u>5,521</u>
Operating transfers - out:					
CDBG/HOME Administration Fund	(3,328,928)	(2,774,245)	(434,007)	(3,208,252)	120,676
Rental Rehabilitation Loan Fund	(99,550)	(99,550)	-	(99,550)	-
Commercial Loan Fund	(500,000)	(318,844)	(200,000)	(518,844)	(18,844)
Rehabilitation Loan Fund	(36,871)	(36,871)	-	(36,871)	-
CDBG HOP Loan Fund	<u>(1,399,896)</u>	<u>(861,277)</u>	<u>(290,543)</u>	<u>(1,151,820)</u>	<u>248,076</u>
Total operating transfers - out	<u>(5,365,245)</u>	<u>(4,090,787)</u>	<u>(924,550)</u>	<u>(5,015,337)</u>	<u>349,908</u>
Total other financing uses	<u>(4,725,168)</u>	<u>(3,450,982)</u>	<u>(918,757)</u>	<u>(4,369,739)</u>	<u>355,429</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			434,007		
General government expenditures			(121,020)		
Economic and physical development expenditures			(312,987)		
Fund balance at beginning of year			<u>-</u>		
Fund balance at end of year			<u>\$ -</u>		

CITY OF WILMINGTON, NORTH CAROLINA

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

**Year Ended June 30, 2017
With Comparative Actual Amounts for Year Ended June 30, 2016**

	2017		Variance Positive (Negative)	2016 Actual
	Budget	Actual		
Expenditures:				
General government:				
Finance		\$ 177,450		\$ 168,191
Economic and physical development:				
Economic and community development		474,465		471,624
Total expenditures	\$ 752,892	651,915	\$ 100,977	639,815
Other financing sources:				
Operating transfers-in:				
General Fund	198,719	150,835	(47,884)	184,096
Community Development Fund	487,100	434,007	(53,093)	386,775
Home Investment Partnership Fund	67,073	67,073	-	68,944
Total operating transfers - in	752,892	651,915	(100,977)	639,815
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, 2017

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental:					
Federal grants	\$ 3,766,376	\$ 1,837,494	\$ 921,028	\$ 2,758,522	\$ (1,007,854)
Miscellaneous	7,500	7,500	-	7,500	-
Total revenues	<u>3,773,876</u>	<u>1,844,994</u>	<u>921,028</u>	<u>2,766,022</u>	<u>(1,007,854)</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>3,635,438</u>	<u>1,529,284</u>	<u>921,028</u>	<u>2,450,312</u>	<u>(1,185,126)</u>
Other financing sources (uses):					
Operating transfers - in:					
General Fund	8,358	-	8,358	8,358	-
Special Purpose Fund	78,195	231,630	-	231,630	153,435
General Fund HOP Loan Fund	51,550	79,150	-	79,150	27,600
Home Loan Fund	<u>1,139,789</u>	<u>980,859</u>	<u>216,744</u>	<u>1,197,603</u>	<u>57,814</u>
Total operating transfers - in	<u>1,277,892</u>	<u>1,291,639</u>	<u>225,102</u>	<u>1,516,741</u>	<u>238,849</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, 2017

	<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	\$ (442,966)	\$ (375,893)	\$ (67,073)	\$ (442,966)	\$ -
Home Loan Fund	<u>(4,470,364)</u>	<u>(2,353,690)</u>	<u>(1,170,397)</u>	<u>(3,524,087)</u>	<u>946,277</u>
Total operating transfers - out	<u>(4,913,330)</u>	<u>(2,729,583)</u>	<u>(1,237,470)</u>	<u>(3,967,053)</u>	<u>946,277</u>
 Total other financing sources (uses)	<u>(3,635,438)</u>	<u>(1,437,944)</u>	<u>(1,012,368)</u>	<u>(2,450,312)</u>	<u>1,185,126</u>
 Net change in fund balance	<u>\$ -</u>	<u>\$ 91,340</u>	<u>(91,340)</u>	<u>\$ -</u>	<u>\$ -</u>
 Fund balance at beginning of year			<u>91,340</u>		
 Fund balance at end of year			<u>\$ -</u>		
 A portion of a legally budgeted CDBG/HOME Grant and Administration Fund is consolidated into the Home Investment Partnership Fund for reporting purposes:					
Transfer from Home Investment Partnership Fund			67,073		
General government expenditures			(20,773)		
Economic and physical development expenditures			(46,300)		
Fund balance at beginning of year			-		
 An unbudgeted Home Loan Fund is consolidated into the Home Investment Partnership Fund for reporting purposes:					
Miscellaneous income			5,628		
Transfer from Home Investment Partnership Fund			1,170,397		
Transfer from Rehabilitation Loan Fund			524		
Economic and physical development expenditures			(236,937)		
Transfer to Home Investment Partnership Fund			(216,744)		
Transfer to Rehabilitation Loan Fund			(26)		
Fund balance at beginning of year			<u>7,242,089</u>		
 Fund balance at end of year			<u>\$ 7,964,931</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, 2017

	Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Restricted intergovernmental	\$ 5,274,182	\$ 1,080,137	\$ 588,271	\$ 1,668,408	\$ (3,605,774)
Investment earnings	400,968	485,229	56,223	541,452	140,484
Donations	247,162	3,028,823	282,632	3,311,455	3,064,293
Total revenues	5,922,312	4,594,189	927,126	5,521,315	(400,997)
Expenditures:					
Transportation:					
Water Street/Riverfront improvements	3,266,656	1,659,325	1,211,353	2,870,678	395,978
Water Street/Riverfront stabilization	472,782	126,299	309,846	436,145	36,637
Bridge repairs 2004-05	1,892,066	548,374	53,087	601,461	1,290,605
Street rehabilitation 2004-05	15,091,484	8,229,988	224,826	8,454,814	6,636,670
Neighborhood traffic management	1,752,500	1,653,804	(10)	1,653,794	98,706
Eastwood Road path	29,214	-	-	-	29,214
Market/Water Streets bulkhead	1,380,641	1,380,641	-	1,380,641	-
Princess Place/17th to 25th Streets	151,247	151,246	-	151,246	1
Downtown street improvements	1,282,186	-	-	-	1,282,186
Pocket Park shoreline stabilization	564,200	551,386	1,650	553,036	11,164
Market Street H-piles stabilization	1,050,338	799,548	-	799,548	250,790
North/South 17th Street	1,505,002	43,694	817,042	860,736	644,266
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	26,695	1,441	-	1,441	25,254
College/Oleander pedestrian crossing	100	-	-	-	100
Pine Valley street/drainage rehabilitation	2,719,808	96,551	624,775	721,326	1,998,482
Cross City Trail IIIIE streets rehabilitation	884,010	873,932	-	873,932	10,078
Wrightsville/Greenville improvements	425,500	44,055	23,782	67,837	357,663
Park Avenue multi-use path	874,820	157,931	41,876	199,807	675,013
Military Cutoff/Eastwood multi-use path	296,203	19,888	3,289	23,177	273,026
Hinton Avenue multi-use path	367,091	51,970	29,722	81,692	285,399
Hooker Road multi-use path	1,015,808	54,766	27,889	82,655	933,153
5th and Wooster pedestrian crossing	147,134	213	5,402	5,615	141,519
Kerr Avenue bike lane/sidewalks	1,140,000	-	-	-	1,140,000
Gregory/Williston Streets	451,000	-	12,608	12,608	438,392
Greenville Loop rehabilitation	1,758,329	1,415,018	-	1,415,018	343,311
Audubon / Floral rehabilitation	2,437,000	41,123	-	41,123	2,395,877
41st Street rehabilitation	1,600,000	1,172,603	78,983	1,251,586	348,414
Love Grove emergency access	150,000	-	-	-	150,000
Coastline Inn riverfront stabilization	992,550	36,355	101,024	137,379	855,171
Sidewalk gap improvements	55,000	13,645	30,558	44,203	10,797
North 3rd Street bridge	459,854	79,707	29,434	109,141	350,713

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, 2017

	Project Authorization	Prior Years	Current Year	Totals to Date	Variance Positive (Negative)
Expenditures: (continued)					
Transportation: (continued)					
Shipyard Boulevard bus pullout	\$ 300,000	\$ -	\$ 52,675	\$ 52,675	\$ 247,325
Public transportation	2,000,000	368,242	-	368,242	1,631,758
Eastwood Road access management	5,125,000	-	-	-	5,125,000
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	-	26,500	26,500	1,073,500
Love Grove access	6,100,000	555,699	1,806,671	2,362,370	3,737,630
Hurst Drive extension	4,300,000	-	-	-	4,300,000
Pine Grove intersection improvements	2,500,000	2,282	34,643	36,925	2,463,075
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	-	11,786	11,786	1,488,214
Pine Grove/Greenville Loop roundabout	1,500,000	-	11,786	11,786	1,488,214
Pine Grove/Holly Tree roundabout	1,500,000	-	11,786	11,786	1,488,214
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	-	2,500	2,500	221,560
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	4,348	-	4,347	4,347	1
Delaney sidewalk improvements	173,829	-	173	173	173,656
McClelland sidewalk improvements	589,527	-	309	309	589,218
Fairlawn sidewalk improvements	842,478	-	257,304	257,304	585,174
Clover sidewalk improvements	410,747	-	-	-	410,747
Gleason sidewalk improvements	449,231	-	-	-	449,231
Kerr/Wilshire crosswalk	45,000	2,500	27,620	30,120	14,880
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
Central College trail	1,473,269	103,371	165,665	269,036	1,204,233
Masonboro Loop multiuse path	2,982,142	-	87,399	87,399	2,894,743

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, 2017

	Project Authorization	Prior Years	Current Year	Totals to Date	Variance Positive (Negative)
Expenditures: (continued)					
Transportation: (continued)					
Contingency - bike/pedestrian	\$ 1,361,591	\$ -	\$ -	\$ -	\$ 1,361,591
Chestnut/Grace reconstruction	2,000,000	-	-	-	2,000,000
23rd Street connection/Scientific	2,660,528	-	375,000	375,000	2,285,528
Independence Boulevard	502,050	-	502,050	502,050	-
Cardinal Extension	500,000	-	196,487	196,487	303,513
Lullwater/Greenway	509,951	-	357,300	357,300	152,651
Cross walk improvements 2017	150,000	-	-	-	150,000
Wooster Street sidewalks	276,431	194,179	-	194,179	82,252
Sidewalk rehabilitation and repairs	2,120,947	1,737,339	248,948	1,986,287	134,660
Pedestrian/Bike improvements	<u>1,891,104</u>	<u>1,019,059</u>	<u>(236)</u>	<u>1,018,823</u>	<u>872,281</u>
Total transportation	<u>110,990,013</u>	<u>23,266,100</u>	<u>7,807,849</u>	<u>31,073,949</u>	<u>79,916,064</u>
Cultural and recreational:					
Water Street/Riverfront improvements	96,357	94,302	2,055	96,357	-
Riverwalk North convention center	2,594,625	2,587,995	-	2,587,995	6,630
Riverwalk North marina	8,488,374	8,250,030	120,489	8,370,519	117,855
Market/Water Streets bulkhead	128,596	95	-	95	128,501
Riverfront Assessment	1,777,136	256,951	3,500	260,451	1,516,685
Brooks Building riverwalk improvements	1,141,976	525,366	613,058	1,138,424	3,552
Riverwalk-Conlon Pier repair	41,800	15,723	-	15,723	26,077
Convention Center Bulkhead	<u>13,200</u>	<u>-</u>	<u>8,050</u>	<u>8,050</u>	<u>5,150</u>
Total cultural and recreational	<u>14,282,064</u>	<u>11,730,462</u>	<u>747,152</u>	<u>12,477,614</u>	<u>1,804,450</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>125,807,949</u>	<u>35,305,846</u>	<u>8,555,001</u>	<u>43,860,847</u>	<u>81,947,102</u>
Excess of expenditures over revenues	<u>(119,885,637)</u>	<u>(30,711,657)</u>	<u>(7,627,875)</u>	<u>(38,339,532)</u>	<u>81,546,105</u>
Other financing sources (uses):					
Operating transfers - in:					
General Fund	10,569,590	8,143,980	3,352,266	11,496,246	926,656
Debt Service fund	17,063,965	7,013,055	650,910	7,663,965	(9,400,000)
Building Improvements Fund	911,400	911,400	-	911,400	-
Storm Water Capital Project Fund	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>
Total operating transfers - in	<u>28,594,955</u>	<u>16,118,435</u>	<u>4,003,176</u>	<u>20,121,611</u>	<u>(8,473,344)</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, 2017

	<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	\$ (140,000)	\$ (140,000)	\$ -	\$ (140,000)	\$ -
Building Improvements Fund	<u>(500,000)</u>	<u>(500,000)</u>	<u>-</u>	<u>(500,000)</u>	<u>-</u>
Total operating transfers - out	<u>(640,000)</u>	<u>(640,000)</u>	<u>-</u>	<u>(640,000)</u>	<u>-</u>
Issuance of bonds	53,533,892	9,533,892	-	9,533,892	(44,000,000)
Issuance of installment obligations	36,321,620	18,168,038	9,787,299	27,955,337	(8,366,283)
Premium on bonds	109,618	109,617	-	109,617	(1)
Premium on installment obligations	<u>1,965,552</u>	<u>1,230,241</u>	<u>735,310</u>	<u>1,965,551</u>	<u>(1)</u>
Total other financing sources	<u>119,885,637</u>	<u>44,520,223</u>	<u>14,525,785</u>	<u>59,046,008</u>	<u>(60,839,629)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 13,808,566</u>	6,897,910	<u>\$ 20,706,476</u>	<u>\$ 20,706,476</u>
Fund balance at beginning of year			<u>13,808,566</u>		
Fund balance at end of year			<u>\$ 20,706,476</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, 2017

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental	\$ 9,200,472	\$ 8,498,219	\$ 107,990	\$ 8,606,209	\$ (594,263)
Investment earnings	57,709	111,985	4,194	116,179	58,470
Donations	953,672	1,220,942	37,054	1,257,996	304,324
Total revenues	10,211,853	9,831,146	149,238	9,980,384	(231,469)
Expenditures:					
Cultural and recreational:					
Water Street/Riverfront parks	317,285	27,620	250,631	278,251	39,034
Park facility maintenance	2,087,632	1,599,250	327,420	1,926,670	160,962
Recreation master plan	60,674	30,723	-	30,723	29,951
Olsen Park phase I	8,784,990	8,758,686	-	8,758,686	26,304
Cross city trail system	8,877,698	7,927,438	154,676	8,082,114	795,584
10th & Fanning park development	75,000	2,335	-	2,335	72,665
Tennis complex	3,209,555	1,763,451	76,046	1,839,497	1,370,058
Inland Greens acquisition	2,696,503	1,880,092	404,524	2,284,616	411,887
Portia Mills Hines Park	29,100	15,097	-	15,097	14,003
Tree mitigation plantings	154,000	154,000	-	154,000	-
Greenfield Walkway/Dock	482,900	432,755	4,413	437,168	45,732
Legion Stadium equipment improvements	115,000	95,505	-	95,505	19,495
Alderman Preserve phase II	1,325,000	-	-	-	1,325,000
Riverfront Park improvements	73,191	67,741	-	67,741	5,450
Land acquisition and economic development	170,000	18,038	-	18,038	151,962
Total expenditures	28,458,528	22,772,731	1,217,710	23,990,441	4,468,087
Excess of expenditures over revenues	(18,246,675)	(12,941,585)	(1,068,472)	(14,010,057)	4,236,618
Other financing sources (uses):					
Operating transfers - in:					
General Fund	2,194,904	2,180,098	16,105	2,196,203	1,299
Debt Service Fund	1,343,554	323,554	1,020,000	1,343,554	-
Streets and Sidewalks Fund	423,615	423,615	-	423,615	-
Storm Water Capital Project Fund	552,923	552,923	-	552,923	-
Total operating transfers - in	4,514,996	3,480,190	1,036,105	4,516,295	1,299

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, 2017

	<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	3,231,016	200,000	437,168	637,168	(2,593,848)
Issuance of other long-term obligations	<u>10,830,663</u>	<u>10,830,666</u>	<u>-</u>	<u>10,830,666</u>	<u>3</u>
Total other financing sources	<u>18,246,675</u>	<u>14,180,856</u>	<u>1,473,273</u>	<u>15,654,129</u>	<u>(2,592,546)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,239,271</u>	<u>404,801</u>	<u>\$ 1,644,072</u>	<u>\$ 1,644,072</u>
Fund balance at beginning of year			<u>1,239,271</u>		
Fund balance at end of year			<u>\$ 1,644,072</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, 2017

	Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Restricted intergovernmental	\$ 43,892	\$ 47,809	\$ -	\$ 47,809	\$ 3,917
Investment earnings	169,774	158,816	22,300	181,116	11,342
Sale of real estate	578,820	578,820	-	578,820	-
Rents	77,545	277,564	38,400	315,964	238,419
Miscellaneous	72,609	72,608	-	72,608	(1)
Total revenues	942,640	1,135,617	60,700	1,196,317	253,677
Expenditures:					
General government:					
Building improvements	2,011,043	1,576,911	249,021	1,825,932	185,111
City Hall improvements	1,681,729	523,899	458,432	982,331	699,398
Northern warehouse purchase	1,813,545	1,777,880	2,124	1,780,004	33,541
Northern riverfront project	4,100,000	4,088,593	348	4,088,941	11,059
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	20,014	494,012	16,838
Castle Street Wave site	16,915	-	15,634	15,634	1,281
Building security	270,708	238,460	-	238,460	32,248
ADA compliance	3,501,504	2,734,171	46,344	2,780,515	720,989
Total general government	15,356,294	11,742,702	791,917	12,534,619	2,821,675
Public safety:					
Building improvements	297,999	85,905	212,094	297,999	-
Firing range & training facility	2,131,136	19,971	1,097,202	1,117,173	1,013,963
Cinema Drive fire station	4,762,840	4,762,540	300	4,762,840	-
Shipyards fire station #5	5,144,037	920,594	58,961	979,555	4,164,482
Total public safety	12,336,012	5,789,010	1,368,557	7,157,567	5,178,445
Transportation:					
Water Street/Riverfront ADA	136,899	89,332	39,192	128,524	8,375
Multi-modal facility study	1,764,570	979,380	-	979,380	785,190
ADA compliance	136,341	76,323	60,018	136,341	-
Total transportation	2,037,810	1,145,035	99,210	1,244,245	793,565

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, 2017

	<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	\$ 6,624,945	\$ 3,838,295	\$ 2,026,148	\$ 5,864,443	\$ 760,502
Cultural and recreational:					
Building improvements	291,971	36,875	255,096	291,971	-
Parks Maintenance Facility	35,000	-	25,700	25,700	9,300
Building improvements-1102 Orange	123,750	-	104,809	104,809	18,941
ADA compliance	<u>117,682</u>	<u>114,732</u>	<u>2,950</u>	<u>117,682</u>	<u>-</u>
Total cultural and recreational	<u>568,403</u>	<u>151,607</u>	<u>388,555</u>	<u>540,162</u>	<u>28,241</u>
Total expenditures	<u>36,923,464</u>	<u>22,666,649</u>	<u>4,674,387</u>	<u>27,341,036</u>	<u>9,582,428</u>
Excess of expenditures over revenues	<u>(35,980,824)</u>	<u>(21,531,032)</u>	<u>(4,613,687)</u>	<u>(26,144,719)</u>	<u>9,836,105</u>
Other financing sources (uses):					
Operating transfers - in:					
General Fund	17,482,216	14,086,538	3,320,357	17,406,895	(75,321)
Debt Service Fund	1,354,428	353,800	1,000,628	1,354,428	-
Streets and Sidewalks Fund	2,045,023	2,045,023	-	2,045,023	-
Parks & Recreation Fund	421,260	421,260	-	421,260	-
Storm Water Capital Project Fund	<u>80,609</u>	<u>80,609</u>	<u>-</u>	<u>80,609</u>	<u>-</u>
Total operating transfers - in	<u>21,383,536</u>	<u>16,987,230</u>	<u>4,320,985</u>	<u>21,308,215</u>	<u>(75,321)</u>
Operating transfers - out:					
General Fund	(500,000)	(500,000)	-	(500,000)	-
Streets and Sidewalks Fund	(47,000)	(47,000)	-	(47,000)	-
Parks and Recreation Fund	<u>(26,666)</u>	<u>(26,666)</u>	<u>-</u>	<u>(26,666)</u>	<u>-</u>
Total operating transfers - out	<u>(573,666)</u>	<u>(573,666)</u>	<u>-</u>	<u>(573,666)</u>	<u>-</u>
Issuance of bonds	-	477	-	477	477
Issuance of installment obligations	13,635,466	9,480,266	1,610,533	11,090,799	(2,544,667)
Issuance of other long-term obligations	<u>1,535,488</u>	<u>1,535,488</u>	<u>-</u>	<u>1,535,488</u>	<u>-</u>
Total other financing sources	<u>35,980,824</u>	<u>27,429,795</u>	<u>5,931,518</u>	<u>33,361,313</u>	<u>(2,619,511)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 5,898,763</u>	<u>1,317,831</u>	<u>\$ 7,216,594</u>	<u>\$ 7,216,594</u>
Fund balance at beginning of year			<u>5,898,763</u>		
Fund balance at end of year			<u>\$ 7,216,594</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, 2017

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental	\$ 759,027	\$ 2,783	\$ 212,792	\$ 215,575	\$ (543,452)
Investment earnings	84,796	84,802	601	85,403	607
Total revenues	<u>843,823</u>	<u>87,585</u>	<u>213,393</u>	<u>300,978</u>	<u>(542,845)</u>
Expenditures:					
General government:					
Building improvements 2004-05	77,873	77,873	-	77,873	-
Work order system	277,320	-	-	-	277,320
Development tracking system	190,000	-	-	-	190,000
GTV upgrade	164,804	-	115,201	115,201	49,603
Main firewall replacement	80,000	-	52,459	52,459	27,541
ADA compliance	<u>348,423</u>	<u>346,206</u>	-	<u>346,206</u>	<u>2,217</u>
Total general government	<u>1,138,420</u>	<u>424,079</u>	<u>167,660</u>	<u>591,739</u>	<u>546,681</u>
Public safety:					
OJP - Forensic Lab Information System	165,000	-	130,650	130,650	34,350
Fire SCBA replacement	893,624	-	892,932	892,932	692
JAG equipment / NHC 2016	82,325	-	82,142	82,142	183
Emergency vehicle signal preemption	<u>633,378</u>	-	-	-	<u>633,378</u>
Total public safety	<u>1,774,327</u>	-	<u>1,105,724</u>	<u>1,105,724</u>	<u>668,603</u>
Transportation:					
Eastwood Road path	7,786	-	-	-	7,786
Pedestrian/bike improvements	<u>548</u>	<u>548</u>	-	<u>548</u>	-
Total transportation	<u>8,334</u>	<u>548</u>	-	<u>548</u>	<u>7,786</u>
Total expenditures	<u>2,921,081</u>	<u>424,627</u>	<u>1,273,384</u>	<u>1,698,011</u>	<u>1,223,070</u>
Excess of expenditures over revenues	(2,077,258)	(337,042)	(1,059,991)	(1,397,033)	680,225
Other financing sources:					
Operating transfers - in:					
General Fund	<u>2,077,258</u>	<u>361,057</u>	<u>1,732,424</u>	<u>2,093,481</u>	<u>16,223</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 24,015</u>	672,433	<u>\$ 696,448</u>	<u>\$ 696,448</u>
Fund balance at beginning of year			<u>24,015</u>		
Fund balance at end of year			<u>\$ 696,448</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, 2017
With Comparative Actual Amounts for Year Ended June 30, 2016**

	2017		Variance Positive (Negative)	2016 Actual
	Budget	Actual		
Revenues:				
Ad valorem taxes				
Current year	\$ 9,429,685	\$ 9,522,750	\$ 93,065	\$ 9,312,744
Prior years	-	47,271	47,271	45,801
Total ad valorem taxes	9,429,685	9,570,021	140,336	9,358,545
Restricted intergovernmental revenues	1,958,738	336,240	(1,622,498)	1,962,043
Investment earnings	61,265	59,116	(2,149)	35,310
Total revenues	11,449,688	9,965,377	(1,484,311)	11,355,898
Expenditures:				
Debt service:				
Principal retirement		7,255,370		7,850,621
Interest and other charges		4,940,024		5,997,292
Total expenditures	16,097,721	12,195,394	3,902,327	13,847,913
Excess of expenditures over revenues	(4,648,033)	(2,230,017)	2,418,016	(2,492,015)
Other financing sources (uses):				
Operating transfer-in:				
General Fund	9,334,832	9,334,832	-	9,971,933
Operating transfers-out:				
General Fund	(874,875)	(874,875)	-	(1,278,390)
Streets and Sidewalks Fund	(1,050,910)	(650,910)	400,000	(2,407,598)
Parks and Recreation Fund	(1,020,000)	(1,020,000)	-	(77,554)
Building Improvements Fund	(1,000,628)	(1,000,628)	-	(62,000)
Parking Facilities Fund	(190,000)	(190,000)	-	(558,740)
Parking Facilities Capital Projects Fund	(550,386)	(550,386)	-	-
Total operating transfers-out	(4,686,799)	(4,286,799)	400,000	(4,384,282)
Issuance of refunding bonds	-	-	-	6,650,000
Premium on refunding bonds	-	-	-	1,286,956
Payment to refunded bond escrow agent	-	-	-	(7,831,032)
Payment to defeased other long-term obligation escrow agent	-	-	-	(605,613)
Total other financing sources	4,648,033	5,048,033	400,000	5,087,962
Net change in fund balance	\$ -	2,818,016	\$ 2,818,016	2,595,947
Fund balance at beginning of year		12,384,500		9,788,553
Fund balance at end of year		\$ 15,202,516		\$ 12,384,500

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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, 2017
With Comparative Actual Amounts for Year Ended June 30, 2016**

	2017		Variance Positive (Negative)	2016 Actual
	Budget	Actual		
Revenues:				
Operating revenues:				
Charges for services:				
Refuse collection	\$ 8,924,154	\$ 9,132,294	\$ 208,140	\$ 8,966,245
Recycling	28,670	35,632	6,962	30,007
Fines and forfeitures	-	400	400	-
Other operating revenues	5,000	14,242	9,242	91,460
Total operating revenues	<u>8,957,824</u>	<u>9,182,568</u>	<u>224,744</u>	<u>9,087,712</u>
Nonoperating revenues:				
Restricted intergovernmental	58,972	389,129	330,157	73,830
Investment earnings	7,600	21,946	14,346	14,235
Total nonoperating revenues	<u>66,572</u>	<u>411,075</u>	<u>344,503</u>	<u>88,065</u>
Total revenues	<u>9,024,396</u>	<u>9,593,643</u>	<u>569,247</u>	<u>9,175,777</u>
Expenditures:				
Operating expenditures:				
Administration		505,855		405,717
Customer refuse		3,509,298		3,429,609
Recycling		514,987		880,834
Yard waste		1,692,388		1,374,455
Downtown collection		630,310		1,182,427
Bulk/metal collections		564,592		578,625
Other operating expenditures		727,680		718,136
Total operating expenditures	<u>9,153,824</u>	<u>8,145,110</u>	<u>1,008,714</u>	<u>8,569,803</u>
Nonoperating expenditures:				
Interest and other charges		4,256		6,688
Principal payments on other long-term obligations		190,000		190,000
Total nonoperating expenditures	<u>194,256</u>	<u>194,256</u>	<u>-</u>	<u>196,688</u>
Total expenditures	<u>9,348,080</u>	<u>8,339,366</u>	<u>1,008,714</u>	<u>8,766,491</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(323,684)</u>	<u>1,254,277</u>	<u>1,577,961</u>	<u>409,286</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, 2017
With Comparative Actual Amounts for Year Ended June 30, 2016**

	2017		Variance	2016
	Budget	Actual	Positive (Negative)	Actual
Other financing sources (uses):				
Operating transfer - in:				
General Fund	\$ 29,866	\$ 29,866	\$ -	\$ -
Operating transfer - out:				
Special Purpose Fund	(6,000)	(6,000)	-	-
Appropriated fund balance	<u>299,818</u>	<u>-</u>	<u>(299,818)</u>	<u>-</u>
Total other financing sources	<u>323,684</u>	<u>23,866</u>	<u>(299,818)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	1,278,143	<u>\$ 1,278,143</u>	409,286
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Deferred inflows of resources for accounts receivable		4,240		1,968
Vacation and sick leave accrual		(16,872)		(5,790)
Other postemployment benefits accrual		(43,896)		(286,606)
Deferred outflows of resources for contributions made to pension plan in current fiscal year		193,665		181,494
Pension expense		(248,195)		(114,542)
Depreciation		(5,304)		(4,436)
Capital asset expenditures		9,190		5,990
Interest expense accrual		202		203
Principal payments on other long-term obligations		<u>190,000</u>		<u>190,000</u>
Change in net position		<u>\$ 1,361,173</u>		<u>\$ 377,567</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

**Year Ended June 30, 2017
With Comparative Actual Amounts for Year Ended June 30, 2016**

	2017		Variance Positive (Negative)	2016 Actual
	Budget	Actual		
Revenues:				
Operating revenues:				
Charges for services:				
Utility fees	\$ 7,730,986	\$ 8,237,941	\$ 506,955	\$ 7,678,124
City streets	2,441,004	2,441,004	-	2,249,917
Fines and forfeitures	-	-	-	250
Other operating revenues	84,000	103,995	19,995	81,298
Total operating revenues	10,255,990	10,782,940	526,950	10,009,589
Nonoperating revenues:				
Restricted intergovernmental	-	59,891	59,891	-
Investment earnings	44,231	54,060	9,829	36,275
Total nonoperating revenue	44,231	113,951	69,720	36,275
Total revenues	10,300,221	10,896,891	596,670	10,045,864
Expenditures:				
Operating expenditures:				
Engineering		863,540		909,173
Operations		3,437,900		3,610,927
Other operating expenditures		954,619		881,138
Total operating expenditures	6,546,168	5,256,059	1,290,109	5,401,238
Nonoperating expenditures:				
Interest and fiscal charges		1,006,321		975,554
Principal payments on bonds		830,000		705,000
Total nonoperating expenditures	1,837,321	1,836,321	1,000	1,680,554
Total expenditures	8,383,489	7,092,380	1,291,109	7,081,792
Excess of revenues over expenditures	1,916,732	3,804,511	1,887,779	2,964,072
Other financing sources (uses):				
Operating transfers out:				
Storm Water Capital Projects Fund	(2,093,900)	(2,093,900)	-	(1,388,242)
Appropriated fund balance	177,168	-	(177,168)	-
Total other financing uses	(1,916,732)	(2,093,900)	(177,168)	(1,388,242)
Net change in fund balance	\$ -	1,710,611	\$ 1,710,611	1,575,830

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2017

With Comparative Actual Amounts for Year Ended June 30, 2016

	2017		Variance Positive (Negative)	2016 Actual
	Budget	Actual		
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Vacation and sick leave accrual		\$ (25,241)		\$ 36,550
Other post employment benefits accrual		(28,902)		(41,543)
Deferred outflow of resources for contributions made to pension plan in current fiscal year		150,509		148,793
Pension expense		(203,475)		(104,043)
Change in inventory		79,350		(25,610)
Capital asset expenditures		22,727		145,483
Depreciation		(1,042,640)		(939,432)
Amortization		(615)		(615)
Other noncapital expenses - Storm Water Capital Projects Fund		(17,282)		(108,271)
Operating transfer - Storm Water Capital Projects Fund		2,093,900		1,388,242
Investment earnings - Storm Water Capital Projects Fund		38,222		27,545
Principal payments on revenue bonds		750,000		705,000
Principal payments on installment obligations		80,000		-
Interest expense adjustments		175,234		355,857
Capital contributions - others		-		405,209
Capital transfer - Parks and Recreation Capital Projects Fund		-		(19,400)
Change in net position		<u>\$ 3,782,398</u>		<u>\$ 3,549,595</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, 2017

	Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Investment earnings	\$ 11,879	\$ 813,832	\$ 38,222	\$ 852,054	\$ 840,175
Restricted intergovernmental	208,688	87,813	-	87,813	(120,875)
Total revenues	220,567	901,645	38,222	939,867	719,300
Expenditures:					
Water Street storm water improvements	244,000	145,681	79,125	224,806	19,194
Storm water inventory mapping	877,920	658,764	13,861	672,625	205,295
Lincoln outfall	372,874	351,591	-	351,591	21,283
Bradley Creek/Michelle Drive	5,148,981	4,979,151	65,776	5,044,927	104,054
Doctors branch bank stabilization	1,073,273	1,063,967	-	1,063,967	9,306
Wisteria/Clearbrook area	5,501,680	3,474,236	33,869	3,508,105	1,993,575
Greenville Avenue/White Avenue	1,213,500	166,504	8,774	175,278	1,038,222
Brookshire/Beasley drainage	3,917,766	772,307	349,893	1,122,200	2,795,566
Old McCumbers drainage improvements	75,000	21,392	-	21,392	53,608
Clear Run branch improvements	5,000,000	362,441	87,038	449,479	4,550,521
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	276,421	23,543	170,773	194,316	82,105
North/South 17th Street storm water improvements	73,742	-	-	-	73,742
Beech Street culvert replacement	139,830	-	103	103	139,727
Storm drainage rehabilitation	4,144,408	1,751,203	164,399	1,915,602	2,228,806
Brenda Drive drainage	522,287	473,444	15,753	489,197	33,090
Total expenditures	29,826,404	14,480,161	989,364	15,469,525	14,356,879
Excess of expenditures over revenues	(29,605,837)	(13,578,516)	(951,142)	(14,529,658)	15,076,179
Other financing sources (uses):					
Operating transfers - in:					
Storm Water Management Fund	13,014,270	10,943,313	2,093,900	13,037,213	22,943
Operating transfers - out:					
Streets and Sidewalks Fund	(263,970)	(263,970)	-	(263,970)	-
Parks and Recreation Fund	(533,523)	(533,523)	-	(533,523)	-
Building Improvements Fund	(80,609)	(80,609)	-	(80,609)	-
Total operating transfers - out	(878,102)	(878,102)	-	(878,102)	-

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, 2017

	<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)					
Issuance of bonds	\$ 16,701,194	\$ 11,953,561	\$ -	\$ 11,953,561	\$ (4,747,633)
Premium on bonds	<u>768,475</u>	<u>768,474</u>	<u>-</u>	<u>768,474</u>	<u>(1)</u>
Total other financing sources	<u>29,605,837</u>	<u>22,787,246</u>	<u>2,093,900</u>	<u>24,881,146</u>	<u>(4,724,691)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 9,208,730</u>	<u>\$ 1,142,758</u>	<u>\$ 10,351,488</u>	<u>\$ 10,351,488</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

**Year Ended June 30, 2017
With Comparative Actual Amounts for Year Ended June 30, 2016**

	2017		Variance Positive (Negative)	2016 Actual
	Budget	Actual		
Revenues:				
Operating revenues:				
Charges for services:				
Parking fees	\$ 2,783,590	\$ 2,954,575	\$ 170,985	\$ 2,910,325
Parking violations	530,400	413,212	(117,188)	492,055
Other operating revenues	<u>36,000</u>	<u>-</u>	<u>(36,000)</u>	<u>304</u>
Total operating revenues	3,349,990	3,367,787	17,797	3,402,684
Nonoperating revenues:				
Interest earned	<u>14,577</u>	<u>15,696</u>	<u>1,119</u>	<u>10,433</u>
Total revenues	<u>3,364,567</u>	<u>3,383,483</u>	<u>18,916</u>	<u>3,413,117</u>
Expenditures:				
Operating expenditures:				
Street parking		1,000,780		897,645
Water Street deck		90,549		158,215
Second Street deck		326,666		314,598
Market Street deck		417,570		456,524
Second Street lot		236,878		242,309
Hannah Block lot		<u>15,118</u>		<u>15,659</u>
Total operating expenditures	<u>2,603,745</u>	<u>2,087,561</u>	<u>516,184</u>	<u>2,084,950</u>
Nonoperating expenditures:				
Interest and fiscal charges		251,683		264,251
Principal payments on installment obligations		<u>847,687</u>		<u>857,437</u>
Total nonoperating expenditures	<u>1,099,370</u>	<u>1,099,370</u>	<u>-</u>	<u>1,121,688</u>
Total expenditures	<u>3,703,115</u>	<u>3,186,931</u>	<u>516,184</u>	<u>3,206,638</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(338,548)</u>	<u>196,552</u>	<u>535,100</u>	<u>206,479</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

**Year Ended June 30, 2017
With Comparative Actual Amounts for Year Ended June 30, 2016**

	2017		Variance Positive (Negative)	2016 Actual
	Budget	Actual		
Other financing sources (uses):				
Operating transfers - in:				
Debt Service Fund	\$ 550,386	\$ 550,386	\$ -	\$ 558,740
Operating transfers - out:				
Parking Facilities Capital Projects Fund	(650,000)	(650,000)	-	-
Appropriated fund balance	<u>438,162</u>	<u>-</u>	<u>(438,162)</u>	<u>-</u>
Total other financing sources (uses)	<u>338,548</u>	<u>(99,614)</u>	<u>(438,162)</u>	<u>558,740</u>
 Net change in fund balance	 <u>\$ -</u>	 96,938	 <u>\$ 96,938</u>	 765,219
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Vacation and sick leave accrual		12,110		(4,192)
Capital asset expenditures		-		28,237
Deferred inflows of resources for accounts receivable		-		(3,000)
Other postemployment benefits accrual		(3,068)		7,182
Pension expense		(10,242)		(3,764)
Deferred outflows of resources for contributions made to pension plan in current fiscal year		8,516		7,489
Depreciation		(647,432)		(637,615)
Other noncapital expenses - Parking Facilities Capital Projects Fund		(6,127)		-
Interest expense adjustment		62,146		27,275
Investment earnings - Parking Facilities Capital Projects Fund		3,448		3,556
Transfers of capital assets to governmental funds		-		(3,604)
Operating transfer - Parking Facilities Capital Projects Fund		840,000		-
Principal payments on installment obligations		847,687		857,437
Interest expense accrual		1,657		(1,247)
Disposal of capital assets		<u>(5,718)</u>		<u>-</u>
Change in net position		<u>\$ 1,199,915</u>		<u>\$ 1,042,973</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, 2017

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Investment earnings	\$ -	\$ 14,895	\$ 3,448	\$ 18,343	\$ 18,343
Developer contribution	1,015,338	-	-	-	(1,015,338)
Total revenues	<u>1,015,338</u>	<u>14,895</u>	<u>3,448</u>	<u>18,343</u>	<u>(996,995)</u>
Expenditures:					
Hanna block parking lot	995,000	978,269	-	978,269	16,731
Second Street deck repair	1,037,150	341,130	2,000	343,130	694,020
Market Street parking deck lights	56,850	-	-	-	56,850
Parking facility equipment	280,710	144,383	-	144,383	136,327
Deck camera replacements	300,000	-	168,612	168,612	131,388
PARCS equipment replacement	350,000	-	-	-	350,000
Water Street parking deck	24,965,951	3,185,906	1,763,734	4,949,640	20,016,311
Total expenditures	<u>27,985,661</u>	<u>4,649,688</u>	<u>1,934,346</u>	<u>6,584,034</u>	<u>21,401,627</u>
Excess of expenditures over revenues	<u>(26,970,323)</u>	<u>(4,634,793)</u>	<u>(1,930,898)</u>	<u>(6,565,691)</u>	<u>20,404,632</u>
Other financing sources:					
Operating transfers - in:					
Debt Service Fund	3,826,263	669,100	190,000	859,100	(2,967,163)
Parking Facilities Fund	3,083,697	2,433,697	650,000	3,083,697	-
Total operating transfers - in	6,909,960	3,102,797	840,000	3,942,797	(2,967,163)
Issuance of other long-term obligations	20,060,363	2,500,000	-	2,500,000	(17,560,363)
Total other financing sources	<u>26,970,323</u>	<u>5,602,797</u>	<u>840,000</u>	<u>6,442,797</u>	<u>(20,527,526)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 968,004</u>	<u>\$ (1,090,898)</u>	<u>\$ (122,894)</u>	<u>\$ (122,894)</u>

CITY OF WILMINGTON, NORTH CAROLINA

Golf Fund

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

Year Ended June 30, 2017

With Comparative Actual Amounts for Year Ended June 30, 2016

	2017		Variance	2016
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Operating revenues:				
Fees and coupons	\$ 991,655	\$ 796,972	\$ (194,683)	\$ 829,893
Cart rentals	269,268	243,146	(26,122)	252,270
Concessions	163,228	163,266	38	166,317
Other operating revenues	<u>15,000</u>	<u>21,025</u>	<u>6,025</u>	<u>24,870</u>
Total operating revenues	1,439,151	1,224,409	(214,742)	1,273,350
Nonoperating revenues:				
Interest earned	<u>2,284</u>	<u>1,854</u>	<u>(430)</u>	<u>1,812</u>
Total revenues	<u>1,441,435</u>	<u>1,226,263</u>	<u>(215,172)</u>	<u>1,275,162</u>
Expenditures:				
Operating expenditures:				
Golf course		1,166,168		1,185,910
Other operating expenditures		<u>128,068</u>		<u>114,144</u>
Total operating expenditures	<u>1,545,175</u>	<u>1,294,236</u>	<u>250,939</u>	<u>1,300,054</u>
Excess of expenditures over revenues	<u>(103,740)</u>	<u>(67,973)</u>	<u>35,767</u>	<u>(24,892)</u>
Other financing sources:				
Appropriated fund balance	<u>103,740</u>	<u>-</u>	<u>(103,740)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(67,973)</u>	<u>\$ (67,973)</u>	<u>(24,892)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Deferred inflows of resources for accounts receivable		1,322		(1,177)
Vacation and sick leave accrual		14,199		14,047
Other postemployment benefits accrual		(54,617)		20,451
Deferred outflows of resources for contributions made to pension plan in current fiscal year		29,809		31,352
Pension Expense		(42,874)		(20,582)
Change in inventory		(1,973)		(11,660)
Capital asset expenditures		-		11,900
Depreciation		(108,995)		(110,819)
Capital contributions from governmental funds		<u>6,934</u>		<u>-</u>
Change in net position		<u>\$ (224,168)</u>		<u>\$ (91,380)</u>

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, 2017

	Equipment, Maintenance and Replacement Fund	Technology Replacement Fund	Total Internal Service Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 10,188,395	\$ 1,285,331	\$ 11,473,726
Accounts receivable, net	18,602	-	18,602
Other receivables	1,248	157	1,405
Inventory of materials and supplies	19,536	-	19,536
Prepays	6,070	-	6,070
Total current assets	<u>10,233,851</u>	<u>1,285,488</u>	<u>11,519,339</u>
Noncurrent assets:			
Capital assets:			
Intangible software	19,000	-	19,000
Furniture, fixtures, machinery and equipment	22,757,610	-	22,757,610
Construction in progress	1,081,319	-	1,081,319
Less accumulated depreciation	<u>(17,659,933)</u>	<u>-</u>	<u>(17,659,933)</u>
Total capital assets, net of accumulated depreciation	<u>6,197,996</u>	<u>-</u>	<u>6,197,996</u>
Total assets	<u>16,431,847</u>	<u>1,285,488</u>	<u>17,717,335</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	125,252	-	125,252
Contributions to pension plan in current fiscal year	38,561	-	38,561
Total deferred outflows of resources	<u>163,813</u>	<u>-</u>	<u>163,813</u>
LIABILITIES			
Current liabilities:			
Accounts payable	393,291	148,310	541,601
Accrued liabilities	45,682	-	45,682
Current portion of long-term liabilities:			
Other long-term obligations	410,000	-	410,000
Accrued vacation and sick leave	42,592	-	42,592
Total current liabilities	<u>891,565</u>	<u>148,310</u>	<u>1,039,875</u>
Noncurrent liabilities:			
Other long-term obligations	1,640,000	-	1,640,000
Accrued vacation and sick leave	32,413	-	32,413
Accrued other postemployment benefits	265,637	-	265,637
Net pension liability	204,635	-	204,635
Total noncurrent liabilities	<u>2,142,685</u>	<u>-</u>	<u>2,142,685</u>
Total liabilities	<u>3,034,250</u>	<u>148,310</u>	<u>3,182,560</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	12,172	-	12,172
NET POSITION			
Net investment in capital assets	4,147,996	-	4,147,996
Unrestricted	9,401,242	1,137,178	10,538,420
Total net position	<u>\$ 13,549,238</u>	<u>\$ 1,137,178</u>	<u>\$ 14,686,416</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2017

	Equipment, Maintenance and Replacement Fund	Technology Replacement Fund	Total Internal Service Funds
	<u> </u>	<u> </u>	<u> </u>
Operating revenues:			
Charges for services	\$ 2,791,466	\$ -	\$ 2,791,466
Charges for equipment replacement	2,915,213	437,525	3,352,738
Other operating revenues	<u>104,858</u>	<u>-</u>	<u>104,858</u>
Total operating revenues	<u>5,811,537</u>	<u>437,525</u>	<u>6,249,062</u>
Operating expenses:			
Salaries, employee benefits and other personnel costs	697,542	-	697,542
Materials and fuels consumed	16,245	-	16,245
Services	922,016	-	922,016
Utilities	6,250	-	6,250
Depreciation	2,147,426	-	2,147,426
Other operating expenses	<u>509,990</u>	<u>1,123,270</u>	<u>1,633,260</u>
Total operating expenses	<u>4,299,469</u>	<u>1,123,270</u>	<u>5,422,739</u>
Operating income (loss)	<u>1,512,068</u>	<u>(685,745)</u>	<u>826,323</u>
Nonoperating revenues (expenses):			
Investment earnings	40,320	4,276	44,596
Interest and other charges	(34,645)	-	(34,645)
Gain on disposal of capital assets	<u>45,751</u>	<u>-</u>	<u>45,751</u>
Total nonoperating revenues	<u>51,426</u>	<u>4,276</u>	<u>55,702</u>
Income (loss) before capital contributions and transfers	1,563,494	(681,469)	882,025
Capital contributions	190,406	-	190,406
Transfers from other funds	-	372,595	372,595
Transfers to other funds	<u>(598,000)</u>	<u>(44,816)</u>	<u>(642,816)</u>
Change in net position	1,155,900	(353,690)	802,210
Net position at beginning of year	<u>12,393,338</u>	<u>1,490,868</u>	<u>13,884,206</u>
Net position at end of year	<u>\$ 13,549,238</u>	<u>\$ 1,137,178</u>	<u>\$ 14,686,416</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2017

	Equipment, Maintenance and Replacement Fund	Technology Replacement Fund	Total Internal Service Funds
	<u> </u>	<u> </u>	<u> </u>
Cash flows from operating activities:			
Receipts from customers and users	\$ 310,304	\$ -	\$ 310,304
Receipts from interfund services provided	5,496,202	437,525	5,933,727
Payments to suppliers	(1,302,871)	(996,542)	(2,299,413)
Payments to or on behalf of employees	(722,007)	-	(722,007)
Payments for interfund services used	<u>(6,172)</u>	<u>-</u>	<u>(6,172)</u>
Net cash provided by (used in) operating activities	<u>3,775,456</u>	<u>(559,017)</u>	<u>3,216,439</u>
Cash flows from noncapital financing activities:			
Due to other funds	(23,341)	-	(23,341)
Transfers from other funds	<u>-</u>	<u>372,595</u>	<u>372,595</u>
Net cash provided by (used in) noncapital financing activities	<u>(23,341)</u>	<u>372,595</u>	<u>349,254</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(2,419,170)	(55,952)	(2,475,122)
Principal payments on other long-term obligations	(410,000)	-	(410,000)
Interest and other charges	(36,777)	-	(36,777)
Proceeds from sale of capital assets	<u>49,174</u>	<u>-</u>	<u>49,174</u>
Net cash used in capital and related financing activities	<u>(2,816,773)</u>	<u>(55,952)</u>	<u>(2,872,725)</u>
Cash flows from investing activities:			
Investment earnings	<u>40,442</u>	<u>4,345</u>	<u>44,787</u>
Net increase (decrease) in cash and cash equivalents	975,784	(238,029)	737,755
Cash and cash equivalents at beginning of year	<u>9,212,611</u>	<u>1,523,360</u>	<u>10,735,971</u>
Cash and cash equivalents at end of year	<u>\$ 10,188,395</u>	<u>\$ 1,285,331</u>	<u>\$ 11,473,726</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2017

	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)	\$ 1,512,068	\$ (685,745)	\$ 826,323
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	2,147,426	-	2,147,426
Changes in assets and liabilities:			
Accounts receivable	(5,031)	-	(5,031)
Inventory of materials and supplies	152,503	-	152,503
Prepays	1,706	-	1,706
Deferred outflows of resources for pensions	(122,399)	-	(122,399)
Net pension liability	161,212	-	161,212
Deferred inflows of resources for pensions	(22,342)	-	(22,342)
Accounts payable and accrued liabilities	(6,141)	126,728	120,587
Accrued vacation and sick leave	(12,938)	-	(12,938)
Accrued other postemployment benefits	<u>(30,608)</u>	<u>-</u>	<u>(30,608)</u>
Net cash provided by (used in) operating activities	<u>\$ 3,775,456</u>	<u>\$ (559,017)</u>	<u>\$ 3,216,439</u>
 Noncash investing, capital and financing activities:			
Capital assets acquired on account	\$ (181,157)	\$ (11,136)	\$ (192,293)
Capital contributions from governmental funds	190,406	-	190,406
Donation of capital assets to governmental funds	<u>(598,000)</u>	<u>(44,816)</u>	<u>(642,816)</u>
Net effect of noncash activities	<u>\$ (588,751)</u>	<u>\$ (55,952)</u>	<u>\$ (644,703)</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, 2017

With Comparative Actual Amounts for Year Ended June 30, 2016

	2017		Variance Positive (Negative)	2016 Actual
	Budget	Actual		
Revenues:				
Operating revenues:				
Charges for services	\$ 2,049,665	\$ 2,803,620	\$ 753,955	\$ 2,089,403
Charges for equipment replacement	3,701,982	2,915,213	(786,769)	3,662,713
Other operating revenues	-	99,763	99,763	200,865
Total operating revenues	<u>5,751,647</u>	<u>5,818,596</u>	<u>66,949</u>	<u>5,952,981</u>
Nonoperating revenues:				
Investment earnings	25,166	40,320	15,154	26,853
Sale of capital assets	6,057	54,269	48,212	184,396
Total nonoperating revenues	<u>31,223</u>	<u>94,589</u>	<u>63,366</u>	<u>211,249</u>
Total revenues	<u>5,782,870</u>	<u>5,913,185</u>	<u>130,315</u>	<u>6,164,230</u>
Expenditures:				
Operating expenditures:				
Garage operations		1,725,416		1,861,422
Capital and noncapital equipment		2,539,212		2,881,596
Total operating expenditures	<u>7,046,439</u>	<u>4,264,628</u>	<u>2,781,811</u>	<u>4,743,018</u>
Nonoperating expenditures:				
Interest and other charges		36,777		40,141
Principal payments on other long-term obligations		410,000		403,064
Total nonoperating expenditures	<u>446,777</u>	<u>446,777</u>	<u>-</u>	<u>443,205</u>
Total expenditures	<u>7,493,216</u>	<u>4,711,405</u>	<u>2,781,811</u>	<u>5,186,223</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,710,346)</u>	<u>1,201,780</u>	<u>2,912,126</u>	<u>978,007</u>
Other financing sources:				
Appropriated fund balance	<u>1,710,346</u>	<u>-</u>	<u>(1,710,346)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>1,201,780</u>	<u>\$ 1,201,780</u>	<u>978,007</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, 2017

With Comparative Actual Amounts for Year Ended June 30, 2016

	2017		Variance Positive (Negative)	2016 Actual
	Budget	Actual		
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Vacation and sick leave accrual		\$ 12,938		\$ (9,559)
Other postemployment benefits accrual		30,608		(25,959)
Deferred outflows of resources for contributions made to pension plan in current fiscal year		38,561		40,242
Pension Expense		(55,032)		(25,462)
Change in inventory		(152,503)		(5,094)
Capital asset expenditures		2,234,590		2,540,179
Depreciation		(2,147,426)		(2,081,655)
Principal payments on other long-term obligations		410,000		403,064
Interest expense accrual		2,132		(937)
Capital contributions from governmental funds		190,406		148,006
Transfers of capital assets to governmental funds		(598,000)		(1,141,167)
Outside services		<u>(12,154)</u>		<u>(160,826)</u>
Change in net position		<u>\$ 1,155,900</u>		<u>\$ 658,839</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

**Year Ended June 30, 2017
With Comparative Actual Amounts for Year Ended June 30, 2016**

	2017		Variance Positive (Negative)	2016 Actual
	Budget	Actual		
Revenues:				
Operating revenues:				
Charges for equipment replacement	\$ 436,125	\$ 437,525	\$ 1,400	\$ 490,115
Nonoperating revenues:				
Investment earnings	-	4,276	4,276	3,470
Total revenues	436,125	441,801	5,676	493,585
Expenditures:				
Operating expenditures:				
Information technology operations		570,725		451,679
Capital and noncapital equipment		597,361		266,646
Total expenditures	1,272,059	1,168,086	103,973	718,325
Excess of expenditures over revenues	(835,934)	(726,285)	109,649	(224,740)
Other financing sources:				
Operating transfer-in:				
General Fund	372,595	372,595	-	480,000
Appropriated fund balance	463,339	-	(463,339)	-
Total other financing sources	835,934	372,595	(463,339)	480,000
Net change in fund balance	\$ -	(353,690)	\$ (353,690)	255,260
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Capital asset expenditures		44,816		22,496
Transfers of capital assets to governmental funds		(44,816)		(22,496)
Change in net position		\$ (353,690)		\$ 255,260

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SUPPLEMENTAL
FINANCIAL DATA TAB (FRONT)

SUPPLEMENTAL
FINANCIAL DATA TAB (BACK)

CITY OF WILMINGTON, NORTH CAROLINA

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

June, 30 2017

Governmental funds capital assets:	
Land	\$ 59,443,874
Easements	14,045,043
Improvements other than buildings	63,386,625
Buildings, plant and structures	144,266,833
Furniture, fixtures, machinery and equipment	26,902,175
Computer software	1,434,678
Streets and drainage	232,812,589
Construction in progress	<u>7,438,603</u>
Total governmental funds capital assets	<u>\$ 549,730,420</u>
Investment in governmental funds capital assets by source:	
Prior years for which detail is not available	\$ 18,181,446
General Fund	15,868,167
Special Purpose Fund	6,146,383
Capital Project Funds	352,498,720
Accepted dedications	<u>157,035,704</u>
Total governmental funds capital assets	<u>\$ 549,730,420</u>

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

CITY OF WILMINGTON, NORTH CAROLINA

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

June, 30 2017

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>3,960,992</u>	<u>31,697,702</u>
Total general government	<u>6,962,659</u>	<u>10,026</u>	<u>3,960,992</u>	<u>31,697,702</u>
Public safety:				
Police	2,016,744	-	-	23,056,918
Fire	<u>3,788,391</u>	-	<u>479,279</u>	<u>21,788,529</u>
Total public safety	<u>5,805,135</u>	-	<u>479,279</u>	<u>44,845,447</u>
Transportation:				
Traffic engineering	37,638	-	-	45,758
Transportation planning	-	-	-	-
Streets and drainage	<u>33,847,758</u>	<u>13,990,767</u>	<u>7,767,947</u>	-
Total transportation	<u>33,885,396</u>	<u>13,990,767</u>	<u>7,767,947</u>	<u>45,758</u>
Cultural and recreational:				
Parks and recreation	<u>7,268,877</u>	<u>44,250</u>	<u>51,178,407</u>	<u>19,457,422</u>
Economic and physical development	<u>5,521,807</u>	-	-	<u>48,220,504</u>
Total governmental funds capital assets	<u>\$ 59,443,874</u>	<u>\$ 14,045,043</u>	<u>\$ 63,386,625</u>	<u>\$ 144,266,833</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	\$ 179,351	\$ -	\$ -	\$ -	\$ 179,351
Finance	30,354	-	-	-	30,354
Information Technology Services	1,390,135	923,886	-	-	2,314,021
Development Services	175,624	13,120	-	-	188,744
General government	<u>709,044</u>	<u>-</u>	<u>-</u>	<u>219,323</u>	<u>43,559,746</u>
Total general government	<u>2,484,508</u>	<u>937,006</u>	<u>-</u>	<u>219,323</u>	<u>46,272,216</u>
Public safety:					
Police	7,379,297	176,105	-	322,086	32,951,150
Fire	<u>15,469,691</u>	<u>-</u>	<u>-</u>	<u>341,180</u>	<u>41,867,070</u>
Total public safety	<u>22,848,988</u>	<u>176,105</u>	<u>-</u>	<u>663,266</u>	<u>74,818,220</u>
Transportation:					
Traffic engineering	234,699	19,721	-	-	337,816
Transportation Planning	-	13,576	-	-	13,576
Streets and drainage	<u>356,785</u>	<u>218,773</u>	<u>232,812,589</u>	<u>4,459,773</u>	<u>293,454,392</u>
Total transportation	<u>591,484</u>	<u>252,070</u>	<u>232,812,589</u>	<u>4,459,773</u>	<u>293,805,784</u>
Cultural and recreational:					
Parks and recreation	<u>665,818</u>	<u>33,403</u>	<u>-</u>	<u>2,096,241</u>	<u>80,744,418</u>
Economic and physical development	<u>311,377</u>	<u>36,094</u>	<u>-</u>	<u>-</u>	<u>54,089,782</u>
Total governmental funds capital assets	<u>\$ 26,902,175</u>	<u>\$ 1,434,678</u>	<u>\$ 232,812,589</u>	<u>\$ 7,438,603</u>	<u>\$ 549,730,420</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June, 30 2017

Function and Activity	July 1, 2016	Additions	Deductions
General government:			
City Manager	\$ 106,691	\$ 72,660	\$ -
Finance	30,354	17,485	-
Information Technology Services	2,541,434	43,555	(315,784)
Development Services	188,744	-	-
General government buildings	43,496,283	88,337	(17,940)
Total general government	<u>46,363,506</u>	<u>222,037</u>	<u>(333,724)</u>
Public safety:			
Police	32,209,622	1,470,924	-
Fire	40,333,982	947,856	-
Total public safety	<u>72,543,604</u>	<u>2,418,780</u>	<u>-</u>
Transportation:			
Traffic engineering	351,031	-	(13,215)
Transportation planning	13,576	-	-
Streets and drainage	285,890,305	7,570,246	(6,159)
Total transportation	<u>286,254,912</u>	<u>7,570,246</u>	<u>(19,374)</u>
Cultural and recreational:			
Parks and recreation	79,123,414	1,800,090	(182,685)
Economic and physical development			
	52,059,929	2,004,853	(619,228)
Total governmental funds capital assets	<u>\$ 536,345,365</u>	<u>\$ 14,016,006</u>	<u>\$ (1,155,011)</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	<u>Transfers</u>	<u>June 30, 2017</u>
General government:		
City Manager	\$ -	\$ 179,351
Finance	(17,485)	30,354
Information Technology Services	44,816	2,314,021
Development Services	-	188,744
General government buildings	(6,934)	43,559,746
Total general government	<u>20,397</u>	<u>46,272,216</u>
Public safety:		
Police	(729,396)	32,951,150
Fire	585,232	41,867,070
Total public safety	<u>(144,164)</u>	<u>74,818,220</u>
Transportation:		
Traffic engineering	-	337,816
Transportation planning	-	13,576
Streets and drainage	-	293,454,392
Total transportation	<u>-</u>	<u>293,805,784</u>
Cultural and recreational:		
Parks and recreation	<u>3,599</u>	<u>80,744,418</u>
Economic and physical development	<u>644,228</u>	<u>54,089,782</u>
Total governmental funds capital assets	<u>\$ 524,060</u>	<u>\$ 549,730,420</u>

CITY OF WILMINGTON, NORTH CAROLINA

Schedule of Change in Ad Valorem Taxes Receivable

June 30, 2017

Fiscal Year	Uncollected Balance July 1, 2016	Additions	Collections and Credits	Uncollected Balance June 30, 2017
2016-2017	\$ -	\$ 66,617,502	\$ 65,992,717	\$ 624,785
2015-2016	729,953	-	298,299	431,654
2014-2015	459,399	-	110,715	348,684
prior years	<u>1,407,604</u>	<u>-</u>	<u>226,535</u>	<u>1,181,069</u>
	2,596,956	66,617,502	66,628,266	2,586,192
Less allowance for uncollectible taxes	<u>(1,518,575)</u>	<u>115,162</u>	<u>-</u>	<u>(1,403,413)</u>
Totals	<u>\$ 1,078,381</u>	<u>\$ 66,732,664</u>	<u>\$ 66,628,266</u>	<u>\$ 1,182,779</u>

Reconciliation of collections and credits:

New Hanover County tax office

remittances:

Taxes - ad valorem - current year - General Fund & Debt Service Fund \$ 66,371,365

Taxes - ad valorem - penalties and interest - General Fund 194,458

Total remittances 66,565,823

Other adjustments * 256,901

Less penalties and interest (194,458)

Total collections and credits \$ 66,628,266

* The source of this data, the New Hanover County Tax Office, has undergone a software conversion. At June 30, 2017, 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, 2017

	City - Wide			Total Levy	
	Property	Rate	Total	Property	Registered
	Valuation		Levy	excluding	Motor
				Registered	Motor
				Vehicles	Vehicles
Original levy:					
Property taxed at current year's rate	\$13,540,244,105	\$ 0.4850	\$65,670,184	\$62,073,380	\$3,596,804
Motor vehicles taxed at prior year's rate	209,251,677	0.4850	1,014,871	-	1,014,871
second prior year's rate	543,358	0.4600	2,499	-	2,499
Penalties	-		118,876	118,876	-
Total	13,750,039,140		66,806,430	62,192,256	4,614,174
Discoveries: *					
Current year taxes	-		123,965	123,965	-
Total	-		66,930,395	62,316,221	4,614,174
Abatements *	-		-	-	-
Other adjustments *	(61,802,911)		(\$312,893)	(312,893)	-
Total property valuation	<u>\$13,688,236,229</u>				
Net levy			66,617,502	62,003,328	4,614,174
Uncollected taxes at June 30, 2017			624,785	624,785	-
Current year's taxes collected			<u>\$ 65,992,717</u>	<u>\$ 61,378,543</u>	<u>\$ 4,614,174</u>
Current levy collection percentage			<u>99.06%</u>	<u>98.99%</u>	<u>100.00%</u>

* The source of this data, the New Hanover County Tax Office, has undergone a software conversion. At June 30, 2017, 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, 2017

Receipts prior years	<u>\$ 29,888,068</u>
Receipts:	
July, 2016	447,065
August, 2016	362,519
September, 2016	295,842
October, 2016	304,063
November, 2016	196,759
December, 2016	200,513
January, 2017	170,371
February, 2017	196,197
March, 2017	281,674
April, 2017	370,582
May, 2017	402,103
June, 2017	<u>596,927</u>
Receipts current year	<u>3,824,615</u>
Receipts to date	<u><u>\$ 33,712,683</u></u>

CITY OF WILMINGTON, NORTH CAROLINA

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

From Inception and Year Ended June 30, 2017

Disbursements prior years	<u>\$ 25,773,892</u>
Disbursements:	
Operating costs - Convention Center	199,229
Marketing	419,035
Debt service	3,591,188
Fiscal agent fees	<u>3,600</u>
Disbursements current year	<u>4,213,052</u>
Disbursements to date	<u><u>\$ 29,986,944</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	188 - 201
These schedules contain trend information to help the readers understand how the city’s financial performance and well-being have changed over time.	
Revenue Capacity	202 - 205
These schedules contain information to help the reader assess the city’s most significant local revenue source, the property tax.	
Debt Capacity	206 - 212
These schedules present information to help the reader assess the affordability of the city’s current levels of outstanding debt and the city’s ability to issue additional debt in the future.	
Demographic and Economic Information	213
These schedules offer demographic and economic indicators to help the reader understand the environment within which the city’s financial activities take place.	
Operating Information	214 - 219
These schedules contain service and infrastructure data to help the reader understand how the information in the city’s financial report relates to the services the city provides and the activities it performs.	

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

CITY OF WILMINGTON, NORTH CAROLINA

Net Position by Component

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

	Fiscal Year			
	2008	2009	2010	2011
Governmental activities:				
Net investment in capital assets (2)	\$ 181,571,647	\$ 187,569,283	\$ 188,091,906	\$ 196,686,945
Restricted	21,704,213	22,617,510	25,903,793	38,931,386
Unrestricted (3), (4), (5)	<u>57,751,482</u>	<u>47,802,268</u>	<u>49,951,959</u>	<u>38,394,250</u>
Total governmental activities net assets	<u>\$ 261,027,342</u>	<u>\$ 257,989,061</u>	<u>\$ 263,947,658</u>	<u>\$ 274,012,581</u>
Business-type activities:				
Net investment in capital assets (1), (2)	\$ 136,751,706	\$ 18,275,937	\$ 20,982,210	\$ 22,487,707
Restricted (1)	7,760,499	2,368,253	2,378,156	2,378,156
Unrestricted (1), (3)	<u>56,929,680</u>	<u>16,220,463</u>	<u>15,406,764</u>	<u>14,927,863</u>
Total business-type activities net assets	<u>\$ 201,441,885</u>	<u>\$ 36,864,653</u>	<u>\$ 38,767,130</u>	<u>\$ 39,793,726</u>
Primary government:				
Net investment in capital assets	\$ 318,323,353	\$ 205,845,220	\$ 209,074,116	\$ 219,174,652
Restricted	29,464,712	24,985,763	28,281,949	41,309,542
Unrestricted	<u>114,681,162</u>	<u>64,022,731</u>	<u>65,358,723</u>	<u>53,322,113</u>
Total primary government net assets	<u>\$ 462,469,227</u>	<u>\$ 294,853,714</u>	<u>\$ 302,714,788</u>	<u>\$ 313,806,307</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.
- (5) Unrestricted governmental net position is restated in fiscal year 2016 to record the City's total pension liability of the Local Governmental Employees' Retirement System and the effects on net position of benefit payments and administrative expenses paid by the City during the measurement period (calendar year ending December 31, 2016), pursuant to GASB Statement No. 73.

TABLE 1

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 194,247,449	\$ 200,558,434	\$ 212,542,837	\$ 208,606,209	\$ 220,482,002	\$ 222,453,072
36,203,247	35,729,753	40,472,965	39,505,449	40,527,283	41,349,356
<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>49,108,721</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>	<u>\$ 312,911,149</u>
\$ 30,255,544	\$ 28,826,675	\$ 31,426,724	\$ 29,662,351	\$ 30,970,797	\$ 33,518,870
2,368,578	2,104,545	2,005,412	1,938,140	1,549,898	1,455,998
<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>27,162,767</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>	<u>\$ 62,137,635</u>
\$ 224,502,993	\$ 229,385,109	\$ 243,969,561	\$ 238,268,560	\$ 251,452,799	\$ 255,971,942
38,571,825	37,834,298	42,478,377	41,443,589	42,077,181	42,805,354
<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>76,271,488</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>	<u>\$ 375,048,784</u>

CITY OF WILMINGTON, NORTH CAROLINA

Changes in Net Position

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

	Fiscal Year			
	2008	2009	2010	2011
Expenses				
Governmental activities:				
General government	\$ 16,843,180	\$ 17,979,039	\$ 17,913,454	\$ 18,442,793
Public safety	41,557,316	43,127,730	46,623,265	42,201,402
Transportation	8,479,949	9,834,553	11,223,125	12,744,479
Economic and physical development	4,322,396	4,367,773	2,128,078	5,843,970
Environmental protection	7,459	-	-	500
Cultural and recreational	4,660,956	8,226,690	10,418,701	7,727,790
Transit system	1,237,043	1,149,733	1,522,702	1,427,915
Interest and other charges	3,692,957	10,206,138	9,462,791	9,994,715
Total governmental activities expenses	<u>80,801,256</u>	<u>94,891,656</u>	<u>99,292,116</u>	<u>98,383,564</u>
Business-type activities:				
Water and sewer (1)	28,340,892	-	-	-
Ground water utility (1)	4,369,353	-	-	-
Solid waste management	7,386,926	7,929,943	7,510,722	7,595,390
Storm water management	4,924,043	5,766,847	5,939,703	6,022,115
Parking facilities	2,328,314	2,468,358	2,394,835	2,319,874
Golf	1,012,558	1,108,490	1,136,189	1,107,126
Total business-type activities expenses	<u>48,362,086</u>	<u>17,273,638</u>	<u>16,981,449</u>	<u>17,044,505</u>
Total primary government expenses	<u>\$ 129,163,342</u>	<u>\$ 112,165,294</u>	<u>\$ 116,273,565</u>	<u>\$ 115,428,069</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 3,094,822	\$ 2,172,178	\$ 2,588,922	\$ 2,691,275
Public safety	1,027,819	1,036,796	911,408	1,386,725
Transportation	969,286	907,676	726,216	1,311,696
Economic and physical development	36,660	64,364	336,894	1,096,703
Environmental protection	-	-	6,622	19,429
Cultural and recreational	536,509	561,479	629,547	611,597
Operating grants and contributions	6,736,997	8,242,549	8,587,862	7,744,008
Capital grants and contributions	5,010,259	4,423,055	17,861,814	13,272,496
Total governmental activities program revenues	<u>17,412,352</u>	<u>17,408,097</u>	<u>31,649,285</u>	<u>28,133,929</u>
Business-type activities:				
Charges for services:				
Water and sewer (1)	30,303,159	-	-	-
Ground water utility (1)	5,005,979	-	-	-
Solid waste management	7,437,015	7,814,331	8,163,730	8,113,378
Storm water management	6,161,452	6,219,759	6,775,129	7,114,617
Parking facilities	2,408,489	2,606,508	2,274,661	2,035,573
Golf	1,192,758	1,093,880	1,119,498	1,169,854

TABLE 2

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 20,114,233	\$ 19,005,283	\$ 19,631,088	\$ 20,942,970	\$ 21,981,320	\$ 24,897,698
44,197,292	43,916,157	46,131,851	45,301,661	48,796,835	51,805,339
14,764,044	13,431,747	13,850,270	14,623,301	15,483,263	17,757,240
6,200,611	6,045,907	6,196,637	7,758,498	6,890,269	6,918,462
-	-	-	6,229	17,854	-
9,049,044	9,398,082	9,465,475	9,992,088	10,187,498	11,290,134
1,242,136	1,296,849	1,285,000	1,678,074	1,523,022	2,799,556
9,974,724	9,008,791	8,399,202	7,868,677	8,773,139	7,169,163
<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>	<u>122,637,592</u>
-	-	-	-	-	-
-	-	-	-	-	-
8,348,911	9,576,553	10,433,131	9,689,997	8,800,178	8,260,576
6,943,112	6,718,269	6,788,592	7,195,516	6,909,622	7,152,715
2,694,467	2,695,420	2,802,364	3,143,322	2,925,836	2,927,402
1,285,853	1,294,985	1,293,363	1,331,375	1,365,365	1,458,687
<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>19,799,380</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>	<u>\$ 142,436,972</u>
\$ 2,928,020	\$ 3,466,422	\$ 3,961,251	\$ 3,757,329	\$ 1,614,695	\$ 1,424,614
1,317,184	1,369,009	1,078,557	991,754	936,090	1,028,767
1,841,929	1,396,371	1,469,697	1,522,176	1,645,916	1,770,500
1,798,487	2,865,612	3,252,606	3,307,837	3,860,193	3,821,324
58,679	18,147	11,886	10,497	26,446	44,500
669,215	725,220	777,142	858,460	883,347	846,872
9,455,773	9,487,283	7,113,819	8,368,567	7,553,003	8,803,433
5,868,811	5,392,585	5,128,944	2,260,265	15,403,679	3,779,344
<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>	<u>21,519,354</u>
-	-	-	-	-	-
-	-	-	-	-	-
8,272,400	8,385,641	8,433,430	8,803,224	8,996,252	9,168,326
7,815,701	8,372,383	8,810,446	9,441,985	9,928,041	10,678,945
2,577,363	3,105,607	3,156,906	3,253,754	3,399,380	3,367,787
1,227,520	1,129,265	852,982	874,778	1,247,303	1,204,706

CITY OF WILMINGTON, NORTH CAROLINA

Changes in Net Position (Continued)

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

	Fiscal Year			
	2008	2009	2010	2011
Program Revenues (continued)				
Business-type activities (continued):				
Operating grants and contributions	\$ -	\$ -	\$ -	\$ -
Capital grants and contributions	3,523,179	601,799	343,665	110,232
Total business-type activities program revenues	<u>\$ 56,032,031</u>	<u>\$ 18,336,277</u>	<u>\$ 18,676,683</u>	<u>\$ 18,543,654</u>
Total primary government program revenues	<u>\$ 73,444,383</u>	<u>\$ 35,744,374</u>	<u>\$ 50,325,968</u>	<u>\$ 46,677,583</u>
Net (expense)/revenue				
Governmental activities	\$ (63,388,904)	\$ (77,483,559)	\$ (67,642,831)	\$ (70,249,635)
Business-type activities	7,669,945	1,062,639	1,695,234	1,499,149
Total primary government net expense	<u>\$ (55,718,959)</u>	<u>\$ (76,420,920)</u>	<u>\$ (65,947,597)</u>	<u>\$ (68,750,486)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Ad valorem taxes	\$ 41,489,000	\$ 46,423,441	\$ 46,827,896	\$ 52,445,946
Room occupancy tax	1,926,903	2,196,974	2,087,618	2,274,826
Local option sales tax	16,643,044	14,187,461	13,655,742	14,409,320
Franchise tax	6,278,700	6,053,968	6,480,873	6,303,686
Video programming sales tax	1,381,040	1,498,944	1,519,216	1,470,975
Rental vehicle tax	158,599	126,483	163,536	190,568
Unrestricted grants and contributions	1,489,503	1,513,778	1,209,643	1,539,418
Investment earnings	2,672,323	2,627,407	700,500	385,103
Net decrease in fair value of investments	-	-	-	-
Miscellaneous	704,191	800,487	906,404	658,109
Special item: Conveyance of assets and liabilities to the Cape Fear Public Utility Authority, net (1)	-	(983,665)	-	-
Transfers from (to) other funds	(481,597)	-	50,000	636,607
Total governmental activities	<u>72,261,706</u>	<u>74,445,278</u>	<u>73,601,428</u>	<u>80,314,558</u>
Business-type activities:				
Unrestricted grants and contributions	-	46,887	69,493	69,282
Investment earnings	3,708,352	491,543	187,750	94,772
Net decrease in fair value of investments	-	-	-	-
Miscellaneous	-	5,285	-	-
Special item: Cape Fear Public Utility Authority (1)	-	(166,183,586)	-	-
Transfers from (to) other funds	481,597	-	(50,000)	(636,607)
Total business-type activities	<u>4,189,949</u>	<u>(165,639,871)</u>	<u>207,243</u>	<u>(472,553)</u>
Total primary government	<u>\$ 76,451,655</u>	<u>\$ (91,194,593)</u>	<u>\$ 73,808,671</u>	<u>\$ 79,842,005</u>

TABLE 2

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 72,977	\$ 161,026	\$ 97,018	\$ 106,836	\$ 73,830	\$ 449,020
451,260	137,394	49,500	774,874	405,208	-
<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>\$ 24,868,784</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>	<u>\$ 46,388,138</u>
\$ (81,603,986)	\$ (77,382,167)	\$ (82,165,621)	\$ (87,094,613)	\$ (81,729,831)	\$(101,118,238)
1,144,878	1,006,089	82,832	1,895,241	4,049,013	5,069,404
<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>	<u>\$ (96,048,834)</u>
\$ 52,713,699	\$ 57,152,307	\$ 58,981,967	\$ 60,524,844	\$ 65,339,216	\$ 66,670,221
2,470,357	2,582,709	2,771,391	3,080,208	3,337,377	3,824,615
16,543,702	17,384,331	19,168,840	21,216,765	22,990,436	24,371,379
5,993,214	5,985,128	6,120,923	8,174,142	8,392,055	8,251,577
1,425,834	1,404,639	1,397,010	1,442,808	1,390,363	1,408,749
209,722	233,079	224,043	267,219	298,745	313,471
1,778,549	1,804,127	1,943,781	1,949,695	2,078,287	2,314,364
368,432	342,649	346,850	263,771	336,799	506,832
-	(429,320)	-	-	-	-
969,485	612,071	589,940	1,794,794	970,198	791,188
-	-	-	-	-	-
<u>(2,640,816)</u>	<u>(729,380)</u>	<u>(2,846,136)</u>	<u>(279,647)</u>	<u>(535,736)</u>	<u>(771,186)</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>	<u>107,681,210</u>
-	-	-	-	-	-
81,825	85,108	90,641	69,492	93,856	135,225
-	(117,037)	-	-	-	-
3,260	-	224,488	1,364,753	200,150	143,503
-	-	-	-	-	-
<u>2,640,816</u>	<u>729,380</u>	<u>2,846,136</u>	<u>279,647</u>	<u>535,736</u>	<u>771,186</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>1,049,914</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>	<u>\$ 108,731,124</u>

CITY OF WILMINGTON, NORTH CAROLINA

Changes in Net Position (Continued)

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

	Fiscal Year			
	2008	2009	2010	2011
Change in Net Position				
Governmental activities (2), (3), (4), (5)	\$ 8,872,802	\$ (3,038,281)	\$ 5,958,597	\$ 10,064,923
Business-type activities (2), (3)	<u>11,859,894</u>	<u>(164,577,232)</u>	<u>1,902,477</u>	<u>1,026,596</u>
Total primary government	<u>\$ 20,732,696</u>	<u>\$(167,615,513)</u>	<u>\$ 7,861,074</u>	<u>\$ 11,091,519</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.
- (5) In fiscal year 2017, pursuant to the implementation of GASB Statement No. 73, the City's total pension liability of the Local Governmental Employees' Retirement System and the effects on net position of benefit payments and administrative expenses paid by the City during the measurement period (calendar year ending December 31, 2016) totaling \$8,498,976 were recognized as an adjustment to beginning net position in the current year.

TABLE 2

Fiscal Year					
<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ (1,771,808)	\$ 8,960,173	\$ 6,532,988	\$ 11,339,986	\$ 22,867,909	\$ 6,562,972
<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>6,119,318</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>	<u>\$ 12,682,290</u>

CITY OF WILMINGTON, NORTH CAROLINA

Fund Balances of Governmental Funds

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

	Fiscal Year			
	2008	2009	2010	
General fund				
Reserved	\$ 10,390,938	\$ 7,391,627	\$ 9,196,737	
Unreserved	<u>16,979,687</u>	<u>18,648,976</u>	<u>16,554,604</u>	
Total general fund	<u>\$ 27,370,625</u>	<u>\$ 26,040,603</u>	<u>\$ 25,751,341</u>	
All other governmental funds				
Reserved (1)	\$ 122,824,809	\$ 96,461,401	\$ 89,486,186	
Unreserved (deficit), reported in				
Capital projects funds	(10,297,903)	(5,764,939)	(4,434,729)	
Special revenue funds	<u>(1,720,616)</u>	<u>(1,204,827)</u>	<u>(1,577,463)</u>	
Total all other governmental funds	<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

<u>Fiscal Year</u>		
<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 1,538,800	\$ 1,507,848	\$ 1,491,417
12,008,976	12,717,909	12,895,809
88,073	1,066,118	1,332,296
2,090,966	6,744,343	8,960,200
<u>39,880,339</u>	<u>39,322,702</u>	<u>34,473,018</u>
<u>\$ 55,607,154</u>	<u>\$ 61,358,920</u>	<u>\$ 59,152,740</u>
\$ 13,533	\$ 11,344	\$ 63,349
40,316,562	41,923,582	51,622,940
19,142,750	17,542,590	20,318,880
<u>(1,451,305)</u>	<u>(686,906)</u>	<u>(721,702)</u>
<u>\$ 58,021,540</u>	<u>\$ 58,790,610</u>	<u>\$ 71,283,467</u>

CITY OF WILMINGTON, NORTH CAROLINA

Changes in Fund Balances of Governmental Funds

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

	Fiscal Year			
	2008	2009	2010	2011
Revenues				
Taxes:				
Ad valorem taxes (1)	\$ 41,472,281	\$ 46,438,613	\$ 46,815,757	\$ 52,304,940
Room occupancy tax	1,926,903	2,196,974	2,087,618	2,274,826
Local option sales tax	16,643,044	14,187,461	13,655,742	14,409,320
Franchise tax	6,278,700	6,053,968	6,480,873	6,303,686
Video programming sales tax	1,381,040	1,498,944	1,519,216	1,470,975
Rental vehicle tax	158,599	126,483	163,536	190,568
Unrestricted intergovernmental	1,274,592	1,304,492	973,523	1,340,967
Restricted intergovernmental	9,547,884	12,895,964	17,581,934	16,539,325
Licenses and permits	2,521,011	2,359,711	2,360,546	2,510,282
Sales and services	5,436,909	2,035,533	2,013,273	3,409,479
Fines and forfeits	97,851	71,255	60,202	106,791
Investment earnings	2,399,420	2,446,210	632,785	351,602
Net decrease in fair value of investments	-	-	-	-
Donations	-	-	245,372	438,751
Miscellaneous	1,189,903	1,343,945	1,585,967	1,464,191
Total revenues	<u>90,328,137</u>	<u>92,959,553</u>	<u>96,176,344</u>	<u>103,115,703</u>
Expenditures				
General government	31,003,496	18,091,033	16,724,587	16,972,610
Public safety	44,124,315	42,766,280	39,865,899	38,386,732
Transportation	10,393,830	17,345,355	17,143,064	15,463,714
Economic and physical development	4,318,811	21,464,273	21,098,597	9,376,853
Environmental protection	14,158	-	-	500
Cultural and recreational	12,123,679	11,332,882	16,787,662	12,923,013
Transit system	1,237,043	1,149,733	1,522,702	1,427,915
Debt service				
Principal retirement	4,405,767	8,608,348	9,811,333	10,434,615
Interest and other charges	3,163,108	9,416,233	9,244,469	9,857,124
Total expenditures	<u>110,784,207</u>	<u>130,174,137</u>	<u>132,198,313</u>	<u>114,843,076</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(20,456,070)</u>	<u>(37,214,584)</u>	<u>(36,021,969)</u>	<u>(11,727,373)</u>

TABLE 4

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 52,869,871	\$ 57,193,858	\$ 59,403,121	\$ 60,530,615	\$ 65,195,129	\$ 66,565,824
2,470,357	2,582,709	2,771,391	3,080,208	3,337,377	3,824,615
16,543,702	17,384,331	19,168,840	21,216,765	22,990,436	24,371,379
5,993,214	5,985,128	6,120,923	8,174,142	8,392,055	8,251,577
1,425,834	1,404,639	1,397,010	1,442,808	1,390,363	1,408,749
209,722	233,079	224,043	267,219	298,745	313,471
1,585,367	1,627,624	1,771,881	1,782,895	1,917,812	2,036,486
17,215,569	17,940,589	13,062,264	12,852,324	9,294,002	9,599,088
2,534,736	2,808,334	3,092,735	2,962,469	739,925	691,594
4,888,935	5,358,905	5,394,557	6,119,686	6,310,273	6,311,529
175,075	142,141	253,712	206,164	208,172	170,291
334,754	286,621	337,943	237,956	306,476	462,236
-	(384,493)	-	-	-	-
278,042	623,174	74,273	374,911	2,850,402	321,736
1,699,959	1,432,588	1,510,756	2,232,889	1,897,323	1,931,162
<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>	<u>126,259,737</u>
19,378,427	17,345,766	21,834,095	19,231,860	21,022,781	23,550,837
43,736,654	41,719,713	42,382,161	46,861,709	48,728,194	50,644,028
15,706,490	18,240,703	17,109,467	15,486,218	16,259,346	18,541,367
5,222,736	4,846,784	4,705,182	6,401,630	5,821,479	7,640,212
-	-	-	30,000	-	-
9,829,260	9,536,408	10,484,545	10,390,225	9,387,653	9,958,608
1,242,136	1,296,849	1,285,000	1,678,074	1,523,022	1,379,556
10,529,457	12,531,308	12,915,558	12,183,558	9,865,621	8,710,370
10,211,066	9,256,345	8,893,071	8,348,321	9,142,250	7,079,902
<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>127,504,880</u>
<u>(7,631,089)</u>	<u>(154,649)</u>	<u>(5,025,630)</u>	<u>869,456</u>	<u>3,378,144</u>	<u>(1,245,143)</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			
	2008	2009	2010	2011
Other financing sources (uses)				
Transfers from other funds	\$ 17,209,961	\$ 16,405,136	\$ 14,648,058	\$ 13,781,205
Transfers to other funds	(17,605,890)	(16,405,136)	(14,598,058)	(13,136,626)
Issuance of bonds	-	14,605,000	-	-
Issuance of refunding bonds	-	-	-	8,660,000
Issuance of installment obligations	62,495,000	-	23,870,000	3,120,000
Issuance of refunding installment obligations	-	-	8,910,000	-
Issuance of other long-term obligations (2)	26,270,000	-	5,065,807	-
Premium on bonds	-	121,181	-	366,839
Premium on refunding bonds	-	-	-	130,992
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	-	-	-	(3,206,125)
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	-	-	-	-
Total other financing sources (uses)	<u>88,332,074</u>	<u>14,726,181</u>	<u>29,652,464</u>	<u>9,716,285</u>
Net change in fund balances (3)	<u>\$ 67,876,004</u>	<u>\$ (22,488,403)</u>	<u>\$ (6,369,505)</u>	<u>\$ (2,011,088)</u>
Debt service as a percentage of noncapital expenditures	9.3%	19.4%	19.3%	20.9%

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					
2012	2013	2014	2015	2016	2017
\$ 13,688,174	\$ 12,440,785	\$ 23,093,276	\$ 14,766,335	\$ 16,159,158	\$ 23,004,926
(14,171,174)	(13,672,844)	(26,419,412)	(15,524,249)	(17,178,498)	(24,141,773)
-	-	3,050,000	-	2,925,000	-
-	-	-	-	6,650,000	-
-	-	-	18,562,657	-	11,835,000
24,673,750	-	-	23,195,000	48,940,000	-
-	-	-	-	-	-
-	-	59,359	-	50,259	-
-	-	-	-	1,286,956	-
3,044,534	-	-	2,400,578	5,942,920	-
-	-	-	1,230,241	-	735,310
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	(7,831,032)	-
-	-	-	-	(54,381,288)	-
(12,976,827)	-	-	(25,267,632)	-	-
-	-	-	-	(605,613)	-
-	-	-	-	-	-
<u>(14,022,484)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>235,973</u>	<u>(1,232,059)</u>	<u>(216,777)</u>	<u>19,362,930</u>	<u>1,957,862</u>	<u>11,433,463</u>
<u>\$ (7,395,116)</u>	<u>\$ (1,386,708)</u>	<u>\$ (5,242,407)</u>	<u>\$ 20,232,386</u>	<u>\$ 5,336,006</u>	<u>\$ 10,188,320</u>
20.2%	21.7%	21.1%	19.0%	16.9%	13.8%

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>
2008	\$ 12,002,372,073	\$ 1,491,937,992	\$ 149,180,498	\$ 13,643,490,563 (1)	\$ 0.3000	100 %
2009	12,271,215,860	1,528,093,049	153,314,021	13,952,622,930	0.3325	100
2010	12,471,675,092	1,440,865,238	149,960,983	14,062,501,313	0.3325	100
2011	12,565,723,884	1,385,359,953	141,944,441	14,093,028,278	0.3700	100
2012	12,639,603,074	1,464,781,289	143,265,912	14,247,650,275	0.3700	100
2013	11,125,165,816	1,485,306,622	145,138,176	12,755,610,614 (1)	0.4500	100
2014	11,226,688,818	1,802,866,972 (2)	137,249,826	13,166,805,616	0.4500	100
2015	11,361,218,431	1,660,382,686	130,003,476	13,151,604,593	0.4600	100
2016	11,586,636,726	1,690,135,456	162,132,117	13,438,904,299	0.4850	100
2017	11,740,731,169	1,789,601,995	157,903,065	13,688,236,229	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			
2008	\$ 0.3000	\$ -	\$ -	\$ 0.3000	\$ 0.4200	\$ 0.7200
2009	0.3325	-	-	0.3325	0.4525	0.7850
2010	0.3325	-	-	0.3325	0.4525	0.7850
2011	0.3700	-	-	0.3700	0.4655	0.8355
2012	0.3700	-	-	0.3700	0.4655	0.8355
2013	0.4000	0.0453 ⁽¹⁾	0.0047 ⁽¹⁾	0.4500	0.5540	1.0040
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
2017	0.4150	0.0613	0.0087	0.4850	0.6230	1.1080

Source: New Hanover County Tax Office

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

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

TABLE 7

CITY OF WILMINGTON, NORTH CAROLINA

Top Ten Taxpayers

Current Year and Nine Years Ago

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Corning Inc.	\$ 238,120,800	1	1.74 %	\$ 191,668,404	1	1.40 %
River Ventures LLC (PPD)	77,920,600	2	0.57	51,980,897	4	0.38
Lsref3 Bravo	73,368,000	3	0.54	-	-	-
Mayfaire Town Center LP	64,559,163	4	0.47	34,056,304	7	0.25
Duke Energy Progress Inc (CP&L)	56,995,741	5	0.42	62,380,909	3	0.46
Centro Independence LLC (mall)	54,078,800	6	0.40	48,459,567	5	0.36
GS II University Centre LLC	36,542,800	7	0.27	-	-	-
Carolina Bay Properties of Wilm LLC	35,490,223	8	0.26	-	-	-
AAIPharma Services Corp	34,216,454	9	0.25	19,167,298	9	0.14
Wal Mart	32,545,386	10	0.24	-	-	-
UDRT of North Carolina LLC	-	-	-	69,541,936	2	0.51
BellSouth Tel Co.	-	-	-	48,230,910	6	0.35
Piedmont Natural Gas Co.Inc.	-	-	-	23,591,601	8	0.17
Verizon	-	-	-	17,577,864	10	0.13
	<u>\$ 703,837,967</u>		<u>5.16 %</u>	<u>\$ 566,655,690</u>		<u>4.15 %</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
2008	\$ 41,416,471	\$ 40,641,812	98.13	\$ 658,944	\$ 41,300,756	99.72
2009	46,343,406	45,631,444	98.46	608,082	46,239,526	99.78
2010	46,849,408	46,128,218	98.46	602,960	46,731,178	99.75
2011	52,346,928	51,575,699	98.53	633,364	52,209,063	99.74
2012	52,949,958	52,020,321	98.24	762,652	52,782,973	99.68
2013	57,290,274	56,262,465	98.21	801,981	57,064,446	99.61
2014	59,345,505	58,401,236	98.41	631,703	59,032,939	99.47
2015	60,699,959	59,873,924	98.64	477,351	60,351,275	99.43
2016	65,268,084	64,538,131	98.88	298,299	64,836,430	99.34
2017	66,617,502	65,992,717	99.06	-	65,992,717	99.06

Source: New Hanover County Tax Office

TABLE 9

CITY OF WILMINGTON, NORTH CAROLINA

Ratio of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities				Total Primary Government	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾
	General Obligation Bonds	Installment Obligations	Other Long-term Obligations	General Obligation Bonds	Revenue Bonds	Installment Obligations	Other Long-term Obligations			
2008	\$ 8,569,853	\$ 111,728,535	\$36,706,193	\$ 21,085,147	\$81,103,686	\$27,211,465	\$ 640,586	\$287,045,465	8.42 %	2,849
2009	39,355,000 ⁽²⁾	127,104,966 ⁽²⁾	33,426,711	- ⁽²⁾	13,490,000	8,855,034 ⁽²⁾	228,870	222,460,581	6.45	2,191
2010	33,865,000	148,531,397	34,624,824	-	13,065,000	8,373,603	-	238,459,824	6.65	2,333
2011	37,890,000	144,412,828	32,079,818	-	12,625,000	7,892,172	-	234,899,818	6.09	2,198
2012	33,565,000	152,918,750	15,312,750	-	12,160,000	6,971,250	-	220,927,750	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	4.78	1,936
2016 ⁽³⁾	24,828,722	141,258,327 ⁽²⁾	15,271,432	-	25,243,186	7,517,779	380,000	214,499,446	N/A	1,857
2017 ⁽³⁾	22,591,838	147,708,866	14,127,200	-	24,477,513	6,518,375	190,000	215,613,792	N/A	1,839

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 ⁽¹⁾	Per Capita ⁽²⁾
2008	\$ 8,569,853	0.06 %	\$ 85
2009	39,355,000 ⁽³⁾	0.28	388
2010	33,865,000	0.24	331
2011	37,890,000	0.27	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 ⁽⁴⁾	24,828,722	0.18	215
2017 ⁽⁴⁾	22,591,838	0.17	193

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, 2017

Jurisdiction	Debt Outstanding	Estimated Percentage Applicable ⁽¹⁾	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes:			
New Hanover County	\$ 383,410,556	44.42 %	\$ 170,310,969
City of Wilmington direct debt			<u>172,350,705</u> ⁽²⁾
Total direct and overlapping debt			<u>\$ 342,661,674</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 \$12,077,199, the amount of the City's obligation to the County at June 30, 2017, net of related premiums.

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CITY OF WILMINGTON, NORTH CAROLINA

Legal Debt Margin Information

Last Ten Fiscal Years

	Fiscal Year			
	2008	2009	2010	2011
Debt limit	\$1,091,479,245	\$1,116,209,834	\$ 1,125,000,105	\$ 1,127,442,262
Total net debt applicable to debt limit	<u>184,856,632</u>	<u>191,154,049</u>	<u>211,184,824</u>	<u>211,089,818</u>
Legal debt margin	<u>\$ 906,622,613</u>	<u>\$ 925,055,785</u>	<u>\$ 913,815,281</u>	<u>\$ 916,352,444</u>
Total net debt applicable to the debt limit as a percentage of the debt limit	16.94%	17.13%	18.77%	18.72%
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	17.25%	17.28%

Legal Debt Margin Calculation for Fiscal Year 2017

Total assessed valuation at June 30, 2017	<u>\$ 13,688,236,229</u>
Debt limit: 8% of total assessed value	\$ 1,095,058,898
Amount of debt applicable to debt limit:	
General obligation bonds	\$ 20,930,000
Authorized but unissued general obligation bonds	74,465,000
Other debt (excluding revenue bonds)	<u>154,379,527</u>
Gross debt	249,774,527
Less deductions allowed by law:	
Authorized but unissued general obligation bonds	<u>74,465,000</u>
Total net debt applicable to debt limit	<u>175,309,527</u>
Legal debt margin	<u>\$ 919,749,371</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. The CFPUA refunded the installment obligations in June 2016 and accordingly the obligations are considered defeased.

TABLE 12

Fiscal Year					
<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$1,139,812,022	\$1,020,448,849	\$1,053,344,449	\$1,052,128,367	\$1,075,112,344	\$1,095,058,898
<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>175,309,527</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>	<u>\$ 919,749,371</u>
17.60%	19.00%	17.67%	18.64%	16.16%	16.01%
16.24%	17.58%	16.38%	17.44%	N/A	N/A

CITY OF WILMINGTON, NORTH CAROLINA

Pledged-Revenue Coverage

Last Ten Fiscal Years

Storm Water Fee Revenue Bonds						
Fiscal Year Ended June 30	Gross Revenues ⁽¹⁾	Less Operating Expenses ⁽²⁾	Net Available Revenue	Debt Service ⁽³⁾		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	5,724,310	3,823,689	705,000	939,663	2.32
2016	10,073,409	5,349,878	4,723,531	750,000	972,666	2.74
2017	10,875,222	5,278,373	5,596,849	775,000	946,619	3.25

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

⁽¹⁾ Gross revenues include all fees, other charges and investment income.

⁽²⁾ Operating expenses do not include interest, depreciation and amortization expenses.

⁽³⁾ Principal and interest expenses are for the succeeding fiscal year according to the terms of the bond covenants.

CITY OF WILMINGTON, NORTH CAROLINA

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year Ended June 30	Population ⁽¹⁾	Personal Income (amounts expressed in thousands)	Per Capita Income ⁽²⁾	Median Age ⁽³⁾	School Enrollment ⁽⁴⁾	Unemployment Ratio ⁽⁵⁾
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	4,611,874	40,487	37.9	12,725	5.5
2016	115,498	N/A	N/A	38.1	12,771	5.0
2017	117,255	N/A	N/A	38.2	12,824	4.1

Sources and notes:

- (1) Office of State Budget and Management's certified municipal estimates.
- (2) United States Bureau of Economic Analysis.
- (3) Office of State Budget and Management, 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	2017			2008		
	Employees	Rank	Percentage of Total County Employment (1)	Employees	Rank	Percentage of Total County Employment (1)
New Hanover Health Network*	6,880	1	6.01 %	4,380	1	4.00 %
New Hanover County Schools**	3,798	2	3.32	1,840	4	1.68
University of North Carolina (Wilmington)*	1,933	3	1.69	2,250	2	2.05
General Electric Nuclear Fuel/Aircraft***	1,910	4	1.67	1,260	6	1.15
New Hanover County**	1,745	5	1.53	1,865	3	1.70
Pharmaceutical Products Development*	1,558	6	1.36	1,420	5	1.30
Cape Fear Community College*	1,363	7	1.19			-
Verizon Wireless*	1,354	8	1.18	1,240	7	1.13
Wal-mart**	1,215	9	1.06	1,065	10	0.97
City of Wilmington*	1,062	10	0.93	1,175	9	1.07
Mundy Maintenance Services and Operations	-		-	1,210	8	1.10
Total	22,818		19.95 %	17,705		16.16 %

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government	173	159	146	146	145	146	147	160	163	170
Public Safety										
Police										
Sworn personnel	262	262	249	250	250	266	266	273	273	278
Civilians	58	58	57	56	56	58	59	63	73	76
Fire										
Sworn personnel	216	216	212	210	210	210	210	210	208	211
Civilians	8	8	8	10	10	10	10	10	11	13
Code enforcement	11	11	9	8	8	8	8	5	5	6
Transportation	62	63	54	54	54	56	57	58	58	58
Economic and Physical Development	13	13	9	9	8	8	8	8	8	8
Cultural and Recreational	82	83	75	75	74	74	74	75	88	92
Solid Waste	93	93	92	88	88	83	83	83	83	75
Water and Sewer	183	- (1)	-	-	-	-	-	-	-	-
Groundwater Utility	7	- (1)	-	-	-	-	-	-	-	-
Storm Water Management	59	59	59	59	59	60	60	60	60	60
Parking Facilities	1	2	2	2	2	2	2	2	2	2
Golf Course	9	9	9	9	11	11	11	11	14	13
Total	<u>1,237</u>	<u>1,036</u>	<u>981</u>	<u>976</u>	<u>975</u>	<u>992</u>	<u>995</u>	<u>1,018</u>	<u>1,046</u> (2)	<u>1,062</u>

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.
- (2) This table does not represent part-time employees prior to fiscal year 2016.

TABLE 17

CITY OF WILMINGTON, NORTH CAROLINA

Operating Indicators by Function

Last Ten Fiscal Years

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police										
Calls dispatched	179,803	180,194	170,552	182,124	177,042	173,980	176,195	178,865	200,474	185,576
Part I crimes	7,426	6,576	6,902	6,146	6,556	6,094	6,024	5,880	5,840 (1)	4,985
Fire										
Actual fires	458	459	547	557	517	497	492	453	492	485
Fire department responses	9,536	9,221	9,404	9,750	10,574	10,548	12,386	12,545	13,310	14,025
Fire inspections completed	4,455	4,676	4,996	5,776	4,786	4,680	5,964	5,082	4,400	5,336
Streets and Sidewalks Maintenance										
Miles of streets resurfaced	16	4	4	2	4	8	22	11	15	11
Solid Waste										
Tons of residential refuse	27,124	25,855	24,505	28,834	23,808	22,475	22,120	22,661	22,955	24,265
Tons of recyclables	4,818	4,785	5,402	5,253	5,643	6,109	5,853	6,096	7,059	6,998
Storm Water										
Number of customers	28,119	28,229	29,212	29,218	29,208	29,238	29,354	29,378	31,273	36,890
ERUs	85,019	87,760	89,357	92,174	92,027	92,113	92,345	92,650	92,650	94,577
Golf Course										
Total number of regular rounds	53,858	49,527	49,621	48,514	49,866	45,460	32,605 (2)	26,126 (2)	34,678	34,642

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		
	2008	2009	2010
Police			
Stations / facilities	2	2	2
Patrol units	295	289	282
Fire			
Fire stations	10	11	11
Transportation			
Streets (miles)	385	387	393
Streetlights (2)	515	516	511
Cultural and Recreational			
Parks	35	36	36
Parks acreage	392	409	409
Athletic and recreation facilities	13	13	14
Athletic and recreation facilities acreage	206	206	295
Solid Waste			
Collection trucks	53	55	50
Storm Water			
Storm sewers (miles)	385	387	393
Parking			
Parking Decks	2	2	2
Fleet			
Vehicles (excluding patrol units)	370	237	282

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						
2011	2012	2013	2014	2015	2016	2017
2	2	2	2	2	2	2
285	271	270	283	285	271	286
11	11	11	11	11	10	10
397	398	398	399	399	400	403
569	548	686	688	690	716	740
36	36	37	39	39	39	39
409	409	411	418	418	418	418
15	16	16	16	16	16	16
298	326	326	326	326	326	326
50	54	52	56	46	46	46
397	398	398	455 (1)	455	472	474
3	3	4	4	4	4	4
269	247	226	242	237	215	215

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COMPLIANCE SECTION TAB (FRONT)

COMPLIANCE SECTION TAB (BACK)

**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***

Independent Auditor's Report

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, 2017, 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 30, 2017.

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
December 1, 2017



RSM US LLP

**Report on Compliance for Each Major Federal Program and
Report on Internal Control Over Compliance Required by the Uniform Guidance
and the State Single Audit Implementation Act**

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited 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 each of the City's major federal programs for the year ended June 30, 2017. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The City's basic financial statements include the operations of Cape Fear Public Transportation Authority, a discretely presented component unit of the City, which received \$3,381,210 in federal awards during the year ended June 30, 2017. 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 each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each 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 each of its major federal programs for the year ended June 30, 2017.

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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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.

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
December 1, 2017



RSM US LLP

**Report On Compliance For the Major State Program and
Report on Internal Control Over Compliance Required by the Uniform Guidance
and the State Single Audit Implementation Act**

Independent Auditor's Report

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, 2017. 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 \$1,148,707 in State awards and \$1,420,000 in land and building passed through from the City for the Multimodal Transportation Center during the year ended June 30, 2017. 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, 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, 2017.

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 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.

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
December 1, 2017

City of Wilmington, North Carolina

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017**

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>
20.205	Highway Planning and Construction Cluster
97.036	Public Assistance Grant

City of Wilmington, North Carolina

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2017

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, 2017**

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, 2017**

No corrective action plan is required for the current year.

City of Wilmington, North Carolina

**Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2017**

None reported in prior year.

CITY OF WILMINGTON, NORTH CAROLINA

Schedule of Expenditures of Federal and State Awards

Year Ended June 30, 2017

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
Federal Awards:							
<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-05-MC-370010	-	\$ 479	\$ -	\$ -	\$ -
Community Development Block Grants	14.218	B-06-MC-370010	-	1	-	-	-
Community Development Block Grants	14.218	B-09-MC-370010	-	1,045	-	-	-
Community Development Block Grants	14.218	B-10-MC-370010	-	577	-	-	-
Community Development Block Grants	14.218	B-11-MC-370010	-	5,114	-	5,114	-
Community Development Block Grants	14.218	B-12-MC-370010	-	34,381	-	-	-
Community Development Block Grants	14.218	B-14-MC-370010	-	199,421	-	100,000	-
Community Development Block Grants	14.218	B-15-MC-370010	-	208,403	-	100,000	-
Community Development Block Grants	14.218	B-16-MC-370010	-	<u>643,821</u>	-	<u>183,000</u>	<u>20,000</u>
Total Community Development Block Grants				<u>1,093,241</u>	-	<u>388,114</u>	<u>20,000</u>
Home Investment Partnerships Program:							
Home Investment Partnerships Program	14.239	M-09-MC-37-0207	-	65,081	-	65,081	-
Home Investment Partnerships Program	14.239	M-11-MC-37-0207	-	129,077	-	129,077	-
Home Investment Partnerships Program	14.239	M-12-MC-37-0207	-	44,225	-	44,225	-
Home Investment Partnerships Program	14.239	M-13-MC-37-0207	-	17,448	-	17,448	-
Home Investment Partnerships Program	14.239	M-14-MC-37-0207	-	299,529	-	454,863	155,334
Home Investment Partnerships Program	14.239	M-15-MC-37-0207	-	131,276	-	281,054	149,778
Home Investment Partnerships Program	14.239	M-16-MC-37-0207	-	<u>49,092</u>	-	<u>178,649</u>	<u>196,630</u>
Total Home Investment Partnerships Program				<u>735,728</u>	-	<u>1,170,397</u>	<u>501,742</u>
Total U.S. Department of Housing and Urban Development				<u>1,828,970</u>	-	<u>1,558,511</u>	<u>521,742</u>

CITY OF WILMINGTON, NORTH CAROLINA

Schedule of Expenditures of Federal and State Awards (Continued)

Year Ended June 30, 2017

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
Federal Awards (continued):							
<u>U.S. Department of Transportation</u>							
Federal Transit Administration:							
Pass-through N.C. Department of Transportation:							
Metropolitan Transportation Planning:							
Transportation Planning	20.505	17-08-016	36230.27.16.1	\$ 60,038	\$ -	\$ 56,000	\$ 7,507
Transportation Planning	20.505	17-08-016	36230.27.16.1	-	7,503	-	-
Total Metropolitan Transportation Planning				<u>60,038</u>	<u>7,503</u>	<u>56,000</u>	<u>7,507</u>
Federal Highway Administration:							
Pass-through N.C. Department of Transportation:							
Highway Planning and Construction Cluster:							
Transportation Planning	20.205	-	44509.1.16	80,000	-	-	20,000
Cross City Trail	20.205	U-5534 B	44096.1.1; 2.1; 3.1	103,630	-	-	21,671
Wrightsville/Greenville Improvement	20.205	U-5534 C	44096.1.F4;.2.F4;.3.F4	19,043	-	-	4,739
Park Avenue Multiuse Path	20.205	U-5534 F	44096.1.F7;.2.F7;.3.F7	4,298	-	-	1,059
Hooker Road Multiuse Path	20.205	U-5534 G	44096.1.F8;.2.F8;.3.F8	22,344	-	-	5,545
Hinton Avenue Multiuse Path	20.205	U-5534 H	44096.1.F9;.2.F9;.3.F9	23,821	-	-	5,901
Military Cutoff Multiuse Path at Eastwood	20.205	U-5527 A	50077.1.FD2;.2.FD2;.3.FD2	1	-	-	-
5th Avenue & Wooster	20.205	U-5527 B	50077.1.FD3;.2.FD3;.3.FD3	4,402	-	-	1,000
Shipyards Bus Pullout	20.205	U-5534 N	44096.1.F15;.2.F15;.3.F15	42,140	-	-	10,535
Transportation Planning	20.205	Agmt 6432	3603.3.02	216,200	-	-	54,050
Transportation Planning	20.205	Agmt 6432	3603.3.02	<u>240,000</u>	-	-	<u>60,000</u>
Total Highway Planning and Construction Cluster				<u>755,878</u>	<u>-</u>	<u>-</u>	<u>184,501</u>

CITY OF WILMINGTON, NORTH CAROLINA

Schedule of Expenditures of Federal and State Awards (Continued)

Year Ended June 30, 2017

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
Federal Awards (continued):							
<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-16-12-07	-	\$ 36,718	\$ -	\$ -	\$ -
Regional Crime Laboratory Expansion	20.607	M5X-16-15-07	-	9,442	-	-	-
Total Alcohol Open Container Requirements				46,160	-	-	-
National Priority Safety Programs							
Regional Crime Laboratory	20.616	MSBAC-17-15-01	-	107,603	-	-	-
Total U.S. Department of Transportation				969,679	7,503	56,000	192,008
<u>U.S. Department of Justice</u>							
Bureau of Justice Affairs:							
Direct Programs:							
Criminal and Juvenile Justice and							
Mental Health Collaboration Program:							
Reentry Systems of Effective							
Treatment (RESET)	16.745	2016-MO-BX-0029	-	19,804	-	19,804	-
Second Chance Act Reentry Initiative:							
Second Chance Reentry-Co-Occurring	16.812	2014-RX-BX-0012	-	192,252	-	192,252	-
Substance Abuse & Mental Health							
Disorders (RESET)							

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, 2017

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
Federal Awards (continued):							
<u>U.S. Department of Justice (continued)</u>							
Edward Byrne Memorial Justice Assistance Grant Program:							
JAG-Equipment with New Hanover County	16.738	2016-DJ-BX-0416	-	\$ 82,142	\$ -	\$ 41,028	\$ -
Paul Coverdell Forensic Sciences Improvement Grant Program Forensic Lab Information System	16.742	2015-CD-BX-0040	-	130,650	-	-	-
Criminal Division:							
Equitable Sharing Program-Federal Forfeiture	16.922	-	-	463,949	-	-	-
Total U.S. Department of Justice				888,797	-	253,084	-
<u>U.S. Department of Homeland Security</u>							
Direct Programs:							
Assistance to Firefighters Grant	97.044	EMW-2014-FO-03539	-	38,624	-	-	3,192
Pass-through N.C. Department of Public Safety:							
Public Assistance Grant	97.036	FEMA-7285-DR-NC	-	550,797	183,599	-	-
Public Assistance Grant	97.036	FEMA-7285-DR-NC	-	619,148	206,383	-	-
Public Assistance Grant	97.036	FEMA-7285-DR-NC	-	50,496	16,832	-	-
Total U.S. Department of Homeland Security				1,259,065	406,814	-	3,192
<u>Environmental Protective Agency</u>							
Office of Solid Waste and Emergency Response:							
Direct Program:							
Brownfields Program	66.818	BF-00D26614-0	-	105,504	-	-	-

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, 2017

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
Federal Awards (continued):							
<u>Department of Health and Human Services</u>							
Administration for Children and Families							
Pass-through N.C. Council for Women:							
Family Violence Prevention and Services Program:							
Port City Super Girls Academy	93.671	FVPSA	-	\$ 11,528	\$ -	\$ -	\$ 2,306
Total Federal Awards				<u>5,063,543</u>	<u>414,317</u>	<u>1,867,595</u>	<u>719,247</u>
State Awards:							
<u>N.C. Department of Environment and Natural Resources</u>							
Community Waste Reduction / Recycling	-	6911	-	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>6,000</u>
<u>N.C. Department of Transportation</u>							
Powell Bill Funds	DOT - 4	-	32570	-	2,941,419	-	880
Municipal Agreement - Schedules C and D	-	-	36247.3.3	-	397,892	-	-
Transit Development Program	DOT - 11	17-RS-126	36225.7.7.1	-	51,745	-	51,744
Municipal Agreement	-	Agmt 3636	43665	-	27	-	-
Municipal Agreement	-	Agmt 4693	42534	-	46,724	-	-
Municipal Agreement	TIP # B-5103	Agmt 4892	42238.3	-	25,684	-	-
Municipal Agreement	-	Agmt 5416	44342	-	2,211	-	-
Municipal Agreement				<u>-</u>	<u>100,000</u>	<u>-</u>	<u>-</u>
Total N.C. Department of Transportation				<u>-</u>	<u>3,565,702</u>	<u>-</u>	<u>52,624</u>

CITY OF WILMINGTON, NORTH CAROLINA

Schedule of Expenditures of Federal and State Awards (Continued)

Year Ended June 30, 2017

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
State Awards (continued):							
<u>N.C. Department of Agriculture and Consumer Services</u>							
North Carolina Party Rock Fire	-	FMAG-5161	-	\$ -	\$ 40,497	\$ -	\$ -
Total State Awards				<u>-</u>	<u>3,636,199</u>	<u>-</u>	<u>58,624</u>
Total Federal and State Awards				<u>\$ 5,063,543</u>	<u>\$4,050,516</u>	<u>\$ 1,867,595</u>	<u>\$ 777,871</u>

See Notes to Schedule of Expenditures
of Federal and State Awards

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Schedule of Expenditures of Federal and State Awards

Year Ended June 30, 2017

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, 2017:

<u>Program Title</u>	<u>Number</u>	<u>Amount</u>
Community Development Block Grants	14.218	\$ 388,114
Home Investment Partnerships Program	14.239	\$ 1,170,397
Edward Byrne Memorial Justice Assistance	16.738	\$ 41,028
Criminal & Juvenile Justice & Mental Health	16.745	\$ 19,804
Second Chance Reentry-Co-Occurring	16.812	\$ 192,252
Transportation Planning	20.505	\$ 56,000

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.

NOTE 5 – DONATION OF LAND AND BUILDING

The Schedule omits a donation of land and building valued at \$1,370,000 and \$50,000, respectively. The land and building were a donation from the North Carolina Department of Transportation and were subsequently donated to the Cape Fear Public Transportation Authority.