

# Comprehensive Annual FINANCIAL REPORT

City of Wilmington, North Carolina

For the Fiscal Year Ended June 30, 2018





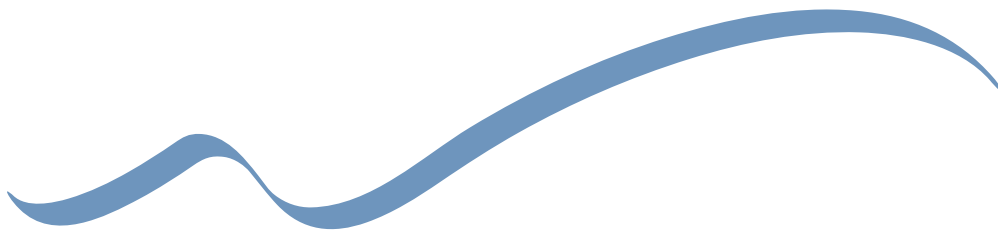
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City of Wilmington, North Carolina

# Comprehensive Annual FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2018



Prepared by the Finance Department



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



**INTRODUCTORY SECTION TAB (FRONT)**

**INTRODUCTORY SECTION TAB (BACK)**



# CITY OF WILMINGTON, NORTH CAROLINA

## Comprehensive Annual Financial Report

Year Ended June 30, 2018

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**City Council**

Bill Saffo, Mayor  
Margaret Haynes, Mayor Pro-Tem  
Neil Anderson  
Clifford D. Barnett, Sr.  
Paul Lawler  
Kevin O'Grady  
Charles H. Rivenbark

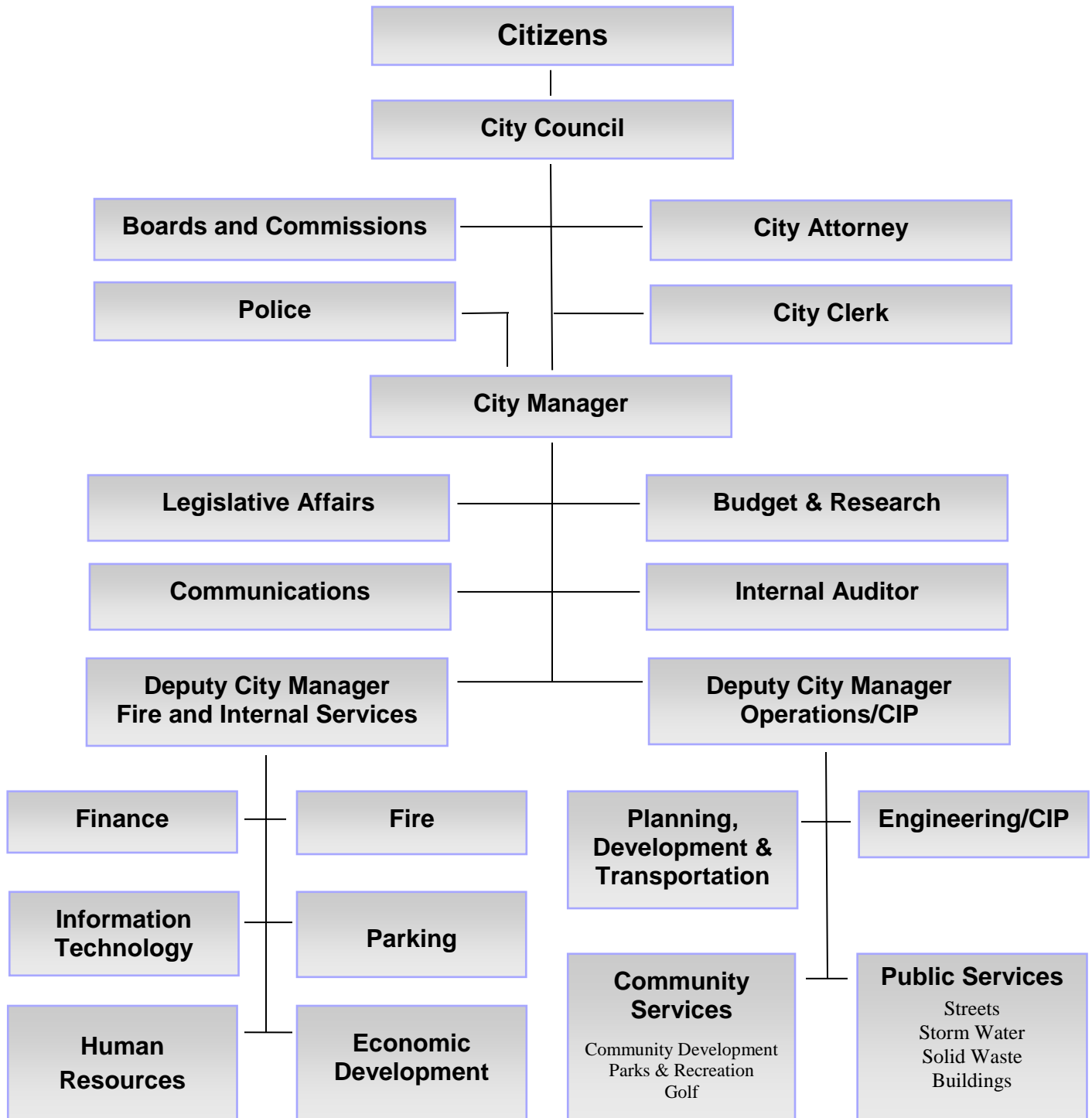
**City Manager**

Sterling B. Cheatham

**Finance Director**

Jennifer R. Maready







November 30, 2018



## **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, 2018. 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, 2018 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, 2018 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 the State. The City is an active business, service and industrial center for the surrounding counties. 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 121,150 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, 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 2017 ranks the Wilmington MSA 35<sup>th</sup> in the US, moving up 19 spots, third in North Carolina of the largest metropolitan areas category for its ability to create and sustain jobs. Forbes magazine's 18<sup>th</sup> annual ranking of Best Places for Business and Careers ranked Wilmington 32<sup>nd</sup> 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 83<sup>rd</sup> for mid-size cities out of 240. In August 2015, USA Today's travel website, [www.10Best.com](http://www.10Best.com), announced downtown Wilmington had won its "Best Al Fresco Dining Neighborhood" poll. Readers voted for their favorite US sites for outdoor dining and Wilmington beat out cities such as Naples Florida and Vail Colorado. The financial advising website, [www.ValuePenguin.com](http://www.ValuePenguin.com) placed Wilmington 13<sup>th</sup> in its 2016 Most Environmentally Friendly Cities report. The report ranks cities based on 15 metrics like energy consumption, bicycle-friendliness, LEED-certified buildings and availability of park space. Wilmington and Chapel Hill-Durham tied with Madison, Wisconsin, for 11<sup>th</sup>, and were the only North Carolina municipalities to make the top 20. Livability.com named the City 8<sup>th</sup> Best City for Recent College Grads and 8<sup>th</sup> best for Dreamy Beach Towns for Entrepreneurs in 2018. The online job search site Indeed ranked Wilmington number two among 185 US metros for having above-average employment opportunities and high projected growth potential. Factoring in the cost of living, citizen's dollars go further in the City than pretty much anywhere else in the country. According to ATTOM Data Solutions in September 2018, Wilmington has the hottest real estate market in the country. The firm analyzed more than 130 metropolitan areas with at least 100,000 single-family homes.

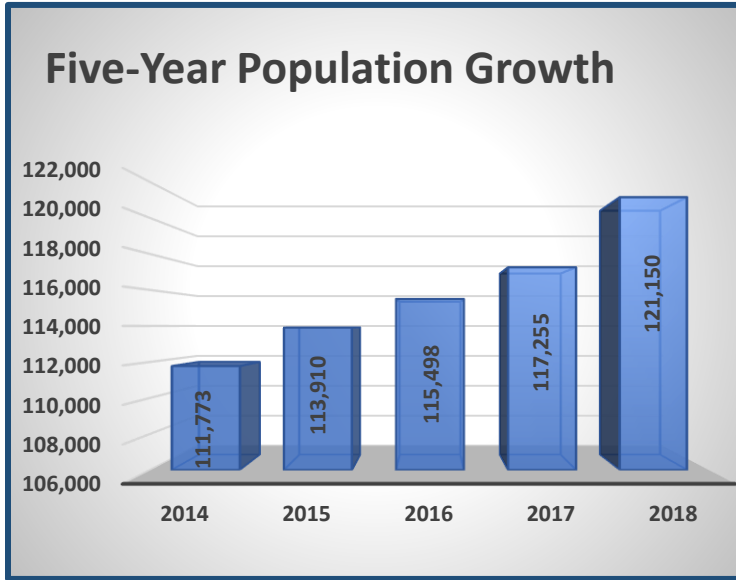
Wilmington received a lot of national attention for its food, architecture, and unique residents by Travel and Leisure readers. It was voted America's 7<sup>th</sup> Favorite City for Brunch and 8<sup>th</sup> Favorite City for Pizza in April 2017. Those same readers also ranked Wilmington as 8<sup>th</sup> Geekiest City and 8<sup>th</sup> 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 tripled its workforce to 60 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. In February 2018, it opened a second shop with ten more planned in the U.S. in the next few years.

Wilmington is also home to Benny's Big Time Pizzeria, Vivian Howard's new red-sauce joint that serves wood fired pizza and more. Vivian Howard had the television show *A Chef's Life*.

For the second time in the 19-year history of the American Lung Association's 2018 annual State of the Air report, a North Carolina city has been included among the Nation's cleanest. Wilmington was tied for first of cities with no ozone or high particle pollution days between 2013 and 2016.

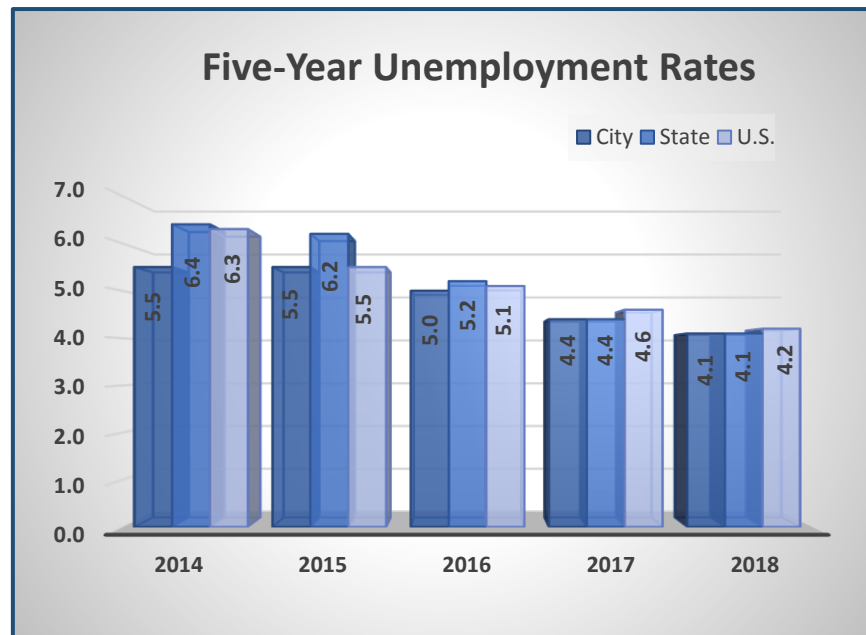
Port City Marina has been in operation for approximately 2 years with over 200 state-of-the-art floating concrete wet slips and a full complement of first-class amenities and services for boats and boaters of all types. The marina can accommodate boats up to 250 feet, with controlled depth of 10-feet within the basin, and deeper craft slips along the Cape Fear River. Amenities include an open-air concert venue and one full-service restaurant. Another restaurant is already constructed and working through opening plans. The marina has hosted seven cruise ships this year and hopes to bring more in the future. Two companies, American Cruise Lines and Noble Caledonia have included Wilmington on their routes, with several more having expressed interest, including Viking cruises.

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



The City's population has increased 58.77% 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		
Taxpayer	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
Corning Inc.	\$ 245,557,759	1.64 %
Lsref3 Bravo	100,518,300	0.67
River Ventures LLC	74,933,400	0.50
Mayfaire Town Center LP	66,508,814	0.45
Duke Energy Progress Inc (CP&L)	59,417,843	0.40
Centro Independence LLC (mall)	55,037,100	0.37
Alcami	49,673,423	0.33
Carolina Bay Properties of Wilm INC	40,900,770	0.27
Wilmington Independent Living	40,233,344	0.27
NNP IV Cape Fear River LLC	39,830,454	0.27
	<u>\$ 772,611,207</u>	<u>5.17 %</u>

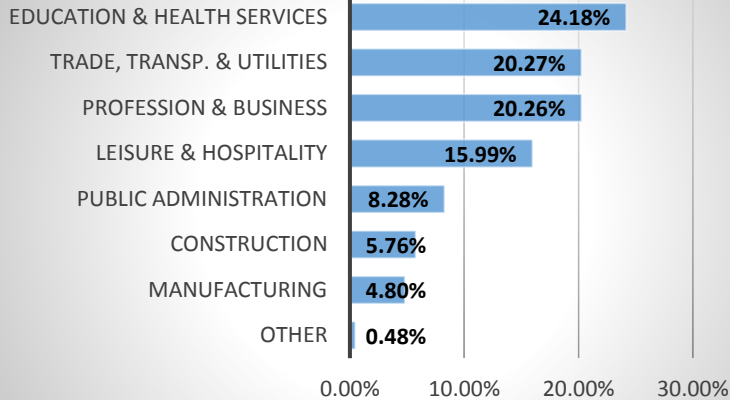
**Source:** New Hanover County Tax Office

No single taxpayer comprises more than 1.64% 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 the City has seen positive growth in taxable assessed values. The values reflected in 2014\*\* have been adjusted down by \$265 million to account for the one-time increase for the implementation of the State's Tax and Tag Program.



## Components of Employment



\*Taken from the Employment Security Commission of North Carolina

\*\*Data is the average for 2017

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

Employer	Product/Service	Employees	Percentage of Total Employment (1)
New Hanover Health Network*	Health Care	6,880	5.91 %
New Hanover County Schools**	Education	3,831	3.29
University of North Carolina (Wilmington)*	Education	2,154	1.85
General Electric Nuclear Fuel/Aircraft***	Uranium Enrichment & Nuclear Fuel	1,790	1.54
New Hanover County**	Government	1,756	1.51
Pharmaceutical Products Development*	Pharmaceuticals	1,500	1.29
Cape Fear Community College*	Education	1,328	1.14
Verizon Wireless*	Telecommunications	1,278	1.10
Wal-mart**	Retail	1,080	0.93
City of Wilmington*	Government	1,067	0.92
<b>Total</b>		<b>22,664</b>	<b>19.45 %</b>

Source: 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, Walmart Stores, Inc.

#### 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. In October 2018, GE was awarded a \$33.7 million project by the U.S. Department of Energy. The two-and-a-half year project aims to develop and demonstrate new fuel rods that could be commercially deployed.



**Global Nuclear Fuel Americas (GNF)** operates a plant in the City 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 use parts made locally. In December 2013, Air Canada announced its intention to purchase 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. On April 11, 2018, GE Aviation announced that American Airlines selected its GENx-1B engines to power its 47 newly ordered Boeing 787 Dreamliners. The carrier also signed a TrueChoice overhaul agreement with GE for up to 20 years of maintenance, repair and overhaul for the engines ordered. The engine order and TrueChoice agreement are valued at more than \$6.5 billion.

In June 2014, **Castle Branch, Inc.**, already a major employer in the City, had its grand opening following a \$12 million expansion of its global corporate headquarters in the City. 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 August 2018, Castle Branch had 254 full-time employees with an average annual salary of \$47,919. 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 March 2018, **National Gypsum**, announced that it would reopen its shuttered Wilmington plant. The company, which makes wallboard, plans to spend \$25 million to upgrade its facility and hire at least 51 employees at an average salary of at least \$57,000, with the lowest salary at \$50,000 annually. The plant re-opened in October 2018.

In June 2016, **Burgess Corporation** moved its headquarters from Jacksonville, North Carolina to the City 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 the City is the availability of relevant manpower. Additional conduit and piping fabrication capabilities are planned in the next two years.

**MegaCorp Logistics** has been named to Business North Carolina magazine's 2018 N.C. Mid-Market Fast 40 List, which ranks mid-size companies based on revenue and employment growth. The company was also named to the 2018 Grant Thornton North Carolina 100®, which ranks the state's largest private companies by revenue. And for the third year in a row, MegaCorp was named to Inc. Magazine's Top 5000 Fastest Growing Companies with an astonishing three year average growth of 538.2 percent. Headquartered in Wilmington since 2009, MegaCorp specializes in full and less-than-truckload shipments throughout North America and currently employs 154 people in its Wilmington office, and over 664,095 jobs over the past three years nationwide.

In August, 2018 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 2018 list is based on the amount of revenue growth for each company between 2013 and 2016. In 2018 topping that list from the City is **Untappd** at number 150, up from 259 in 2017, 11<sup>th</sup> in the food and beverage industry. Untappd, now with nearly 100 employees, is a mobile app that allows users to share with fellow users comments about brews they are enjoying and where.

**N2 Publishing**, headquartered in the City, 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 3,490, the company was founded in 2004 and publishes neighborhood magazines. It now has 950 publications nationwide and employs 230 people. In 2017, N2 Publishing was named the fifth ranked company in the Nation for Top Culture by Entrepreneur magazine.

## Research and Development

The City 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 contract research organization (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 CRO in the state at the publication’s recent 2016 Life Sciences Award. In 2018 PPD was named to Forbes magazine’s 2018 list of America’s Best Large Employers.



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 the City. 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. With executive offices in the City, the corporation, along with UNCW announced in August 2018 they had been awarded an educational grant from the National Institute for Innovation in Manufacturing Biopharmaceuticals. The grant will fund the UNCW program “Partnership for Workforce Development in the Biopharmaceutical Industry,” which will be co-developed and taught by Alcami subject matter experts.



[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 the City in order to be closer to important segments of its customer base. The 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 the City on January 11, 2017. Pharmgate has been in business for 10 years and has four global research and development sites and four manufacturing sites.

**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. Its mission is to stimulate economic development in the State 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 assembles the State'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.



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.

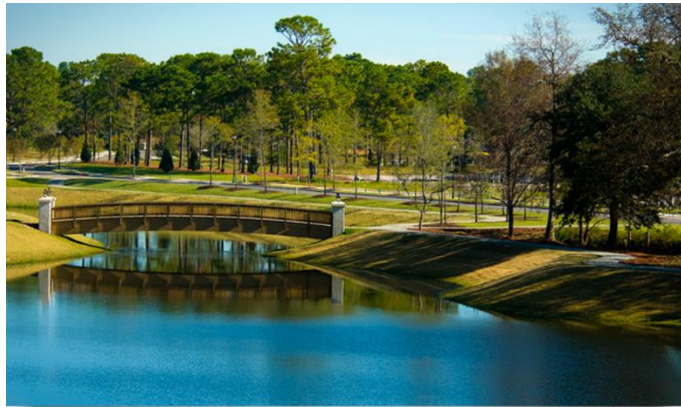
Crest is also home to **Marine Bio-Technologies Center of Innovation (MBCOI)**. Its mission is to find commercial applications for an array of marine-based technologies, and then to match researchers and developers with the companies that can bring those products to market. The ultimate goal is to use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



The **UNCW Center for Innovation and Entrepreneurship** works to identify and nurture high-growth, high-impact companies and to accelerate the entrepreneurial ecosystem in the southeastern area of the State. 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. Including 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 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 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. In April 2018 four local startups led by women were selected for the NC IDEA program, Anahata Swimwear, myBeeHyve, Skilly-do and Vavaroom.

### 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. 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



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 at Autumn Hall, which consists of 51 condominium units, was completed in 2013. Phase II of Carolina Bay at 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 the City, 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 July 27, 2018, Live Oak Bank has added 101 full time jobs, over the past three years, with an average annual wage of \$96,202 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 return on assets and return on equity 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 \$21.1million 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 the City 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. **Canapi**, launched in February 2018 by Live Oak Bancshares in a joint venture with Woodforest National Bank, invests in and partners with early-stage financial technology companies. A recent example includes Greenlight Financial Technology, Inc., creator of a smart debit card for kids, teens and college students. Canapi will strongly encourage ventures in which it has an interest to move their headquarters, or at least establish a presence in Wilmington.

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. **Riverlights** is a large-scale, multi-phase residential and mixed-use development located on River Road in south Wilmington. The project is approved for as many as 2,790 residential units. Eleven subdivisions with a total of 1,197 lots have been approved by the City's Subdivision Review Board. Five 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.

**Woodlands at Echo Farms** is a large-scale, multi-phase, residential development located on the former Echo Farms golf course (4114 Echo Farms Boulevard). The overall project contains approximately 139.7 acres and at build-out will include 176 multi-family units, 104 townhomes, and 168 single-family lots. Plans for the development are currently under review by the City.

**Arboretum Village** is a 98-unit townhome development located at 294 Military Cutoff Road. The plans for the development are currently under review by the City.

**Arboretum West** is a mixed-use development located at 108 Station Road and includes 360 apartment units, 10,000 square feet of office space, 3,000 square feet of retail space, and 5,000 square-feet of restaurant space. The plans for the development are currently under review by the City.

**LaRue Townhomes** is an eight-unit townhome development located at 307 Martin Street. This project has been released for construction.

**Studio 17 Apartments** is a three-story, 32-unit apartment development located at 514 S. 17<sup>th</sup> Street. The project is currently under construction.

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

**Pacific Place** is an 11.08 acre residential subdivision located on Greenville Loop Road. A total of 39 single family residential units are proposed. The project is currently under construction.

**Helmsdale** is a 31 lot single family development in Landfall located between Arboretum Drive and South Moorings. This is the 2<sup>nd</sup> of two phases. The project is currently under construction.

**The Flats on Front** is a large-scale, 300-unit, up-scale apartment complex with an attached parking deck located at 1055 N. Front Street. The plans for the development are currently under review by the City.

**Kerr Station Lofts** is a 139-unit student housing project located at 4599 Franklin Avenue. The plans for the development are currently under review by the City.

**Amberleigh Shores Phase II** is a 287-unit multi-family development located at 7770 Market Street. This is the second phase of the overall Amberleigh Shore development. The plans for this phase are currently under review by the City.

**The Pearl** is a 38-unit apartment building located at 724 S. 5<sup>th</sup> Street. The project is currently under construction.

**Airlie at Wrightsville Sound** is a 49-lot single family development located at 315 Airlie Road. The project is currently under construction.

## **Annexation**

The City is empowered to levy a property tax on both real and personal properties located within its boundaries and the County is the only other unit that levies taxes within the City's corporate limits. The City is also empowered by State statute to extend its corporate limits by annexation, upon receipt of a valid petition signed by the owners of the real property located within the area. Since May of 2009, the City Council has adopted 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.

Effective June 30, 2018, a .72 acre area was deannexed from the Town of Wrightsville Beach and annexed into the City by the North Carolina General Assembly, through Session Law 2018-107. It is anticipated that a mixed use development consisting of residential, commercial, and office uses will be developed on the site.

## **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 2017, travel and tourism generated an economic impact of \$578.22 million in the County, an increase of 4.3% over 2016. 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 \$51.58 million. Travel generated \$141.30 million in payroll in 2017 and provided 6,320 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

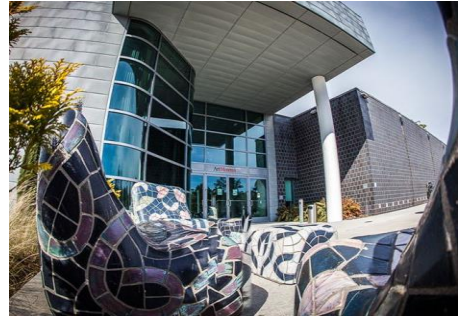
**U.S.S. North Carolina (Battleship)** is the centerpiece of the Wilmington Riverfront. A majestic symbol of this country's hard-earned naval victories in World War II and is the Memorial to the 10,000 North Carolinians of all the armed services who gave their lives during World War II. Commissioned 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. In August 2018, the SECU Memorial Walkway was completed. It is fully ADA accessible, free to the public, surrounds the Battleship, and consists of five "honor Platforms" dedicated to each of our Nation's Armed Services.



Sound Stage and make a masterpiece in the Art Studio.

**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

**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.

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



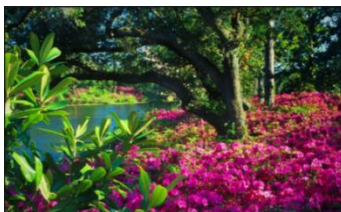
Sundown Concert Series is a family friendly event that attracts both local residents and out of town visitors. The concerts are designed to provide interesting and fun entertainment, spur interest and activity to Downtown during the early evening hours and to raise funds for Wilmington Downtown Inc. (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 year. 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.

**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 witnessed an uptick with TNT's "Good Behavior" and the History Channel 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.



It was announced in April 2018 that *Words on Bathroom Walls* will receive a grant of up to \$2.3 million from the state's film and entertainment grant fund. The production is expected to have direct in-state spending in excess of \$9.3 million while creating more than 650 job opportunities in the state, including 120 well-paying crew positions. The crew and personnel settled in at Screen Gems Studio and filming began May 7. The comic book inspired series, *Swamp Thing* confirmed that it will film in Wilmington this year and the offices at Screen Gems are already busy prepping for the project. The series will debut on the upcoming DC Universe streaming service, which will officially launch this fall. The digital streaming service will be a hub for comic book fans. *Swamp Thing* will premier in 2019. The first scenes for the pilot of the new Hulu television show *Reprisal* are set to begin on September 12. The series is expected to premiere sometime in 2019.

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, 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. On May 12, 2018, the Wilmington campus graduated its first class at a ceremony in Chapel Hill. 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. 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 area of the State 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 \$1,363,257 for fiscal year ending June 30, 2018. The capital subsidy for the current fiscal year was \$111,120. 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 19<sup>th</sup> of America's Top 25 Container ports. The City's location affords industries equal accessibility to major markets to the north and south. Along with access to three major roadways, the port is located within 700 miles of more than 70% of America's industrial base. The Port of Wilmington, located in the City on the east bank of the Cape Fear River, is one of two deep water harbors in the State. The Port 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 arrived at the Port in March 2018, with a third on order. According to a news release in July 2018, the Port reported a 38 percent year-over-year container growth and year-over-year general cargo growth is up 18 percent.



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-Loyd. 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. On June 5, 2017 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. The Port now has 17 refrigerated shipping carriers calling the Port compared to only six in fiscal 2014. 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.

July 28, 2017 the **Queen City Express** began the only direct, non-stop service from a port in the U.S. Southeast into the Greater Charlotte area. Another gateway to connect eastern North Carolina to CSX's expansive railway system will be the **Carolina Connector** (CCX) hub connecting intermodal customers throughout CSX's entire network. This service will provide substantial advantage for the Port as first-class, intermodal connections will be available for its beneficial cargo owners and carriers alike. The intermodal rail terminal is expected to be completed late 2019.

**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 have constructed three (3) storage domes on industrially-zoned property located just south of the NC State Port's property. The domes are 80-100 feet in height and range from 125-142 feet in diameter.



### **Wilmington International Airport**

The **Wilmington International Airport**, a component unit of New Hanover County (the "Airport") is operated by the New Hanover County Airport Authority. The Airport is the 4<sup>th</sup> largest in the State. In calendar year 2017, the Airport served 836,589 passengers, an increase of 2.3% over 2016. Three commercial airlines; American Airlines/US Airways, United Airlines, and Delta provide regular jet and commuter service, offering direct (non-stop) service to seven major cities: Atlanta, Charlotte, Chicago, Dallas, New York, Philadelphia, and Washington Dulles International. The airlines also offer 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 6<sup>th</sup> university in the University of North Carolina System (UNC) in 1969. UNCW is the only public university in



southeastern North Carolina. Expanding from three buildings in 1961 to more than 90 today, the campus still reflects the Georgian style of architecture that has made the institution one of the most attractive in the State of North Carolina. UNCW manages the nation's only underwater ocean laboratory, Aquarius, owned by NOAA and located in the Florida Keys National Marine Sanctuary.

UNCW is a comprehensive level I university in the 16-campus University of North Carolina System. It is accredited by the Southern Association of Colleges and Schools and offers 55 majors, 35 master's degrees, and four (4) Doctoral programs. Two new online business master's degrees began 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 2018 enrollment of approximately 16,487 full-time-equivalent undergraduate and graduate students.

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

**Cape Fear Community College (CFCC)** is the 6<sup>th</sup> 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.

Moreover, the college offers an array of continuing education classes for lifelong learning and workforce development, as well as free courses in adult education, basic skills, and GED test preparation. Construction trades, power line technician, and Yamaha marine service technician are among the division's new workforce development programs. And to entrepreneurs and small businesses, the Small Business Center serves as a resource for free seminars and free business counseling services.





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.

Cape Fear Community College continues to expand exploring new ways of providing high-quality, affordable opportunities for students to achieve their academic goals and career aspirations and striving to strengthen the local workforce by partnering with local employers to meet industry needs.

## 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 City purchased the Inland Greens property in March 2011. After extensive stormwater improvements on the 33 acre park/golf course, **Inland Greens** opened as a nine-hole par 3 golf course and passive park on July 19, 2018. The park includes a ¾ mile walking trail, bocce courts, a picnic shelter, and bike racks. A playground is scheduled to be installed sometime in the fall of 2018.



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. In 2018, Muni was named one of the 50 best golf courses in North Carolina by the *Top 100 Golf Courses of the World* website and the *North Carolina Golf Panel*.



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 19 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.

In 2018, the **NC Combo State Tennis Championships** were held in Wilmington from November 1st through November 4<sup>th</sup> and November 8<sup>th</sup> through November 12<sup>th</sup>. Over 2,500 players from all over North Carolina competed for the Combo League State title. Estimated impact to the local economy was over \$4 million.

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 339 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 2017, our officers responded to more than 186,108 calls for service, a 5% decrease since 2016. The City unveiled plans for a

31,000 square foot Police, Fire, and City state-of-the art training facility. Construction is slated to begin this year and is expected to open by early 2019.

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. On October 28, 2018, WPD made national news for helping a local dog with terminal cancer cross off a bucket list item. The dog, Jack Miller was named an honorary K-9, was taken for a ride along in a police car, and took him on patrol at a dog park.

The **Wilmington Fire Department** is led by Fire Chief Buddy Martinette. The 219 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, Business Development and Information Technology.



In calendar year 2017, the fire department responded to 13,482 calls for service. These responses included 7,329 Emergency Medical incidents and 494 fire related responses. Total losses due to fires was \$15.05 million, but the amount saved exceeded \$28.6 million. The department had more than 75,000 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 August 2017 and will replace two other aging stations in the fall of 2018. 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 2<sup>nd</sup> 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 1<sup>st</sup> 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 parking deck redevelopment and .18 cents for the 2<sup>nd</sup> 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 2018 results that are built into the 2018-2019 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 126 events representing 70,613 in event attendance and 12,290 in hotel room nights during FY 2018. The Hampton Inn Hotel opened June 2017 and the new Embassy Suites Hotel opened in December 2017, positioning the Convention Center to attract large convention business.



<b>Convention Center</b>						<b>2018 vs.</b>
						<b>2017</b>
	<b>FYE</b>	<b>FYE</b>	<b>FYE</b>	<b>FYE</b>	<b>FYE</b>	<b>%</b>
<b>Event Types</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>Growth</b>
Convention/TS/Conference	14	9	8	8	13	62.5%
Public Shows	16	14	19	15	15	0.0%
Meetings/Other	25	39	26	31	22	-29.0%
Banquets	64	93	86	73	76	4.1%
<b>TOTALS</b>	<b>119</b>	<b>155</b>	<b>139</b>	<b>127</b>	<b>126</b>	<b>-0.8%</b>
Attendance	73,423	85,246	72,301	74,486	70,613	-5.2%
Total Room Nights	9,128	13,324	11,791	11,091	12,290	10.8%
Repeat Users	46	69	78	85	94	10.6%

**Source: Wilmington Convention Center**

New bookings contracted in FY 2018 for future dates include 5 weddings, 12 military balls, 12 public shows, 4 non-profit fundraisers, 11 conventions. The activity decreased slightly during 2018 as compared to 2017, however the Center continues to be an attraction for several events as noted below:

- Contributing to a 62.5% increase in conventions were five new conventions/tradeshows in FY18. Including the NC Sweet Potato Convention, NC Bar Association, NC Department of Transportation Association, the NC Public Transportation Association and Chaney Brothers Food Show.
- Public Shows had an average fiscal year with 15 events. While the Wilmington Boat Show attendance was down in attendance due to incimate weather, the show remains the Center’s largest and most popular public event. Other popular shows included Ink & Arms Tattoo and Gun Show, Cape Fear Beer Festival, Gatehouse Media Life Expo and Kidz Expo and One Tree Hill Celebrity Convention.
- The Center hosted 76 stand-alone food & beverage functions at the WCC which has seen an increase of 4% vs. 2017 which had 73 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 Eastern Carolina, however, 3-5 year customers are opting to try something new or different than their traditional events.
- The sales team conducted 130 facility tours for prospective customers.
- SAVOR Food and Beverage Culinary Team received the Epicurean Evening Culinary Awards Copper Kettle Winner for Best in Show, Best Entrée, Best Taste and Best Presentation.

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 sat on 1.2 acres and had 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 and is currently under construction.

## Private Development

**Porsche of Wilmington** is a proposed 38,000 square foot automobile dealership expansion adjacent to the existing BMW dealership located on New Center Drive. The project is currently under review by the Technical Review Committee.

**Baker BMW** is a 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.

**The Pointe at Barclay** is a multi-phase commercial development located at the corner of Independence Boulevard and S. 17<sup>th</sup> Street. A total of six buildings have been constructed including a theater, retail space, and several restaurants. The next phase includes a two-story, 21,200 square foot office building, which is currently under review by the Technical Review Committee.

**The Collection at Independence** is multi-phase redevelopment of the existing Independence Mall located at the corner of Oleander Drive and Independence Boulevard. Phase I includes a 25,700 square foot grocery store and 158,000 square feet of retail and restaurant space. The project is currently under review by the Technical Review Committee.

**Crossroads at Independence** is a large-scale retail project located at the corner of Carolina Beach Road and Independence Boulevard. The project includes a 78,000 square foot grocery store and 16,000 square feet of retail space. The project is currently under review by the Technical Review Committee and is anticipated to be released for construction in the fall of 2018.

**Walk-ons Restaurant** is an infill development located at the Independence Mall site. The restaurant is approximately 8,800 square feet in size. The project is currently under review by the Technical Review Committee.

**Needham Animal Hospital** is an expansion to an existing veterinary clinic located at 3720 Federal Park Drive. The expansion includes a 6,800 square foot building and an additional outdoor play areas. The project is currently under review by the Technical Review Committee.

**Wilmington Pawville** is an 11,000 square foot veterinary and boarding facility located at 3532 Carolina Beach Road. The project is currently under review by the Technical Review Committee.

**Circle K** is a redevelopment of an existing strip retail center located at 6330 Market Street. The project includes a 5,200 square foot building and nine fuel stations. The project is currently under review by the Technical Review Committee.

**Fairfield Mixed-use Buildings 3 & 4** is a commercial development located at 4625 Fairview Drive and includes two two-story buildings with 10,000 square feet of office and 10,000 square feet of commercial space in each. The project is currently under review by the Technical Review Committee.

**GLOW School** is a 700-student charter school located at 4100 Sunglow Drive. The project is currently under construction.

**Aloft Coastline Hotel** is a three-story, 12,600 square foot expansion to an existing hotel located at 501 Nutt Street. The project is currently under review by the Technical Review Committee.

**Courtyard at Midtown** is a commercial development located at 3701 Shipyard Boulevard that includes two three-story buildings with 30,000 square feet of office spaces, 26,000 square feet of medical office spaces, and 4,000 square feet of restaurant space. The project is currently under review by the Technical Review Committee.

**Dollar General** has submitted plans for four locations within the City since 2014. Three stores have been released for construction and/or occupied. One store is still under review by the Technical Review Committee.

**Bradley Creek Station** is a three-story, 76,000 square foot building that includes medical and professional office space, retail space, and restaurant space. The project is located at 5809 Oleander Drive and is currently under review by the Technical Review Committee.

**New Hanover Regional Medical Center** has constructed multiple expansions since 2014 including a 138,000 square foot orthopedic hospital, a five-story 732-space employee parking deck, wound care center, and several surface parking lots. All projects are under construction or occupied.

**Friends School of Wilmington** is a private school with a maximum of 250 students located at 350 Peiffer Avenue. The project is currently under review by the Technical Review Committee.

**AAA Car Wash** is an automated carwash located at 3430 S. College Road. The project is currently under review by the Technical Review Committee.

**Corning Credit Union** is a three-story, 38,500 square foot office building located at 3705 Federal Park Drive. The project is currently under construction.

**Hourglass Studios** is a two-story, 13,000 square foot recording studio located at 613 Surry Street. The project is currently under review by the Technical Review Committee.

**Intracoastal Internal Medicine** is a 9,400 square foot medical office located at 2580 Pickard Road. The project is currently under construction.

**Tidewater Brewing Company** is an 8,900 square foot brewery located at 1002 Princess Street. The project is currently under construction.

**Holiday Inn Express and Suites** is a 4-story hotel with 109 rooms located at 1025 Medical Center Drive. The project is currently under construction.



**Monkey Junction Self Storage** is a 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 project is currently under construction.

**Garris Road Storage** is a 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 project is currently under construction.

**Flying Machine Brewery** is a 15,325 square foot brewery and tap room located at 3130 Randall Parkway. 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 2<sup>nd</sup> 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.

## **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, 2017. 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, Chiemi Glazener, Denise Chambless, Katherine Dimopoulos, Holly Bruhn 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, 2017**

*Christopher P. Morrill*

Executive Director/CEO

**FINANCIAL SECTION TAB (FRONT)**

**FINANCIAL SECTION TAB (BACK)**

## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of City of Wilmington, North Carolina (the City), as of and for the year ended June 30, 2018, 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, 2018, 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, 2018, the City adopted new accounting guidance contained in Governmental Accounting Standards Board (GASB) Statement Number 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The City also adopted GASB Statement Number 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. 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 15, 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' Schedule of Changes in the Net OPEB Liability and Related Ratios, Schedule of City Contributions, and Schedule of 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 117 through 123, 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, 2018, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*RSM US LLP*

Wilmington, North Carolina  
November 30, 2018



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

## **Management's Discussion and Analysis (unaudited)**

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, 2018. 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 \$366,928,512 (*net position*).
- For FY 2018, the city implemented a \$0.0292 tax rate increase over the revenue neutral rate resulting from the assessed tax revaluation for 2017. This increase is dedicated to the debt service fund for the voter approved Parks Bonds, the Water Street parking deck redevelopment project and the approved six year CIP plan. The net effect to the FY 2018 tax rate is a decrease of \$0.0016. The FY 2018 tax rate is \$0.4834 compared to FY 2017 of \$0.485. In addition, the city implemented the \$0.07 tax rate for the newly established municipal service district in downtown Wilmington.
- The government's total net position decreased by \$8,120,272. Included in this amount are increases in the net position of governmental activities and business-type activities due to normal operations of \$8,306,688 and \$5,593,838 respectively. These increases are offset by the restatement (decrease) of beginning net position of governmental activities in the amount of \$19,941,874 and business activities in the amount of \$2,079,824 pursuant to the implementation of GASB Statement No. 75 that required the City to record the net other postemployment benefits liability 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 \$13,778,171 from the prior year to a total of \$144,214,378. Approximately 23.9% of this amount, or \$34,428,015, 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 \$36,831,068 or 42.4% of total general fund expenditures and 34.9% 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 \$23,898,455 or 8.6% during the current fiscal year. Total long-term liabilities increased for governmental activities by \$21,643,810 and increased by \$2,254,645 for the business-type activities. These increases are a reflection of the implementation of GASB Statement No. 75 as other postemployment liabilities have a long-term effect.
- The City of Wilmington's bond rating is AAA/AAA/Aaa which has remained steady for Fitch, Standard & Poor's and Moody's.

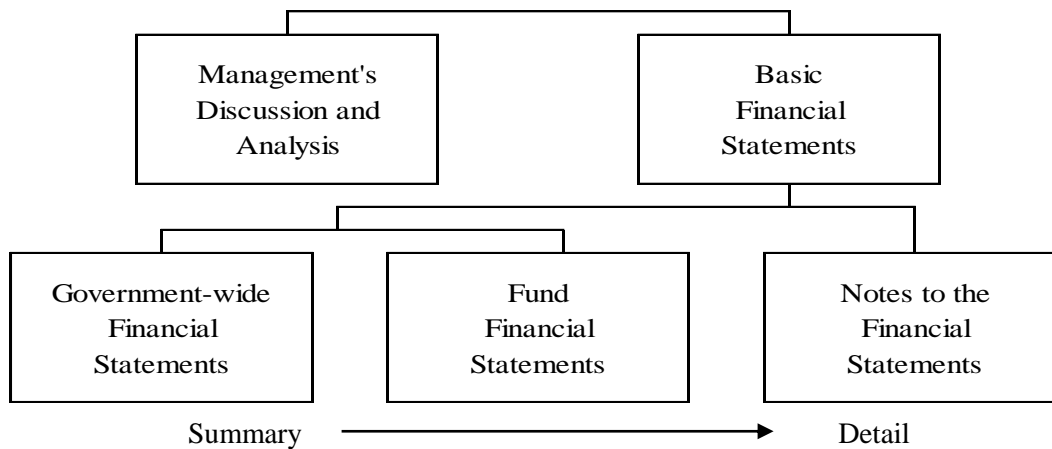
### **Overview of the Financial Statements**

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 19 - 21 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 45 - 113 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 117 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.

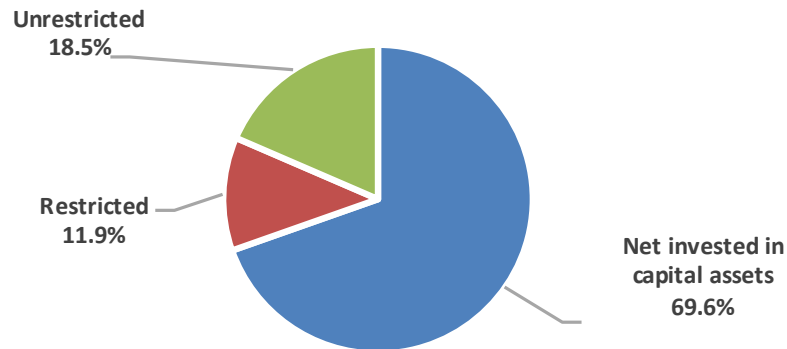
### **Government-Wide Financial Analysis**

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 \$366,928,512 as of June 30, 2018. The City’s net position decreased by \$8,120,272 for the fiscal year ended June 30, 2018. A significant portion of the City’s net position \$255,301,227 (69.6%) 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, \$43,556,028 (11.9%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$68,071,257 (18.5%) is unrestricted.

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

- **Governmental Activities:** Property Tax and Investment earnings accounted for \$709,581 and \$379,772, respectively of revenues that exceeded the current year budget. Additionally, resources accumulated to pay future debt service increased \$705,231.
- **Business-type Activities:** Charges for services and Investment earnings accounted for \$992,055 and \$199,381, respectively of revenues that exceeded the prior year. The Parking fund received proceeds of \$1,015,338 from the sale of air rights on a public/private project that had a positive effect on unrestricted net position.

## Total Net Position



**Net Position  
Figure 2**

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>ASSETS:</b>						
Current and other assets	\$ 172,317,948	\$ 156,350,187	\$ 44,358,809	\$ 38,200,017	\$ 216,676,757	\$ 194,550,204
Capital assets	<u>392,265,108</u>	<u>390,900,686</u>	<u>62,458,373</u>	<u>61,857,176</u>	<u>454,723,481</u>	<u>452,757,862</u>
Total assets	<u>564,583,056</u>	<u>547,250,873</u>	<u>106,817,182</u>	<u>100,057,193</u>	<u>671,400,238</u>	<u>647,308,066</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
	<u>14,732,306</u>	<u>19,589,636</u>	<u>1,454,109</u>	<u>2,094,052</u>	<u>16,186,415</u>	<u>21,683,688</u>
<b>LIABILITIES:</b>						
Long-term liabilities	261,346,276	239,702,466	39,163,339	36,908,694	300,509,615	276,611,160
Current and other liabilities	<u>14,426,872</u>	<u>13,048,744</u>	<u>3,187,780</u>	<u>2,987,113</u>	<u>17,614,652</u>	<u>16,035,857</u>
Total liabilities	<u>275,773,148</u>	<u>252,751,210</u>	<u>42,351,119</u>	<u>39,895,807</u>	<u>318,124,267</u>	<u>292,647,017</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
	<u>2,266,251</u>	<u>1,178,150</u>	<u>267,623</u>	<u>117,803</u>	<u>2,533,874</u>	<u>1,295,953</u>
<b>NET POSITION:</b>						
Net investment in capital assets	222,365,472	222,453,072	32,935,755	33,518,870	255,301,227	255,971,942
Restricted	42,500,030	41,349,356	1,055,998	1,455,998	43,556,028	42,805,354
Unrestricted	<u>36,410,461</u>	<u>49,108,721</u>	<u>31,660,796</u>	<u>27,162,767</u>	<u>68,071,257</u>	<u>76,271,488</u>
Total net position	<u>\$ 301,275,963</u>	<u>\$ 312,911,149</u>	<u>\$ 65,652,549</u>	<u>\$ 62,137,635</u>	<u>\$ 366,928,512</u>	<u>\$ 375,048,784</u>



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

	Governmental		Business-type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 9,246,480	\$ 8,936,577	\$ 25,411,819	\$ 24,419,764	\$ 34,658,299	\$ 33,356,341
Operating grants and contributions	6,479,533	8,803,433	77,899	449,020	6,557,432	9,252,453
Capital grants and contributions	1,253,284	3,779,344	1,015,338	-	2,268,622	3,779,344
General revenues:						
Property taxes	72,729,763	66,670,221	-	-	72,729,763	66,670,221
Other taxes	38,420,074	38,169,791	-	-	38,420,074	38,169,791
Investment earnings	1,459,258	506,832	334,606	135,225	1,793,864	642,057
Other	2,962,624	3,105,552	209,978	143,503	3,172,602	3,249,055
Total revenues	<u>132,551,016</u>	<u>129,971,750</u>	<u>27,049,640</u>	<u>25,147,512</u>	<u>159,600,656</u>	<u>155,119,262</u>
<b>Expenses:</b>						
General government	26,388,276	24,897,698	-	-	26,388,276	24,897,698
Public safety	52,304,423	51,805,339	-	-	52,304,423	51,805,339
Transportation	16,938,651	17,757,240	-	-	16,938,651	17,757,240
Economic and physical development	7,249,221	6,918,462	-	-	7,249,221	6,918,462
Environmental Protection	-	-	-	-	-	-
Culture and recreation	11,401,557	11,290,134	-	-	11,401,557	11,290,134
Transit system	1,437,257	2,799,556	-	-	1,437,257	2,799,556
Interest and other charges	7,569,643	7,169,163	-	-	7,569,643	7,169,163
Solid waste management	-	-	8,500,496	8,260,576	8,500,496	8,260,576
Storm water management	-	-	7,989,010	7,152,715	7,989,010	7,152,715
Parking facilities	-	-	4,477,517	2,927,402	4,477,517	2,927,402
Golf	-	-	1,444,079	1,458,687	1,444,079	1,458,687
Total expenses	<u>123,289,028</u>	<u>122,637,592</u>	<u>22,411,102</u>	<u>19,799,380</u>	<u>145,700,130</u>	<u>142,436,972</u>
Increase in net position before transfers	9,261,988	7,334,158	4,638,538	5,348,132	13,900,526	12,682,290
Transfers from (to) other funds	<u>(955,300)</u>	<u>(771,186)</u>	<u>955,300</u>	<u>771,186</u>	<u>-</u>	<u>-</u>
Increase in net position	<u>8,306,688</u>	<u>6,562,972</u>	<u>5,593,838</u>	<u>6,119,318</u>	<u>13,900,526</u>	<u>12,682,290</u>
Net position at beginning of year as previously stated	312,911,149	314,847,153	62,137,635	56,018,317	375,048,784	370,865,470
Restatement for accounting change (Note 8)	<u>(19,941,874)</u>	<u>(8,498,976)</u>	<u>(2,078,924)</u>	<u>-</u>	<u>(22,020,798)</u>	<u>(8,498,976)</u>
Net position at beginning of year as restated	<u>292,969,275</u>	<u>306,348,177</u>	<u>60,058,711</u>	<u>56,018,317</u>	<u>353,027,986</u>	<u>362,366,494</u>
Net position at end of year	<u>\$ 301,275,963</u>	<u>\$ 312,911,149</u>	<u>\$ 65,652,549</u>	<u>\$ 62,137,635</u>	<u>\$ 366,928,512</u>	<u>\$ 375,048,784</u>

**Governmental activities.** Governmental activities decreased the City's net position by \$11,635,186. Of this amount, \$8,306,688 was an increase in net position due to normal operations. The difference caused by a decrease of \$19,941,874 is due to a restatement (decrease) of beginning net position pursuant to the implementation of GASB Statement No. 75 that required the City to record the net other postemployment benefits liability 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 \$7,334,158 compared to this year of \$9,261,988, an increase of \$1,927,830.
  - Revenues increased by \$2,579,266 or 2% from the prior year. The current year increases over prior year were \$952,426 in investment earnings and \$6,059,542 in property tax, mostly related to the increase in the tax rate of \$0.0292 dedicated to the debt service fund to support capital projects related to the voter approved Parks Bond, the Water Street parking deck redevelopment project and the six year CIP plan. The city also implemented a new tax of \$.07 for the municipal service district in downtown Wilmington effective July 1, 2017. These increases were offset by the decrease of \$2,526,060 in capital grants and contributions related to prior year dedicated developments and easements as well as \$2,323,900 in operating grants and contributions from prior year Hurricane Matthew reimbursements.
  - Expenses increased by \$651,436 or .5% over the prior year. The largest increases were \$1,490,578 in General Government for the 800 mhz radio system replacement and \$499,084 in Public Safety due to increases in salary and benefits.
- Transfers from (to) the Business-type Activities in the prior year were (\$771,186) compared to this year of (\$955,300) an increase of \$184,114.
  - 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 continue working with the police department on neighborhood cleanup efforts.

**Business-type activities.** Business activities increased the City's net position by \$3,514,914. Of this amount, \$5,593,838 was an increase in net position due to normal operations. The difference caused by a decrease of \$2,078,924 is due to a restatement (decrease) of beginning net position pursuant to the implementation of GASB Statement No. 75 that required the City to record the net other postemployment benefits liability in the full accrual financial statements. Key elements of the increase are as follows:

- The increase in net position before transfers in the prior year was \$5,348,132 compared to this year of \$4,638,538, a decrease of \$709,594.
  - The City implemented a 5.9% storm water rate increase over the prior year contributing to the increase in charges for service of \$992,055. The City also sold air rights on a public/private project resulting in receipts of \$1,015,338 in the parking fund.
  - Expenses increased by \$2,611,722 or 13.2% from the prior year mainly due to additional storm water and parking capital project work.
- Transfers from (to) the Governmental Activities in the prior year were \$771,186 compared to this year of \$955,300, an increase of \$184,114.
  - 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 continue working with the police department on 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 \$36,831,068, a 6.8% increase over the prior year; while total fund balance was \$56,451,053, a 4.6% decrease from 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 33% of the operating

budget, while total fund balance represents 50.6% 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 42.4% of total General Fund expenditures, while total fund balance represents 65% of that same amount.

At June 30, 2018, the governmental funds of the City of Wilmington reported a combined fund balance of \$144,214,378, a 10.6% increase or \$13,778,171 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 \$2.7 million decrease mainly due to programmed use of fund balance for various one time capital expenditures. The appropriation of fund balance was budgeted at \$8,757,530. However, due to the revenues coming in slightly higher than budget and expenditures lower than budget, the use of appropriated fund balance was minimal. Property tax receipts and investment earnings were higher than budgeted due to a positive economy. The General fund expenditures were less than budgeted due to prolonged position vacancies and higher than expected turnover mainly in the Planning and IT areas. The city experienced lower utility costs as well resulting from continued efficiency measures made by the city through a continued 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 \$9.7 million due to proceeds from the issuance of \$15,300,000 General Obligation Bonds to fund various city street and sidewalk capital improvements. The non-major funds saw an increase as well of \$5.6 million predominately due to programmed cash funding from the debt service fund for park and recreation bond projects in the amount of \$4 million. The park bond projects approved by voters in 2016 include construction of an amphitheater and park downtown as well as building multi-purpose fields to include a soccer complex. The Special Purpose Fund experienced little change overall and the Debt Service Fund had an increase of \$1.1 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 \$124,294 for the fiscal year. This increase was mainly due to an increase in property taxes of \$709,581.

Expenditures (excluding transfers) in the General Fund were \$5,876,739 less than the \$92,633,171 budget. The City experienced 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 \$4,311,868, \$22,174,594, and \$5,599,559, respectively. The unrestricted net position of the non-major Golf enterprise fund totaled a deficit of \$425,225.

### **Capital Asset and Debt Administration**

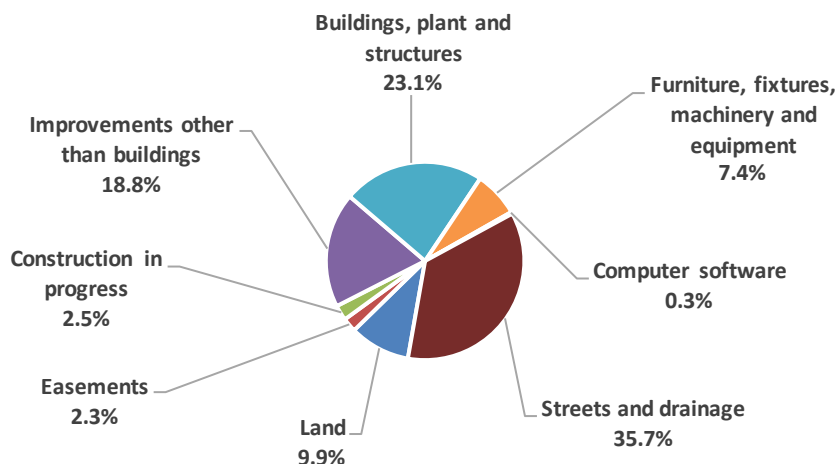
**Capital assets.** The City of Wilmington's investment in capital assets for its governmental and business-type activities as of June 30, 2018 was \$454,723,481 (net of accumulated depreciation). These assets include buildings, roads and bridges, drainage improvements, land, right-of-ways and easements, park facilities, machinery and equipment, vehicles and software.

Major capital asset transactions during the year include the following:

- An increase of \$10,193,982 in streets and drainage for governmental activity capital assets (see Figure 4) represented the largest increase. Of this amount, the City accepted \$443,545 of contributed streets from developments. Easements accounted for \$353,448 of the increase mainly for related capital project improvements. Additionally, land increased by \$71,100 for the acceptance of property for the future transportation center.

- An increase of \$1,814,466 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	
	2018	2017	2018	2017	2018	2017
Land	\$ 59,514,974	\$ 59,443,874	\$ 7,740,179	\$ 7,740,179	\$ 67,255,153	\$ 67,184,053
Easements	14,398,491	14,045,043	1,505,730	1,363,534	15,904,221	15,408,577
Construction in progress	10,756,094	8,519,922	6,292,494	4,478,028	17,048,588	12,997,950
Total non-depreciable assets	<u>84,669,559</u>	<u>82,008,839</u>	<u>15,538,403</u>	<u>13,581,741</u>	<u>100,207,962</u>	<u>95,590,580</u>
Improvements other than buildings	63,657,543	63,386,625	63,733,451	62,448,020	127,390,994	125,834,645
Buildings, plant and structures	143,171,905	144,266,833	14,289,373	15,518,808	157,461,278	159,785,641
Furniture, fixtures, machinery and equipment	48,955,126	49,659,785	1,383,982	1,374,940	50,339,108	51,034,725
Computer software	1,716,191	1,453,678	58,184	58,184	1,774,375	1,511,862
Streets and drainage	<u>243,006,571</u>	<u>232,812,589</u>	-	-	<u>243,006,571</u>	<u>232,812,589</u>
Total assets being depreciated	500,507,336	491,579,510	79,464,990	79,399,952	579,972,326	570,979,462
Accumulated depreciation	<u>(192,911,787)</u>	<u>(182,687,663)</u>	<u>(32,545,020)</u>	<u>(31,124,517)</u>	<u>(225,456,807)</u>	<u>(213,812,180)</u>
Total capital assets being depreciated, net	<u>307,595,549</u>	<u>308,891,847</u>	<u>46,919,970</u>	<u>48,275,435</u>	<u>354,515,519</u>	<u>357,167,282</u>
Total capital assets, net	<u>\$ 392,265,108</u>	<u>\$ 390,900,686</u>	<u>\$ 62,458,373</u>	<u>\$ 61,857,176</u>	<u>\$ 454,723,481</u>	<u>\$ 452,757,862</u>

Additional information on the City’s capital assets can be found in note 3 on pages 67 - 69 of this report.

**Long-term Debt.** At June 30, 2018, the City has general obligation bonds authorized but unissued of \$28,700,000 of Streets and Sidewalks Bonds and \$30,465,000 of Parks and Recreation Bonds. The total bonded debt outstanding is \$56,310,000. Of the amount outstanding, \$34,175,000 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	
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ 34,175,000	\$ 20,930,000	\$ -	\$ -	\$ 34,175,000	\$ 20,930,000
Revenue bonds	-	-	22,135,000	22,910,000	22,135,000	22,910,000
<b>Total</b>	<b>\$ 34,175,000</b>	<b>\$ 20,930,000</b>	<b>\$ 22,135,000</b>	<b>\$ 22,910,000</b>	<b>\$ 56,310,000</b>	<b>\$ 43,840,000</b>

The City of Wilmington's total bonded debt increased by \$12,470,000 during the past fiscal year. At June 30, 2018, 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 \$1,013,683,043.

The City's total debt increased by \$5,461,942 (2.8%) during the past fiscal year. The City issued \$15,300,000 in new General Obligation bonds for street and sidewalk projects. The City also incurred other long term debt of \$2,710,000 as a temporary bank loan for the construction of a parking deck as part of a public/private project. The addition of debt was offset by principal retirements for the year ended June 30, 2018 totaling \$12,548,058.

**Total Debt Outstanding  
Figure 6**

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ 34,175,000	\$ 20,930,000	\$ -	\$ -	\$ 34,175,000	\$ 20,930,000
Revenue bonds	-	-	22,135,000	22,910,000	22,135,000	22,910,000
Installment Obligations	128,424,718	135,895,281	5,080,282	6,004,719	133,505,000	141,900,000
Other Long term obligations	11,156,469	12,289,527	2,710,000	190,000	13,866,469	12,479,527
<b>Total</b>	<b>\$ 173,756,187</b>	<b>\$ 169,114,808</b>	<b>\$ 29,925,282</b>	<b>\$ 29,104,719</b>	<b>\$ 203,681,469</b>	<b>\$ 198,219,527</b>

Additional information on the City of Wilmington's long-term debt can be found in note 3 on pages 90 - 102 of this report.



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

The following key economic indicators reflect the conservative growth projections:

- The City of Wilmington's unemployment rate of 4.1% at June 30, 2018 was the same as the State average and below the national average of 4.2%.
- Sales tax receipts (county-wide) ended the year up by 5.8% over the prior fiscal year and the City of Wilmington's distribution saw a 1.31% increase which was affected by changes in projected property levies that affect the distribution method selected by New Hanover County. Local sales tax revenues for FY19 are estimated at \$25,548,953 reflecting a 1.7% decrease over FY18 adopted levels and a 4.8% increase over the FY17 actuals. Sales Tax represents 24% of the total General Fund revenues. The NC League of Municipalities estimates projected FY19 local sales tax distributions will be 4.5% over FY18's collection. Wilmington tends to be higher than the State average due to the city's location and tourism industry resulting in about 1.5% to 2% over the State projections.

All of these factors were included in preparing the City of Wilmington's budget for the 2019 fiscal year.

### Budget Highlights for the Fiscal Year Ending June 30, 2019

**Governmental Activities.** The Ad Valorem tax rate increased from \$0.4834 to \$0.4984 per \$100 assessed valuation. The value of one penny of the tax rate is equivalent to approximately \$1,497,876 based on a 98.99% collection rate for Property and a 100% collection rate for Motor Vehicles. Of the \$0.4984, \$0.0947 is dedicated to the Debt Service Fund to support capital projects related to the 1st 80/20 Debt Service CIP, the voter approved Transportation Bond, the voter approved Parks Bond, the Water Street Deck Collaboration and the 2nd year of the 2nd 80/20 Debt Service CIP.

The Wilmington City Council established a Municipal Services District (MSD) for the Central Business District in December of 2016 to provide professional services above and beyond what is already provided by the City. This recommended budget continues the tax rate of \$0.07 per \$100 assessed value, for both real and personal property, based on the total district's property values totaling \$556.9 million. The assessed values have increased by \$11 million over FY18. Expected revenues totaling \$384,341 have been budgeted for FY19.

The FY19 budget appropriates \$529,040 of fund balance for one time purchases such as ballistic vests, a fingerprinting machine, survey equipment, and other one-time items. The budgeted expenditures, excluding transfers, in the General Fund are expected to increase by \$3.8 million from the adopted 2017-18 General Fund budget or 4.17% to \$95,494,635. The FY19 adopted budget reflects a net increase of nine (9) full time positions across various departments as well as an increase to part time staffing of .40. Each position request directly associates with the strategic plan and overall mission of the core values of the city.

**Business-type Activities.** Stormwater rates increased by 1% to \$8.19 per month per residence. Solid Waste fees remain unchanged. Parking implemented multiple fee schedule changes, including a 25<sup>c</sup>/hour increase for both on and off street hourly parking rates. All parking rate changes are scheduled to go into effect January 1, 2019.

### Requests for Information

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

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## **BASIC FINANCIAL STATEMENTS**



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

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Net Position**

**June 30, 2018**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents/investments	\$ 109,870,506	\$ 38,897,652	\$ 148,768,158	\$ 73,279
Taxes receivable, net	1,193,278	-	1,193,278	-
Accounts receivable, net	785,636	3,002,451	3,788,087	43,605
Other receivables	1,052,795	42,104	1,094,899	-
Internal balances	120,525	(120,525)	-	-
Due from other governments	12,509,198	413,897	12,923,095	732,416
Inventories	725,282	81,969	807,251	164,951
Notes receivable	17,911,119	-	17,911,119	-
Prepays	1,760,836	102,602	1,863,438	-
Restricted assets:				
Cash and cash equivalents/investments	24,921,308	1,938,659	26,859,967	-
Other receivables	27,435	-	27,435	-
Due from other governments	969,781	-	969,781	-
Due from management company	470,249	-	470,249	-
Capital assets:				
Land, easements and construction in progress	84,669,559	15,538,403	100,207,962	5,247,446
Other capital assets, net of accumulated depreciation	307,595,549	46,919,970	354,515,519	18,277,810
Total assets	<u>564,583,056</u>	<u>106,817,182</u>	<u>671,400,238</u>	<u>24,539,507</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>14,732,306</u>	<u>1,454,109</u>	<u>16,186,415</u>	<u>187,790</u>
<b>LIABILITIES</b>				
Accounts payable	3,488,696	2,204,414	5,693,110	102,257
Due to other governments	1,683,206	-	1,683,206	-
Accrued liabilities	6,474,027	790,834	7,264,861	51,339
Customer and escrow deposits	925,988	119,105	1,045,093	-
Unearned revenues	-	72,260	72,260	-
Restricted liabilities:				
Accounts payable	1,598,698	1,167	1,599,865	-
Unearned revenues	256,257	-	256,257	-
Long-term liabilities:				
Due within one year	14,549,866	2,105,548	16,655,414	197,293
Due in more than one year	246,796,410	37,057,791	283,854,201	230,992
Total liabilities	<u>275,773,148</u>	<u>42,351,119</u>	<u>318,124,267</u>	<u>581,881</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>2,266,251</u>	<u>267,623</u>	<u>2,533,874</u>	<u>16,503</u>
<b>NET POSITION</b>				
Net investment in capital assets	222,365,472	32,935,755	255,301,227	23,525,256
Restricted for:				
Stabilization by State statute	13,637,741	-	13,637,741	-
Community development housing loans	19,633,290	-	19,633,290	-
Convention center facility	5,089,234	-	5,089,234	-
Capital projects	2,975,485	1,055,998	4,031,483	-
Public safety	931,110	-	931,110	-
Transportation	3,478	-	3,478	-
Economic and physical development	182,113	-	182,113	-
Cultural and recreational	47,579	-	47,579	-
Transit	-	-	-	159,928
Unrestricted	36,410,461	31,660,796	68,071,257	443,729
Net position	<u>\$ 301,275,963</u>	<u>\$ 65,652,549</u>	<u>\$ 366,928,512</u>	<u>\$ 24,128,913</u>



**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Activities**

**Year Ended June 30, 2018**

<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	\$ 26,388,276	\$ 1,341,845	\$ 13,289	\$ -
Public safety	52,304,423	1,011,421	572,709	94,765
Transportation	16,938,651	1,733,382	4,234,903	1,001,077
Economic and physical development	7,249,221	4,206,857	1,306,031	-
Environmental protection	-	95,078	20,670	-
Cultural and recreational	11,401,557	857,897	690	157,442
Transit system	1,437,257	-	-	-
Interest and other charges	7,569,643	-	331,241	-
Total governmental activities	<u>123,289,028</u>	<u>9,246,480</u>	<u>6,479,533</u>	<u>1,253,284</u>
Business-type activities:				
Solid waste management	8,500,496	9,245,211	77,899	-
Storm water management	7,989,010	11,517,793	-	-
Parking facilities	4,477,517	3,408,219	-	1,015,338
Golf	1,444,079	1,240,596	-	-
Total business-type activities	<u>22,411,102</u>	<u>25,411,819</u>	<u>77,899</u>	<u>1,015,338</u>
Total primary government	<u>\$ 145,700,130</u>	<u>\$ 34,658,299</u>	<u>\$ 6,557,432</u>	<u>\$ 2,268,622</u>
Component unit	<u>\$ 9,951,041</u>	<u>\$ 2,315,781</u>	<u>\$ 4,145,619</u>	<u>\$ 1,936,963</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	\$ (25,033,142)	\$ -	\$ (25,033,142)	\$ -
Public safety	(50,625,528)	-	(50,625,528)	-
Transportation	(9,969,289)	-	(9,969,289)	-
Economic and physical development	(1,736,333)	-	(1,736,333)	-
Environmental protection	115,748	-	115,748	-
Cultural and recreational	(10,385,528)	-	(10,385,528)	-
Transit system	(1,437,257)	-	(1,437,257)	-
Interest and other charges	(7,238,402)	-	(7,238,402)	-
Total governmental activities	<u>(106,309,731)</u>	<u>-</u>	<u>(106,309,731)</u>	<u>-</u>
Business-type activities:				
Solid waste management	-	822,614	822,614	-
Storm water management	-	3,528,783	3,528,783	-
Parking facilities	-	(53,960)	(53,960)	-
Golf	-	(203,483)	(203,483)	-
Total business-type activities	<u>-</u>	<u>4,093,954</u>	<u>4,093,954</u>	<u>-</u>
Total primary government	<u>(106,309,731)</u>	<u>4,093,954</u>	<u>(102,215,777)</u>	<u>-</u>
Component unit	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,552,678)</u>
General revenues:				
Ad valorem taxes	72,729,763	-	72,729,763	-
Room occupancy tax	3,780,078	-	3,780,078	-
Grants and contributions not restricted to specific programs	2,179,507	-	2,179,507	-
Operating subsidy from primary government	-	-	-	1,474,378
Operating subsidy from other governments	-	-	-	416,068
Local option sales tax	24,689,205	-	24,689,205	-
Franchise tax	8,280,297	-	8,280,297	-
Video programming sales tax	1,374,281	-	1,374,281	-
Rental vehicle tax	296,213	-	296,213	-
Investment earnings	1,459,258	334,606	1,793,864	-
Miscellaneous	783,117	209,978	993,095	177,099
Total general revenues not including transfers	<u>115,571,719</u>	<u>544,584</u>	<u>116,116,303</u>	<u>2,067,545</u>
Transfers from (to) other funds	<u>(955,300)</u>	<u>955,300</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers	<u>114,616,419</u>	<u>1,499,884</u>	<u>116,116,303</u>	<u>2,067,545</u>
Change in net position	<u>8,306,688</u>	<u>5,593,838</u>	<u>13,900,526</u>	<u>514,867</u>
Net position at beginning of year as previously stated	312,911,149	62,137,635	375,048,784	23,614,046
Restatement for accounting change (Note 8)	<u>(19,941,874)</u>	<u>(2,078,924)</u>	<u>(22,020,798)</u>	<u>-</u>
Net position at beginning of year as restated	<u>292,969,275</u>	<u>60,058,711</u>	<u>353,027,986</u>	<u>23,614,046</u>
Net position at end of year	<u>\$ 301,275,963</u>	<u>\$ 65,652,549</u>	<u>\$ 366,928,512</u>	<u>\$ 24,128,913</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Balance Sheet -  
Governmental Funds**

**June 30, 2018**

	General Fund	Special Purpose Fund	Streets and Sidewalks Fund
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents/investments	\$ 51,673,963	\$ 685,291	\$ 14,439,407
Taxes receivable, net	1,004,187	-	-
Accounts receivable, net	784,306	-	-
Other receivables	978,770	141	8,553
Due from other funds	946,476	-	-
Due from other governments	10,826,971	668,550	526,549
Notes receivable, net	217,620	70,947	-
Inventories	693,246	-	-
Prepays	642,441	9,253	-
Restricted assets:			
Cash and cash equivalents/investments	-	5,376,851	17,654,388
Other receivables	-	27,380	-
Due from management company	-	470,249	-
Due from other governments	-	872,132	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 67,767,980</u>	<u>\$ 8,180,794</u>	<u>\$ 32,628,897</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 1,315,401	\$ 116,369	\$ 1,033,669
Due to other funds	-	556,242	-
Due to other governments	1,683,206	-	-
Accrued liabilities	5,418,952	57,888	-
Customer and escrow deposits	783,876	-	-
Restricted liabilities:			
Accounts payable	-	208,995	1,117,818
Due to other funds	-	241,319	-
Unearned revenue	-	256,257	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>9,201,435</u>	<u>1,437,070</u>	<u>2,151,487</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Taxes receivable, net	1,004,187	-	-
Accounts receivable	875,649	-	-
Notes receivable	217,620	-	-
Prepaid property taxes	18,036	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total deferred inflows of resources	<u>2,115,492</u>	<u>-</u>	<u>-</u>

	Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents/investments	\$ 16,183,241	\$ 15,385,942	\$ 98,367,844
Taxes receivable, net	184,998	4,093	1,193,278
Accounts receivable, net	-	-	784,306
Other receivables	7,779	7,295	1,002,538
Due from other funds	52,400	-	998,876
Due from other governments	86,668	400,460	12,509,198
Notes receivable, net	-	17,622,552	17,911,119
Inventories	-	-	693,246
Prepays	-	68,072	719,766
Restricted assets:			
Cash and cash equivalents/investments	3,606	1,886,463	24,921,308
Other receivables	-	55	27,435
Due from management company	-	-	470,249
Due from other governments	-	97,649	969,781
Total assets	<u>\$ 16,518,692</u>	<u>\$ 35,472,581</u>	<u>\$ 160,568,944</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 658	\$ 730,419	\$ 3,196,516
Due to other funds	-	80,790	637,032
Due to other governments	-	-	1,683,206
Accrued liabilities	-	23,248	5,500,088
Customer and escrow deposits	-	142,112	925,988
Restricted liabilities:			
Accounts payable	-	271,885	1,598,698
Due to other funds	-	-	241,319
Unearned revenue	-	-	256,257
Total liabilities	<u>658</u>	<u>1,248,454</u>	<u>14,039,104</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Taxes receivable, net	184,998	4,093	1,193,278
Accounts receivable	-	-	875,649
Notes receivable	-	6,485	224,105
Prepaid property taxes	4,394	-	22,430
Total deferred inflows of resources	<u>189,392</u>	<u>10,578</u>	<u>2,315,462</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**June 30, 2018**

	General Fund	Special Purpose Fund	Streets and Sidewalks Fund
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>FUND BALANCES</b>			
Non Spendable:			
Inventories	\$ 693,246	\$ -	\$ -
Prepays	642,441	9,253	-
Restricted:			
Stabilization by State statute	13,637,741	668,692	8,949,547
Community development loans	-	70,947	-
Convention center	-	5,089,234	-
Capital projects	-	-	16,536,570
Debt service	-	-	-
Public safety	-	717,636	-
Transportation	-	3,478	-
Economic and physical development	-	182,113	-
Cultural and recreational	-	47,579	-
Committed:			
Capital projects	-	-	4,991,293
Debt service	-	-	-
Public safety	833,227	363,754	-
Economic and physical development	-	15,881	-
Cultural and recreational	177,490	4,747	-
Transit	400,000	-	-
General government	20,000	-	-
Municipal service district	-	-	-
Assigned:			
Self-insurance	1,000,000	-	-
Subsequent year's expenditures	2,215,840	-	-
Unassigned (deficit)	36,831,068	(429,590)	-
Unassigned (deficit), reported in:			
Nonmajor special revenue funds	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>56,451,053</u>	<u>6,743,724</u>	<u>30,477,410</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 67,767,980</u>	<u>\$ 8,180,794</u>	<u>\$ 32,628,897</u>



	Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>FUND BALANCES</b>			
Non Spendable:			
Inventories	\$ -	\$ -	\$ 693,246
Prepays	-	68,072	719,766
Restricted:			
Stabilization by State statute	148,759	9,419,328	32,824,067
Community development loans	-	19,562,343	19,633,290
Convention center	-	-	5,089,234
Capital projects	-	1,503,076	18,039,646
Debt service	3,606	-	3,606
Public safety	-	213,474	931,110
Transportation	-	-	3,478
Economic and physical development	-	-	182,113
Cultural and recreational	-	-	47,579
Committed:			
Capital projects	-	5,325,154	10,316,447
Debt service	16,176,277	-	16,176,277
Public safety	-	-	1,196,981
Economic and physical development	-	-	15,881
Cultural and recreational	-	-	182,237
Transit	-	-	400,000
General government	-	-	20,000
Municipal service district	-	95,565	95,565
Assigned:			
Self-insurance	-	-	1,000,000
Subsequent year's expenditures	-	-	2,215,840
Unassigned (deficit)	-	-	36,401,478
Unassigned (deficit), reported in:			
Nonmajor special revenue funds	-	(1,973,463)	(1,973,463)
Total fund balances	<u>16,328,642</u>	<u>34,213,549</u>	<u>144,214,378</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 16,518,692</u>	<u>\$ 35,472,581</u>	<u>\$ 160,568,944</u>

## CITY OF WILMINGTON, NORTH CAROLINA

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

June 30, 2018

Total fund balances - governmental funds	\$ 144,214,378
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.	386,782,606
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.	(11,564,703)
This amount represents the City's total pension liability of the Law Enforcement Officers' Special Separation Allowance (Separation Allowance).	(12,120,460)
This amount represents the City's net other postemployment benefits liability relevant to governmental activities.	(40,377,541)
Contributions to the LGERS pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position.	3,610,253
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.	302,163
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.	15,542,999
Liabilities for unavailable revenues considered deferred inflows of resources in fund statements.	2,293,032
This amount represents pension related deferrals from the City's participation in the LGERS pension plan.	4,505,575
This amount represents pension related deferrals from the City's participation in the Separation Allowance pension plan.	513,698
This amount represents other postemployment benefits related deferrals.	(1,263,045)
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.	(191,202,557)
Other adjustment to net assets for investment income receivables not reported in the governmental funds.	<u>39,565</u>
Net position - governmental activities	<u>\$ 301,275,963</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, 2018**

	General Fund	Special Purpose Fund	Streets and Sidewalks Fund
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Revenues:			
Ad valorem taxes	\$ 58,231,754	\$ -	\$ -
Room occupancy tax	-	3,780,078	-
Other taxes	34,616,291	-	-
Unrestricted intergovernmental	2,030,182	-	-
Restricted intergovernmental	3,208,904	1,396,566	462,766
Licenses and permits	666,089	-	-
Sales and services	2,926,846	4,390,298	-
Fines and forfeits	183,557	-	-
Investment earnings	632,392	52,182	189,044
Donations	-	2,690	7,750
Miscellaneous	480,917	1,143,837	-
Total revenues	<u>102,976,932</u>	<u>10,765,651</u>	<u>659,560</u>
Expenditures:			
Current:			
General government	21,254,092	-	-
Public safety	48,115,416	583,211	-
Transportation	8,298,170	2,356,867	9,239,058
Economic and physical development	108,555	4,983,785	-
Cultural and recreational	7,768,581	13,831	67,656
Transit system	1,363,257	56,000	18,000
Debt service:			
Principal retirement	-	1,515,000	-
Interest and other charges	-	1,981,951	-
Total expenditures	<u>86,908,071</u>	<u>11,490,645</u>	<u>9,324,714</u>
Excess (deficiency) of revenues over (under) expenditures	<u>16,068,861</u>	<u>(724,994)</u>	<u>(8,665,154)</u>
Other financing sources (uses):			
Transfers from other funds	-	692,056	2,436,392
Transfers to other funds	(18,671,763)	-	(256,738)
Issuance of bonds	-	-	15,300,000
Premium on bonds	-	-	956,434
Total other financing sources (uses)	<u>(18,671,763)</u>	<u>692,056</u>	<u>18,436,088</u>
Net change in fund balances	(2,602,902)	(32,938)	9,770,934
Fund balances at beginning of year	59,152,740	6,776,662	20,706,476
Change in reserve for inventories	<u>(98,785)</u>	-	-
Fund balances at end of year	<u>\$ 56,451,053</u>	<u>\$ 6,743,724</u>	<u>\$ 30,477,410</u>

	Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
<b>Revenues:</b>			
Ad valorem taxes	\$ 14,118,348	\$ 369,162	\$ 72,719,264
Room occupancy tax	-	-	3,780,078
Other taxes	-	23,705	34,639,996
Unrestricted intergovernmental	-	-	2,030,182
Restricted intergovernmental	331,241	1,474,181	6,873,658
Licenses and permits	-	-	666,089
Sales and services	-	-	7,317,144
Fines and forfeits	-	-	183,557
Investment earnings	362,145	89,922	1,325,685
Donations	-	46,845	57,285
Miscellaneous	-	204,303	1,829,057
Total revenues	<u>14,811,734</u>	<u>2,208,118</u>	<u>131,421,995</u>
<b>Expenditures:</b>			
<b>Current:</b>			
General government	-	3,777,105	25,031,197
Public safety	-	3,221,980	51,920,607
Transportation	-	161	19,894,256
Economic and physical development	-	966,058	6,058,398
Cultural and recreational	-	2,717,010	10,567,078
Transit system	-	-	1,437,257
<b>Debt service:</b>			
Principal retirement	8,733,620	-	10,248,620
Interest and other charges	5,372,883	-	7,354,834
Total expenditures	<u>14,106,503</u>	<u>10,682,314</u>	<u>132,512,247</u>
Excess (deficiency) of revenues over (under) expenditures	<u>705,231</u>	<u>(8,474,196)</u>	<u>(1,090,252)</u>
<b>Other financing sources (uses):</b>			
Transfers from other funds	9,334,832	14,349,550	26,812,830
Transfers to other funds	(8,913,937)	(259,618)	(28,102,056)
Issuance of bonds	-	-	15,300,000
Premium on bonds	-	-	956,434
Total other financing sources (uses)	<u>420,895</u>	<u>14,089,932</u>	<u>14,967,208</u>
Net change in fund balances	1,126,126	5,615,736	13,876,956
Fund balances at beginning of year	15,202,516	28,597,813	130,436,207
Change in reserve for inventories	-	-	(98,785)
Fund balances at end of year	<u>\$ 16,328,642</u>	<u>\$ 34,213,549</u>	<u>\$ 144,214,378</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, 2018**

Net change in fund balances - total governmental funds	\$ 13,876,956
Amounts reported for governmental activities in the statement of activities are different because:	
Change in fund balance due to change in reserve for inventory.	(98,785)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period, including amounts for donations and disposals.	2,079,916
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.	(388,341)
Contributions to the Local Governmental Retirement System (LGERS) pension plan in the current fiscal year are not included on the Statement of Activities.	3,610,253
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.	302,163
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of prepaid bond insurance, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(6,058,153)
Some expenses reported in the statement of activities, including pension, other postemployment benefit and other expenses do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(6,001,301)
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>983,980</u>
Change in net position - governmental activities	<u>\$ 8,306,688</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, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Ad valorem tax	\$ 57,522,173	\$ 57,522,173	\$ 58,231,754	\$ 709,581
Local option sales tax	25,980,637	25,980,637	24,665,500	(1,315,137)
Franchise tax	8,420,388	8,420,388	8,280,297	(140,091)
Video programming tax	1,440,000	1,440,000	1,374,281	(65,719)
Rental vehicle tax	290,000	290,000	296,213	6,213
Unrestricted intergovernmental	2,030,000	2,030,000	2,030,182	182
Restricted intergovernmental	3,181,563	3,231,563	3,208,904	(22,659)
Licenses and permits	625,000	625,000	666,089	41,089
Sales and services	2,451,238	2,450,368	2,926,846	476,478
Fines and forfeits	165,000	165,000	183,557	18,557
Interest earnings	252,620	252,620	632,392	379,772
Miscellaneous	385,553	444,889	480,917	36,028
Total revenues	<u>102,744,172</u>	<u>102,852,638</u>	<u>102,976,932</u>	<u>124,294</u>
Expenditures:				
General Government	17,039,968	16,807,705	13,788,277	3,019,428
Public Safety	49,036,698	49,382,171	48,115,416	1,266,755
Transportation	16,519,616	16,564,723	15,720,901	843,822
Cultural and Recreational	8,521,558	8,515,315	7,768,581	746,734
Transit System	1,363,257	1,363,257	1,363,257	-
Total expenditures	<u>92,481,097</u>	<u>92,633,171</u>	<u>86,756,432</u>	<u>5,876,739</u>
Excess of revenues over expenditures	<u>10,263,075</u>	<u>10,219,467</u>	<u>16,220,500</u>	<u>6,001,033</u>
Other financing sources (uses):				
Transfers to other funds	(19,000,605)	(18,976,997)	(18,823,402)	153,595
Appropriated fund balance	<u>8,737,530</u>	<u>8,757,530</u>	<u>-</u>	<u>(8,757,530)</u>
Total other financing uses	<u>(10,263,075)</u>	<u>(10,219,467)</u>	<u>(18,823,402)</u>	<u>(8,603,935)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(2,602,902)</u>	<u>\$ (2,602,902)</u>
Fund balance at beginning of year			59,152,740	
Change in reserve for inventories			<u>(98,785)</u>	
Fund balance at end of year			<u>\$ 56,451,053</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			151,639	
General government expenditures			(43,084)	
Economic and physical development expenditures			(108,555)	
Fund balance at beginning of year			<u>-</u>	
Fund balance at end of year			<u>\$ 56,451,053</u>	

See notes to financial statements.

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Net Position -  
Proprietary Funds**

**June 30, 2018**

	<b>Enterprise Funds</b>		
	<u>Solid Waste Management Fund</u>	<u>Storm Water Management Fund</u>	<u>Parking Facilities Fund</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 6,372,211	\$ 24,958,790	\$ 7,195,852
Accounts receivable:			
Customers, net	1,563,168	1,439,283	-
Other receivables	11,021	24,046	6,688
Due from other governments	184,193	228,039	1,665
Inventory of materials and supplies	-	57,602	-
Prepays	36,060	44,383	13,553
Restricted assets:			
Cash and cash equivalents	-	1,938,659	-
Total current assets	<u>8,166,653</u>	<u>28,690,802</u>	<u>7,217,758</u>
Noncurrent assets:			
Capital assets:			
Land	-	1,107,671	6,523,115
Easements	-	1,328,978	176,752
Improvements other than buildings	-	61,242,743	231,282
Buildings, plant and structures	-	1,202,630	12,601,395
Intangible software	-	-	58,184
Furniture, fixtures, machinery and equipment	70,835	476,099	518,200
Construction in progress	-	2,505,455	3,727,619
Less accumulated depreciation	<u>(42,631)</u>	<u>(21,482,068)</u>	<u>(9,456,840)</u>
Total capital assets, net of accumulated depreciation	<u>28,204</u>	<u>46,381,508</u>	<u>14,379,707</u>
Total assets	<u>8,194,857</u>	<u>75,072,310</u>	<u>21,597,465</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Other postemployment benefits deferrals	3,360	2,763	62
Pension deferrals	278,125	256,677	9,060
Contributions to pension plan in current fiscal year	198,544	168,912	9,089
Charge on refunding	<u>-</u>	<u>261,721</u>	<u>176,702</u>
Total deferred outflows of resources	<u>480,029</u>	<u>690,073</u>	<u>194,913</u>

	Nonmajor Golf Fund	Total	Internal Service Funds
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 370,799	\$ 38,897,652	\$ 11,502,662
Accounts receivable:			
Customers, net	-	3,002,451	1,330
Other receivables	349	42,104	10,692
Due from other governments	-	413,897	-
Inventory of materials and supplies	24,367	81,969	32,036
Prepays	8,606	102,602	1,041,070
Restricted assets:			
Cash and cash equivalents	-	1,938,659	-
Total current assets	<u>404,121</u>	<u>44,479,334</u>	<u>12,587,790</u>
Noncurrent assets:			
Capital assets:			
Land	109,393	7,740,179	-
Easements	-	1,505,730	-
Improvements other than buildings	2,259,426	63,733,451	-
Buildings, plant and structures	485,348	14,289,373	-
Intangible software	-	58,184	19,000
Furniture, fixtures, machinery and equipment	318,848	1,383,982	23,927,517
Construction in progress	59,420	6,292,494	-
Less accumulated depreciation	<u>(1,563,481)</u>	<u>(32,545,020)</u>	<u>(18,464,015)</u>
Total capital assets, net of accumulated depreciation	<u>1,668,954</u>	<u>62,458,373</u>	<u>5,482,502</u>
Total assets	<u>2,073,075</u>	<u>106,937,707</u>	<u>18,070,292</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Other postemployment benefits deferrals	621	6,806	499
Pension deferrals	56,457	600,319	65,365
Contributions to pension plan in current fiscal year	32,016	408,561	44,087
Charge on refunding	-	438,423	-
Total deferred outflows of resources	<u>89,094</u>	<u>1,454,109</u>	<u>109,951</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**June 30, 2018**

	<b>Enterprise Funds</b>		
	<u>Solid Waste Management Fund</u>	<u>Storm Water Management Fund</u>	<u>Parking Facilities Fund</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable:			
Trade	\$ 226,530	\$ 31,011	\$ 18,699
Contracts and retainage	-	399,627	1,507,873
Due to other funds	25,833	16,292	-
Accrued liabilities:			
Personnel costs	434,789	215,249	7,740
Interest	-	78,420	22,400
Current portion of long-term liabilities:			
Bonds payable	-	810,000	-
Installment obligations	-	80,000	912,687
Other long-term obligations	-	-	-
Accrued vacation and sick leave	130,456	132,383	2,650
Customer and escrow deposits	-	119,105	-
Unearned revenues	-	-	-
Restricted liabilities:			
Contracts and retainage payable	-	1,167	-
Total current liabilities	<u>817,608</u>	<u>1,883,254</u>	<u>2,472,049</u>
Noncurrent liabilities:			
Noncurrent portion of long-term liabilities:			
Bonds payable	-	22,868,759	-
Installment obligations	-	521,604	4,001,185
Other long-term obligations	-	-	2,710,000
Accrued vacation and sick leave	82,441	83,658	1,674
Net other postemployment benefits liability	2,640,661	2,170,743	48,332
Net pension liability	<u>665,922</u>	<u>584,835</u>	<u>24,093</u>
Total noncurrent liabilities	<u>3,389,024</u>	<u>26,229,599</u>	<u>6,785,284</u>
Total liabilities	<u>4,206,632</u>	<u>28,112,853</u>	<u>9,257,333</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Other postemployment benefits deferrals	85,963	70,665	1,573
Pension deferrals	42,219	38,690	1,376
Charge on refunding	-	3,523	-
Total deferred inflows of resources	<u>128,182</u>	<u>112,878</u>	<u>2,949</u>
<b>NET POSITION</b>			
Net investment in capital assets	28,204	24,306,060	6,932,537
Restricted for:			
Capital projects	-	1,055,998	-
Unrestricted (deficit)	<u>4,311,868</u>	<u>22,174,594</u>	<u>5,599,559</u>
Net Position	<u>\$ 4,340,072</u>	<u>\$ 47,536,652</u>	<u>\$ 12,532,096</u>

	Nonmajor Golf Fund	Total	Internal Service Funds
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable:			
Trade	\$ 20,674	\$ 296,914	\$ 292,180
Contracts and retainage	-	1,907,500	-
Due to other funds	78,400	120,525	-
Accrued liabilities:			
Personnel costs	32,236	690,014	41,120
Interest	-	100,820	8,528
Current portion of long-term liabilities:			
Bonds payable	-	810,000	-
Installment obligations	-	992,687	-
Other long-term obligations	-	-	410,000
Accrued vacation and sick leave	37,372	302,861	60,896
Customer and escrow deposits	-	119,105	-
Unearned revenues	72,260	72,260	-
Restricted liabilities:			
Contracts and retainage payable	-	1,167	-
Total current liabilities	<u>240,942</u>	<u>5,413,853</u>	<u>812,724</u>
Noncurrent liabilities:			
Noncurrent portion of long-term liabilities:			
Bonds payable	-	22,868,759	-
Installment obligations	-	4,522,789	-
Other long-term obligations	-	2,710,000	1,230,000
Accrued vacation and sick leave	42,643	210,416	27,341
Net other postemployment benefits liability	488,444	5,348,180	392,201
Net pension liability	<u>122,797</u>	<u>1,397,647</u>	<u>152,388</u>
Total noncurrent liabilities	<u>653,884</u>	<u>37,057,791</u>	<u>1,801,930</u>
Total liabilities	<u>894,826</u>	<u>42,471,644</u>	<u>2,614,654</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Other postemployment benefits deferrals	15,901	174,102	12,767
Pension deferrals	7,713	89,998	9,823
Charge on refunding	-	3,523	-
Total deferred inflows of resources	<u>23,614</u>	<u>267,623</u>	<u>22,590</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,668,954	32,935,755	3,842,502
Restricted for:			
Capital projects	-	1,055,998	-
Unrestricted	<u>(425,225)</u>	<u>31,660,796</u>	<u>11,700,497</u>
Net Position	<u>\$ 1,243,729</u>	<u>\$ 65,652,549</u>	<u>\$ 15,542,999</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2018**

	<b>Enterprise Funds</b>		
	Solid Waste Management Fund	Storm Water Management Fund	Parking Facilities Fund
Operating revenues:			
Charges for services	\$ 9,245,211	\$ 11,517,793	\$ 3,408,219
Other operating revenues	18,628	108,909	-
Total operating revenues	<u>9,263,839</u>	<u>11,626,702</u>	<u>3,408,219</u>
Operating expenses:			
Salaries, employee benefits and other personnel costs	4,117,944	3,174,189	148,336
Materials and fuels consumed	450,836	439,985	1,148
Landfill disposal fees	1,371,147	-	-
Services	1,017,607	828,995	1,421,968
Utilities	17,154	32,253	51,979
Depreciation	8,085	1,071,361	629,506
Amortization	-	615	-
Other operating expenses	<u>1,516,102</u>	<u>1,469,562</u>	<u>1,092,232</u>
Total operating expenses	<u>8,498,875</u>	<u>7,016,960</u>	<u>3,345,169</u>
Operating income (loss)	<u>764,964</u>	<u>4,609,742</u>	<u>63,050</u>
Nonoperating revenues (expenses):			
Investment earnings	55,179	224,712	51,169
Restricted intergovernmental	77,899	-	-
Sale of air rights	-	-	1,015,338
Interest and other charges	(1,621)	(972,050)	(229,400)
Gain (loss) on disposal of capital assets, net	<u>-</u>	<u>26,010</u>	<u>(902,948)</u>
Total nonoperating revenues (expenses)	<u>131,457</u>	<u>(721,328)</u>	<u>(65,841)</u>
Income (loss) before capital contributions and transfers	896,421	3,888,414	(2,791)
Capital contributions	-	-	-
Transfers from other funds	29,866	-	946,104
Transfers to other funds	<u>(20,670)</u>	<u>-</u>	<u>-</u>
Change in net position	<u>905,617</u>	<u>3,888,414</u>	<u>943,313</u>
Net position at beginning of year as previously stated	4,339,623	44,619,178	11,556,769
Restatement for accounting change (Note 8)	<u>(905,168)</u>	<u>(970,940)</u>	<u>32,014</u>
Net position at beginning of year as restated	<u>3,434,455</u>	<u>43,648,238</u>	<u>11,588,783</u>
Net position at end of year	<u>\$ 4,340,072</u>	<u>\$ 47,536,652</u>	<u>\$ 12,532,096</u>



	Nonmajor Golf Fund	Total	Internal Service Funds
Operating revenues:			
Charges for services	\$ 1,240,596	\$ 25,411,819	\$ 6,404,644
Other operating revenues	<u>56,431</u>	<u>183,968</u>	<u>68,361</u>
Total operating revenues	<u>1,297,027</u>	<u>25,595,787</u>	<u>6,473,005</u>
Operating expenses:			
Salaries, employee benefits and other personnel costs	656,921	8,097,390	823,287
Materials and fuels consumed	292,556	1,184,525	24,754
Landfill disposal fees	-	1,371,147	-
Services	37,430	3,306,000	874,079
Utilities	38,753	140,139	6,202
Depreciation	105,656	1,814,608	2,268,212
Amortization	-	615	-
Other operating expenses	<u>312,763</u>	<u>4,390,659</u>	<u>1,893,278</u>
Total operating expenses	<u>1,444,079</u>	<u>20,305,083</u>	<u>5,889,812</u>
Operating income (loss)	<u>(147,052)</u>	<u>5,290,704</u>	<u>583,193</u>
Nonoperating revenues (expenses):			
Investment earnings	3,546	334,606	94,008
Restricted intergovernmental	-	77,899	-
Sale of air rights	-	1,015,338	-
Interest and other charges	-	(1,203,071)	(28,249)
Gain (loss) on disposal of capital assets, net	<u>-</u>	<u>(876,938)</u>	<u>(26,392)</u>
Total nonoperating revenues (expenses)	<u>3,546</u>	<u>(652,166)</u>	<u>39,367</u>
Income (loss) before capital contributions and transfers	(143,506)	4,638,538	622,560
Capital contributions	-	-	27,494
Transfers from other funds	-	975,970	333,926
Transfers to other funds	<u>-</u>	<u>(20,670)</u>	<u>-</u>
Change in net position	<u>(143,506)</u>	<u>5,593,838</u>	<u>983,980</u>
Net position at beginning of year as previously stated	1,622,065	62,137,635	14,686,416
Restatement for accounting change (Note 8)	<u>(234,830)</u>	<u>(2,078,924)</u>	<u>(127,397)</u>
Net position at beginning of year as restated	<u>1,387,235</u>	<u>60,058,711</u>	<u>14,559,019</u>
Net position at end of year	<u>\$ 1,243,729</u>	<u>\$ 65,652,549</u>	<u>\$ 15,542,999</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Cash Flows -  
Proprietary Funds**

**Year Ended June 30, 2018**

	<b>Enterprise Funds</b>		
	Solid Waste Management Fund	Storm Water Management Fund	Parking Facilities Fund
Cash flows from operating activities:			
Receipts from customers and users	\$ 9,222,557	\$ 8,577,692	\$ 3,412,577
Receipts from interfund services provided	42,269	2,795,022	-
Payments to suppliers	(3,454,424)	(1,996,283)	(3,965,021)
Payments to or on behalf of employees	(3,901,262)	(2,989,895)	(144,963)
Payments for interfund services used	(962,446)	(720,938)	(5,868)
Net cash provided by (used in) operating activities	<u>946,694</u>	<u>5,665,598</u>	<u>(703,275)</u>
Cash flows from noncapital and related financing activities:			
Advances from other funds	-	-	-
Due to other funds	25,833	-	-
Transfers from other funds	29,866	-	946,104
Transfers to other funds	(20,670)	-	-
Restricted intergovernmental	77,899	13,314	-
Net cash provided by noncapital and related financing activities	<u>112,928</u>	<u>13,314</u>	<u>946,104</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(27,217)	(1,417,236)	(405,438)
Proceeds from sale of air rights	-	-	1,015,338
Proceeds from other long-term obligations	-	-	2,710,000
Principal payments on bonds	-	(775,000)	-
Principal payments on installment obligations	-	(80,000)	(844,437)
Principal payments on other long-term obligations	(190,000)	-	-
Interest and other charges	(1,824)	(977,584)	(247,729)
Proceeds from sale of capital assets	-	26,010	-
Net cash provided by (used in) capital and related financing activities	<u>(219,041)</u>	<u>(3,223,810)</u>	<u>2,227,734</u>
Cash flows from investing activities:			
Investment earnings	49,927	205,461	45,053
Net increase (decrease) in cash and cash equivalents	890,508	2,660,563	2,515,616
Cash and cash equivalents at beginning of year	<u>5,481,703</u>	<u>24,236,886</u>	<u>4,680,236</u>
Cash and cash equivalents at end of year	<u>\$ 6,372,211</u>	<u>\$ 26,897,449</u>	<u>\$ 7,195,852</u>

	Nonmajor Golf Fund	Total	Internal Service Funds
Cash flows from operating activities:			
Receipts from customers and users	\$ 1,310,684	\$ 22,523,510	\$ 354,189
Receipts from interfund services provided	-	2,837,291	6,136,088
Payments to suppliers	(647,018)	(10,062,746)	(3,914,789)
Payments to or on behalf of employees	(627,729)	(7,663,849)	(792,757)
Payments for interfund services used	(40,902)	(1,730,154)	(4,693)
Net cash provided by (used in) operating activities	<u>(4,965)</u>	<u>5,904,052</u>	<u>1,778,038</u>
Cash flows from noncapital and related financing activities:			
Advances from other funds	(26,000)	(26,000)	-
Due to other funds	52,400	78,233	-
Transfers from other funds	-	975,970	333,926
Transfers to other funds	-	(20,670)	-
Restricted intergovernmental	-	91,213	-
Net cash provided by noncapital and related financing activities	<u>26,400</u>	<u>1,098,746</u>	<u>333,926</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(59,420)	(1,909,311)	(1,865,344)
Proceeds from sale of air rights	-	1,015,338	-
Proceeds from other long-term obligations	-	2,710,000	-
Principal payments on bonds	-	(775,000)	-
Principal payments on installment obligations	-	(924,437)	-
Principal payments on other long-term obligations	-	(190,000)	(410,000)
Interest and other charges	-	(1,227,137)	(30,381)
Proceeds from sale of capital assets	-	26,010	137,976
Net cash provided by (used in) capital and related financing activities	<u>(59,420)</u>	<u>(1,274,537)</u>	<u>(2,167,749)</u>
Cash flows from investing activities:			
Investment earnings	<u>3,249</u>	<u>303,690</u>	<u>84,721</u>
Net increase (decrease) in cash and cash equivalents	(34,736)	6,031,951	28,936
Cash and cash equivalents at beginning of year	<u>405,535</u>	<u>34,804,360</u>	<u>11,473,726</u>
Cash and cash equivalents at end of year	<u>\$ 370,799</u>	<u>\$ 40,836,311</u>	<u>\$ 11,502,662</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2018**

	<b>Enterprise Funds</b>		
	Solid Waste Management Fund	Storm Water Management Fund	Parking Facilities Fund
<b>Reconciliation to Statement of Net Position:</b>			
Cash and cash equivalents	\$ 6,372,211	\$ 24,958,790	\$ 7,195,852
Restricted cash and cash equivalents	<u>-</u>	<u>1,938,659</u>	<u>-</u>
Total cash and cash equivalents	<u>\$ 6,372,211</u>	<u>\$ 26,897,449</u>	<u>\$ 7,195,852</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>			
Operating income (loss)	\$ 764,964	\$ 4,609,742	\$ 63,050
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	8,085	1,071,976	629,506
Changes in assets and liabilities:			
Accounts receivable	(38,543)	(160,915)	4,358
Due from other governments	39,530	(93,073)	-
Inventory of materials and supplies	-	61,777	-
Prepays	4,946	9,982	-
Deferred outflows of resources for pensions	295,893	215,345	12,652
Deferred outflows of resources for other postemployment benefits	(3,360)	(2,763)	(62)
Net pension liability	(262,399)	(203,927)	(11,538)
Net other postemployment benefits liability	(5,610)	(4,611)	(102)
Deferred inflows of resources for pensions	(11,797)	(9,169)	(519)
Deferred inflows of resources for other postemployment benefits	85,963	70,665	1,573
Accounts payable and accrued liabilities	103,230	89,474	(1,402,835)
Accrued vacation and sick leave	(34,208)	11,095	642
Unearned revenues	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>\$ 946,694</u>	<u>\$ 5,665,598</u>	<u>\$ (703,275)</u>
<b>Noncash investing, capital and financing activities:</b>			
Capital assets acquired on account	\$ (9,190)	\$ 133,455	\$ 1,447,482
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>\$ 133,455</u>	<u>\$ 1,447,482</u>

	Nonmajor Golf Fund	Total	Internal Service Funds
<b>Reconciliation to Statement of Net Position:</b>			
Cash and cash equivalents	\$ 370,799	\$ 38,897,652	\$ 11,502,662
Restricted cash and cash equivalents	-	1,938,659	-
Total cash and cash equivalents	<u>\$ 370,799</u>	<u>\$ 40,836,311</u>	<u>\$ 11,502,662</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>			
Operating income (loss)	\$ (147,052)	\$ 5,290,704	\$ 583,193
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	105,656	1,815,223	2,268,212
Changes in assets and liabilities:			
Accounts receivable	-	(195,100)	17,272
Due from other governments	-	(53,543)	-
Inventory of materials and supplies	(6,442)	55,335	(12,500)
Prepays	-	14,928	(1,035,000)
Deferred outflows of resources for pensions	44,088	567,978	54,361
Deferred outflows of resources for other postemployment benefits	(621)	(6,806)	(499)
Net pension liability	(40,389)	(518,253)	(52,247)
Net other postemployment benefits liability	(1,038)	(11,361)	(833)
Deferred inflows of resources for pensions	(1,816)	(23,301)	(2,349)
Deferred inflows of resources for other postemployment benefits	15,901	174,102	12,767
Accounts payable and accrued liabilities	3,632	(1,206,499)	(67,571)
Accrued vacation and sick leave	9,459	(13,012)	13,232
Unearned revenues	13,657	13,657	-
Net cash provided by (used in) operating activities	<u>\$ (4,965)</u>	<u>\$ 5,904,052</u>	<u>\$ 1,778,038</u>
<b>Noncash investing, capital and financing activities:</b>			
Capital assets acquired on account	\$ -	\$ 1,571,747	\$ (175,752)
Capital contributions from governmental funds	-	-	27,494
Donation of capital assets to governmental funds	-	-	(144,396)
Net effect of noncash activities	<u>\$ -</u>	<u>\$ 1,571,747</u>	<u>\$ (292,654)</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**June 30, 2018**

	Other Postemployment Benefits Trust Fund	Agency Funds
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ -	\$ 491,040
Investments:		
North Carolina Capital Management Trust, Government Portfolio	2,959,731	-
North Carolina Capital Management Trust, Term Portfolio	-	50,281
U.S. Government Agencies	-	60,005
Other receivables	<u>-</u>	<u>94</u>
Total assets	<u>2,959,731</u>	<u>601,420</u>
 <b>LIABILITIES</b>		
Accounts payable	-	2,450
Escrow funds and deposits	<u>-</u>	<u>598,970</u>
Total liabilities	<u>-</u>	<u>601,420</u>
 <b>NET POSITION</b>		
Restricted for postemployment benefits other than pensions	<u>\$ 2,959,731</u>	<u>\$ -</u>



**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2018**

	<u>Other Postemployment Benefits Trust Fund</u>
Additions:	
Contributions:	
Employer	\$ 1,652,234
Plan members	<u>438,454</u>
Total contributions	2,090,688
Investment earnings	<u>31,906</u>
Total additions	<u>2,122,594</u>
Deductions:	
Benefit payments	1,881,545
Administrative expense	<u>211,843</u>
Total deductions	<u>2,093,388</u>
Change in net position	29,206
Net position restricted for postemployment benefits other than pensions	
Beginning of year	<u>2,930,525</u>
End of year	<u>\$ 2,959,731</u>

See notes to financial statements.

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# **CITY OF WILMINGTON, NORTH CAROLINA**

## **Notes to Financial Statements June 30, 2018**

### **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 121,150. 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. 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, 2018

### 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, 2018 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, 2018

### 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, 2018

### 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 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 Capital Improvement Plans, 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, 2018

### 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, 2018

### 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, Special Tax District 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, 2018

### 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 and grants received in advance are classified as restricted assets because they are restricted to the capital projects or programs 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, 2018

### 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	\$4,084,883	\$ -	\$ -	\$ -	\$ 4,084,883
Red light camera fines	86,537	-	-	-	86,537
Debt proceeds and related interest earnings	1,015	14,678,903	3,606	1,648,377	16,331,901
Federal forfeiture funds	622,317	-	-	-	622,317
Unauthorized substance tax	95,309	-	-	-	95,309
Firemen's relief funds	-	-	-	115,770	115,770
Donations	134,186	2,975,485	-	-	3,109,671
Opioid pilot program	250,000	-	-	-	250,000
Program income from grant funds	82,397	-	-	-	82,397
Grant matches restricted by related grant award	<u>20,207</u>	<u>-</u>	<u>-</u>	<u>122,316</u>	<u>142,523</u>
	<u>\$5,376,851</u>	<u>\$17,654,388</u>	<u>\$3,606</u>	<u>\$ 1,886,463</u>	<u>\$ 24,921,308</u>

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

	Storm Water Management Fund	Business-Type Activities
Debt proceeds and related interest earnings	<u>\$ 1,938,659</u>	<u>\$ 1,938,659</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, 2017. 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, 2018

### 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. 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 has chosen to early implement GASB Statement No. 89, *Accounting for Interest Cost Incurred before the end of the Construction Period*, in the current year. Accordingly, beginning July 1, 2017, interest costs incurred before the end of a construction period are recognized as expense in the period in which the cost is incurred and, therefore, are not included in the historical cost of capital assets reported in business-type activities.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2018

### 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. All other purchased or constructed capital assets are reported at cost or estimated historical cost. 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, 2018

### 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, deferrals of other postemployment benefits expense, contributions made to the pension plan in the current fiscal year and benefit payments and administration costs paid subsequent to the measurement date. The Authority has two items that meets this criterion in the statement of net position – contributions made to the pension plan in the current fiscal year and other pension related deferrals. 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, deferrals of pension expense and deferrals of other postemployment benefits 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 31<sup>st</sup> of each year. Any unused days not exceeding twice the annual accrual level will be paid upon termination of employment.

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

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2018

### 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, 2018, the Authority recorded a liability of \$113,451 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, 2018

### 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, 2018:

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, 2018:

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, unspent donations and an unspent grant received in advance.

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

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

Restricted for transportation - portion of fund balance that is restricted by revenue source for transportation expenditures such as transportation demand management.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2018

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

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

##### FUND BALANCES (continued)

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.

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, 2018:

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.

Committed for municipal service district - portion of fund balance committed by City Council to support the services to be provided within the Downtown Municipal Services District.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2018

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

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

##### FUND BALANCES (continued)

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, 2018:

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

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

Unassigned fund balance - This classification is the portion of fund balance that has not been restricted, committed or assigned to specific purposes or other funds as of June 30, 2018. 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, 2018, the portion of fund balance that is available for appropriation equates to unassigned fund balance.

#### DEFINED BENEFIT PENSION AND OPEB PLANS

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.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2018

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

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

##### DEFINED BENEFIT PENSION AND OPEB PLANS (continued)

For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about fiduciary net position of the healthcare benefit plan and additions to/deductions from the healthcare benefit plan fiduciary net position have been determined on the same basis as they are reported by the healthcare benefit plan. For this purpose, the healthcare benefit plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments for all plans are reported at fair value.

#### F. COMPARATIVE DATA

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

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

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

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

The details of that item are as follows:

Bonds payable	\$ (34,175,000)
Installment obligations	(128,424,718)
Other long-term obligations	(9,516,469)
Unamortized premiums	(15,818,127)
Unamortized deferred outflows of resources	4,778,905
Unamortized deferred inflows of resources	(46,425)
Accrued interest payable	(924,291)
Accrued vacation and sick leave	<u>(7,076,432)</u>
	<u>\$ (191,202,557)</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2018

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

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

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

The details of those items are as follows:

Capital outlay	\$ 14,166,193
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.	951,199
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.	116,902
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.	(299,090)
Depreciation expense	<u>(12,855,288)</u>
	<u>\$ 2,079,916</u>

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

Accrued interest receivable	\$ 39,565
Tax and other receipts deferred in funds	<u>(427,906)</u>
	<u>\$ (388,341)</u>

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

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2018

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

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

The details of this item are as follows:

Debt issued:	
Issuance of bonds	\$ (15,300,000)
Issuance premium (to be amortized over the life of the obligation)	(956,434)
Principal payments:	
Bonds payable	2,055,000
Installment obligations	7,470,563
Other long-term obligations	723,058
Amortization of premiums and loss on refundings	<u>(50,340)</u>
	<u>\$ (6,058,153)</u>

The reconciliation further states that “some expenses reported in the statement of activities, including pension, other postemployment benefit 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	\$ (188,318)
Other postemployment benefits	(1,177,278)
Pension expense - Local Governmental Employees' Retirement System	(3,848,937)
Pension expense - Law Enforcement Special Separation Allowance	(650,547)
Accrued interest payable	<u>(136,221)</u>
	<u>\$ (6,001,301)</u>

### NOTE 3 – DETAIL NOTES ON ALL FUNDS

#### A. ASSETS

##### DEPOSITS AND INVESTMENTS

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

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2018

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

#### A. ASSETS (continued)

#### DEPOSITS AND INVESTMENTS (continued)

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

At June 30, 2018, the City's deposits had a carrying amount of \$60,641,048 and a bank balance of \$62,412,278. 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, 2018, was \$62,443.

At June 30, 2018, the Authority's deposits had a carrying amount of \$69,287 and a bank balance of \$305,940 of which, \$250,000 was fully covered by federal depository insurance. The Authority's cash on hand at June 30, 2018 consisted of various petty cash funds totaling \$1,009.

At June 30, 2018, the Foundation's deposits had a carrying amount and bank balance of \$2,125 which was fully covered by federal depository insurance.

At June 30, 2018, 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	\$ 40,259,247	\$ 40,259,247	\$ -
North Carolina Capital Management Trust - Term Portfolio *	Fair Value-Level 1	35,664,727	35,664,727	-
U.S. Treasuries	Fair Value-Level 1	3,409,310	-	3,409,310
U.S. Government Agencies	Fair Value-Level 2	<u>39,152,407</u>	<u>-</u>	<u>39,152,407</u>
 Total investments		 <u>\$ 118,485,691</u>	 <u>\$ 75,923,974</u>	 <u>\$ 42,561,717</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.



# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2018

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

#### A. ASSETS (continued)

##### DEPOSITS AND INVESTMENTS (continued)

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, 2018, the Authority's investments consisted of \$858 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, 2018 is 2.5 months.

##### Credit Risk

The City has no formal policy on managing credit risk. As of June 30, 2018, 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 Home Loan Bank, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation and Federal Farm Credit Bank) are rated AA+ by Standard & Poor's and Aaa by Moody's Investors Service.

##### Concentration of Credit Risk

The City's investment policy limits the amount that the City may invest in any one issuer to 25% of the City's total investments. More than 5% of the City's investments are in the Federal Home Loan Bank, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation and Federal Farm Credit Bank securities. These investments are 10.8%, 8.8%, 8.8% and 5.6%, respectively, of the City's total investments.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2018

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

#### A. ASSETS (continued)

#### RECEIVABLES

Current receivables for governmental activities at the government-wide level at June 30, 2018, were as follows:

	Taxes	Accounts	Other Governments	Notes	Restricted	Other	Total
General Fund	\$ 2,376,697	\$ 1,512,038	\$10,826,971	\$ 217,620	\$ -	\$ 993,464	\$15,926,790
Special Purpose Fund	-	-	668,550	70,947	1,369,761	2,868	2,112,126
Streets and Sidewalks Fund	-	-	526,549	-	-	16,391	542,940
Debt Service Fund	319,037	-	86,668	-	-	15,062	420,767
Nonmajor							
Governmental Funds	5,070	-	400,460	18,069,615	97,704	14,318	18,587,167
Internal Service Funds	-	1,330	-	-	-	10,692	12,022
Total receivables	2,700,804	1,513,368	12,509,198	18,358,182	1,467,465	1,052,795	37,601,812
Allowance for doubtful accounts	(1,507,526)	(727,732)	-	(447,063)	-	-	(2,682,321)
Total governmental activities	<u>\$ 1,193,278</u>	<u>\$ 785,636</u>	<u>\$12,509,198</u>	<u>\$17,911,119</u>	<u>\$1,467,465</u>	<u>\$ 1,052,795</u>	<u>\$34,919,491</u>

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

Local government sales and use taxes	\$ 6,767,682
Franchise tax	1,838,470
Video programming sales tax	338,405
PEG channel support	6,623
Refund of sales and use tax paid	958,551
Motor vehicle tax	512,957
ABC revenues	298,260
Other grants and reimbursements	<u>1,788,250</u>
Local government sales and use taxes	<u>\$ 12,509,198</u>

The restricted receivables for governmental activities consist of the following:

Interest on room occupancy tax	\$ 2,380
Accounts	25,000
Due from other governments - Room occupancy tax	872,132
Due from management company for convention center	470,249
Interest on Firemen's Relief Funds	55
Due from other governments - Firemen's Relief Funds	<u>97,649</u>
	<u>\$ 1,467,465</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2018

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

#### A. ASSETS (continued)

#### RECEIVABLES (continued)

Receivables for business-type activities at the government-wide level at June 30, 2018, were as follows:

	Accounts	Other Governments	Other	Total
Solid Waste Management Fund	\$ 2,035,415	\$ 184,193	\$ 11,021	\$ 2,230,629
Storm Water Management Fund	1,828,129	228,039	24,046	2,080,214
Parking Facilities Fund	-	1,665	6,688	8,353
Nonmajor Golf Fund	-	-	349	349
Total receivables	3,863,544	413,897	42,104	4,319,545
Allowance for doubtful accounts	(861,093)	-	-	(861,093)
Total business-type activities	\$ 3,002,451	\$ 413,897	\$ 42,104	\$ 3,458,452

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

Refund of sales and use tax paid	\$ 12,197
Solid waste disposal tax	16,666
Cape Fear Public Utility Authority	369,412
Other grants and reimbursements	15,622
	\$ 413,897

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

Sale of equipment	\$ 4,538
Interest earnings	34,921
Other reimbursements	2,645
	\$ 42,104

The amount due from other governments for the Authority as of June 30, 2018 consists of the following:

State operating grant revenues	\$ 123,580
Federal operating grant revenues	368,936
Local government sales and use taxes	57,485
City of Wilmington	93,120
New Hanover County	83,675
Other	5,620
	\$ 732,416

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2018

### 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, 2018, was as follows:

	July 1, 2017	Increases	Decreases	Transfers	June 30, 2018
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 59,443,874	\$ 71,100	\$ -	\$ -	\$ 59,514,974
Easements	14,045,043	353,448	-	-	14,398,491
Construction in progress	<u>8,519,922</u>	<u>7,844,196</u>	<u>-</u>	<u>(5,608,024)</u>	<u>10,756,094</u>
Total capital assets not being depreciated	<u>82,008,839</u>	<u>\$ 8,268,744</u>	<u>\$ -</u>	<u>\$ (5,608,024)</u>	<u>84,669,559</u>
Capital assets being depreciated:					
Improvements other than buildings	63,386,625	\$ 1,027,433	\$ -	\$ (756,515)	63,657,543
Buildings, plant and structures	144,266,833	159,919	(1,330,764)	75,917	143,171,905
Furniture, fixtures, machinery and equipment	49,659,785	2,039,072	(3,887,674)	1,143,943	48,955,126
Computer software	1,453,678	131,863	-	130,650	1,716,191
Streets and drainage	<u>232,812,589</u>	<u>5,179,953</u>	<u>-</u>	<u>5,014,029</u>	<u>243,006,571</u>
Total capital assets being depreciated	<u>491,579,510</u>	<u>\$ 8,538,240</u>	<u>\$ (5,218,438)</u>	<u>\$ 5,608,024</u>	<u>500,507,336</u>
Less accumulated depreciation for:					
Improvements other than buildings	23,796,438	\$ 3,018,056	\$ -	\$ (297,040)	26,517,454
Buildings, plant and structures	40,905,556	3,565,752	(1,031,674)	5,250	43,444,884
Furniture, fixtures, machinery and equipment	40,075,060	3,846,690	(3,867,702)	(9,625)	40,044,423
Computer software	1,392,875	51,111	-	-	1,443,986
Streets and drainage	<u>76,517,734</u>	<u>4,641,891</u>	<u>-</u>	<u>301,415</u>	<u>81,461,040</u>
Total accumulated depreciation	<u>182,687,663</u>	<u>\$ 15,123,500</u>	<u>\$ (4,899,376)</u>	<u>\$ -</u>	<u>192,911,787</u>
Total capital assets being depreciated, net	<u>308,891,847</u>				<u>307,595,549</u>
Governmental activities capital assets, net	<u>\$ 390,900,686</u>				<u>\$ 392,265,108</u>

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

General government	\$ 1,182,255
Public safety	2,428,917
Transportation	5,027,585
Economic and physical development	1,228,489
Cultural and recreational	2,988,042
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>2,268,212</u>
	<u>\$ 15,123,500</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2018

### 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, 2018, was as follows:

	July 1, 2017	Increases	Decreases	Transfers	June 30, 2018
Solid waste:					
Capital assets being depreciated:					
Furniture, fixtures, machinery and equipment	\$ 52,808	\$ 18,027	\$ -	\$ -	\$ 70,835
Less accumulated depreciation for:					
Furniture, fixtures, machinery and equipment	34,546	\$ 8,085	\$ -	\$ -	42,631
Total capital assets being depreciated, net	18,262				28,204
Solid waste capital assets, net	18,262				28,204
Storm water:					
Capital assets not being depreciated:					
Land	1,107,671	\$ -	\$ -	\$ -	1,107,671
Easements	1,328,978	-	-	-	1,328,978
Construction in progress	2,402,500	634,440	-	(531,485)	2,505,455
Total capital assets not being depreciated	4,839,149	\$ 634,440	\$ -	\$ (531,485)	4,942,104
Capital assets being depreciated:					
Improvements other than buildings	59,957,312	\$ 753,946	\$ -	\$ 531,485	61,242,743
Buildings, plant and structures	1,202,630	-	-	-	1,202,630
Furniture, fixtures, machinery and equipment	543,717	-	(67,618)	-	476,099
Total capital assets being depreciated	61,703,659	\$ 753,946	\$ (67,618)	\$ 531,485	62,921,472
Less accumulated depreciation for:					
Improvements other than buildings	19,833,395	\$ 1,000,785	\$ -	\$ -	20,834,180
Buildings, plant and structures	255,238	30,066	-	-	285,304
Furniture, fixtures, machinery and equipment	389,692	40,510	(67,618)	-	362,584
Total accumulated depreciation	20,478,325	\$ 1,071,361	\$ (67,618)	\$ -	21,482,068
Total capital assets being depreciated, net	41,225,334				41,439,404
Storm water capital assets, net	46,064,483				46,381,508

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2018

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

#### A. ASSETS (continued)

##### CAPITAL ASSETS (continued)

	July 1, 2017	Increases	Decreases	Transfers	June 30, 2018
Parking facilities:					
Capital assets not being depreciated:					
Land	\$ 6,523,115	\$ -	\$ -	\$ -	\$ 6,523,115
Easements	34,556	142,196			176,752
Construction in progress	<u>2,075,528</u>	<u>1,652,091</u>	<u>-</u>	<u>-</u>	<u>3,727,619</u>
Total capital assets not being depreciated	<u>8,633,199</u>	<u>\$ 1,794,287</u>	<u>\$ -</u>	<u>\$ -</u>	<u>10,427,486</u>
Capital assets being depreciated:					
Improvements other than buildings	231,282	\$ -	\$ -	\$ -	231,282
Buildings, plant and structures	13,830,830	-	(1,229,435)	-	12,601,395
Furniture, fixtures, machinery and equipment	459,567	58,633	-	-	518,200
Computer Software	<u>58,184</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,184</u>
Total capital assets being depreciated	<u>14,579,863</u>	<u>\$ 58,633</u>	<u>\$ (1,229,435)</u>	<u>\$ -</u>	<u>13,409,061</u>
Less accumulated depreciation for:					
Improvements other than buildings	28,816	\$ 11,563	\$ -	\$ -	40,379
Buildings, plant and structures	8,839,232	546,120	(326,487)	-	9,058,865
Furniture, fixtures, machinery and equipment	269,476	60,186	-	-	329,662
Computer Software	<u>16,297</u>	<u>11,637</u>	<u>-</u>	<u>-</u>	<u>27,934</u>
Total accumulated depreciation	<u>9,153,821</u>	<u>\$ 629,506</u>	<u>\$ (326,487)</u>	<u>\$ -</u>	<u>9,456,840</u>
Total capital assets being depreciated, net	<u>5,426,042</u>				<u>3,952,221</u>
Parking facilities capital assets, net	<u>14,059,241</u>				<u>14,379,707</u>
Golf:					
Capital assets not being depreciated:					
Land	109,393	\$ -	\$ -	\$ -	109,393
Construction in progress	<u>-</u>	<u>59,420</u>	<u>-</u>	<u>-</u>	<u>59,420</u>
Total capital assets not being depreciated	<u>109,393</u>	<u>\$ 59,420</u>	<u>\$ -</u>	<u>\$ -</u>	<u>168,813</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>318,848</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>318,848</u>
Total capital assets being depreciated	<u>3,063,622</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>3,063,622</u>
Less accumulated depreciation for:					
Improvements other than buildings	924,294	\$ 88,480	\$ -	\$ -	1,012,774
Buildings, plant and structures	233,079	10,133	-	-	243,212
Furniture, fixtures, machinery and equipment	<u>300,452</u>	<u>7,043</u>	<u>-</u>	<u>-</u>	<u>307,495</u>
Total accumulated depreciation	<u>1,457,825</u>	<u>\$ 105,656</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,563,481</u>
Total capital assets being depreciated, net	<u>1,605,797</u>				<u>1,500,141</u>
Golf capital assets, net	<u>1,715,190</u>				<u>1,668,954</u>
Business-type activities capital assets, net	<u>\$ 61,857,176</u>				<u>\$ 62,458,373</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2018

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

#### A. ASSETS (continued)

#### CAPITAL ASSETS (continued)

#### COMMITMENTS FOR CAPITAL PROJECTS

At June 30, 2018, the City has commitments for active projects as follows:

	Spent to date	Remaining commitment
Governmental funds:		
Capital projects	<u>\$ 19,940,003</u>	<u>\$ 20,321,531</u>
Enterprise funds:		
Storm Water capital projects	\$ 3,355,366	\$ 826,138
Parking Facilities capital projects	1,659,828	21,879,818
Golf capital projects	<u>59,420</u>	<u>36,580</u>
Total enterprise funds	<u>\$ 5,074,614</u>	<u>\$ 22,742,536</u>

#### DISCRETELY PRESENTED COMPONENT UNIT

Activity for the Cape Fear Public Transportation Authority for the year ended June 30, 2018, is as follows:

	June 30, 2017	Increases	Decreases	Transfers	June 30, 2018
Capital assets not being depreciated:					
Land	\$ 4,087,405	\$ -	\$ -	\$ -	\$ 4,087,405
Construction in progress	<u>461,252</u>	<u>1,012,939</u>	<u>-</u>	<u>(314,150)</u>	<u>1,160,041</u>
Total capital assets not being depreciated	<u>4,548,657</u>	<u>\$ 1,012,939</u>	<u>\$ -</u>	<u>\$ (314,150)</u>	<u>5,247,446</u>
Capital assets being depreciated:					
Buildings and improvements	15,883,947	\$ -	\$ -	\$ -	15,883,947
Furniture, fixtures, machinery and equipment	<u>13,988,546</u>	<u>995,546</u>	<u>(765,856)</u>	<u>314,150</u>	<u>14,532,386</u>
Total capital assets being depreciated	<u>29,872,493</u>	<u>\$ 995,546</u>	<u>\$ (765,856)</u>	<u>\$ 314,150</u>	<u>30,416,333</u>
Less accumulated depreciation for:					
Buildings and improvements	1,854,721	\$ 656,302	\$ -	\$ -	2,511,023
Furniture, fixtures, machinery and equipment	<u>9,517,747</u>	<u>873,942</u>	<u>(764,189)</u>	<u>-</u>	<u>9,627,500</u>
Total accumulated depreciation	<u>11,372,468</u>	<u>\$ 1,530,244</u>	<u>\$ (764,189)</u>	<u>\$ -</u>	<u>12,138,523</u>
Total capital assets being depreciated, net	<u>18,500,025</u>				<u>18,277,810</u>
Authority capital assets, net	<u>\$ 23,048,682</u>				<u>\$ 23,525,256</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued)

June 30, 2018

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

#### B. LIABILITIES

#### PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS

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

*Plan Description.* The City and the Authority are participating employers in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local government entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

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

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



# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2018

### 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, 2018, was 8.25% of compensation for law enforcement officers and 7.50% 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 \$4,062,901 and \$79,832, respectively for the year ended June 30, 2018.

*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, 2018, the City and the Authority reported a liability of \$13,114,738 and \$230,992, respectively for its proportionate share of the LGERS net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 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, 2017, the City's proportion was 0.858%, which was a decrease of 0.002% from its proportion measured as of June 30, 2016. At June 30, 2017, the Authority's proportion was 0.015%, which was a decrease of 0.002% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the City recognized pension expense of \$4,327,774. At June 30, 2018, 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	\$ 755,530	\$ 371,237
Changes of assumptions	1,872,966	-
Net difference between projected and actual earnings on pension plan investments	3,184,274	-
Changes in proportion and differences between City contributions and proportionate share of contributions	48,765	418,860
City contributions subsequent to the measurement date	4,062,901	-
Total	\$ 9,924,436	\$ 790,097

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2018

### 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)*

\$4,062,901 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, 2019. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 580,294
2020	3,701,069
2021	1,803,728
2022	<u>(1,013,653)</u>
	<u>\$ 5,071,438</u>

For the year ended June 30, 2018, the Authority recognized pension expense of \$78,143. At June 30, 2018, 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	\$ 13,307	\$ 6,539
Changes of assumptions	32,989	-
Net difference between projected and actual earnings on pension plan investments	56,084	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	5,578	9,964
Contributions subsequent to the measurement date	<u>79,832</u>	<u>-</u>
Total	<u>\$ 187,790</u>	<u>\$ 16,503</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2018

### 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)*

\$79,832 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, 2019. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 12,483
2020	66,723
2021	31,954
2022	<u>(19,705)</u>
	<u>\$ 91,455</u>

*Actuarial Assumptions.* The total pension liability in the December 31, 2016 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	7.20 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, 2016 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, 2018

### 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, 2017 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 3.05%. All rates of return and inflation are annualized.

*Discount rate.* The discount rate used to measure the total pension liability was 7.20%. 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, 2018

### 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 7.20 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 (6.20 percent) or one percentage point higher (8.20 percent) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
City's proportionate share of the net pension liability (asset)	\$ 39,370,740	\$ 13,114,738	\$ (8,800,735)
Authority's proportionate share of the pension liability (asset)	\$ 693,442	\$ 230,992	\$ (155,009)

*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, 2016, the date of the latest actuarial valuation, the Separation Allowance's membership consisted of:

Retirees currently receiving benefits	33
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	256
Total	289

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2018

### 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, 2016 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.16 percent

The discount rate is based on the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2017.

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 \$589,854 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, 2018, the City reported a total pension liability of \$12,120,460. The total pension liability was measured as of December 31, 2017 based on a December 31, 2016 actuarial valuation. The total pension liability was rolled forward to December 31, 2017 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2018, the City recognized pension expense of \$907,814.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2018

### 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	\$ 139,570	\$ -
Changes of assumptions	544,228	170,100
City benefit payments and plan administrative expense made subsequent to the measurement date	302,163	-
Total	\$ 985,961	\$ 170,100

\$302,163 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, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 101,749
2020	101,749
2021	101,749
2022	101,749
2023	106,702
Thereafter	-
	\$ 513,698

\$300,851 paid as benefits came due and \$1,312 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 3.16 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 (2.16 percent) or 1-percentage-point higher (4.16 percent) than the current rate:

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2018

### 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 (2.16%)	Discount Rate (3.16%)	1% Increase (4.16%)
Total pension liability	\$ 13,085,715	\$ 12,120,460	\$ 11,234,446

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

	2018
Beginning balance	\$ 11,041,905
Service cost	389,212
Interest on total pension liability	415,527
Differences between expected and actual experience in the measurement of the total pension liability	168,953
Changes of assumptions or other inputs	658,802
Benefit payments	(553,939)
Ending balance of the total pension liability	\$ 12,120,460

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, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

#### 3. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for LGERS was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability for LEOSSA was measured as of December 31, 2017, with an actuarial valuation date of December 31, 2016. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:



# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2018

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

#### B. LIABILITIES (continued)

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

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Proportionate Share of Net Pension Liability (Asset)	\$ 13,114,738	\$ -	\$ 13,114,738
Proportion of the Net Pension Liability (Asset)	0.858%	n/a	
Total Pension Liability	-	\$ 12,120,460	\$ 12,120,460
Pension Expense	\$ 4,327,774	\$ 907,814	\$ 5,235,588

At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$ 755,530	\$ 139,570	\$ 895,100
Changes of assumptions	1,872,966	544,228	2,417,194
Net difference between projected and actual earnings on pension plan investments	3,184,274	-	3,184,274
Changes in proportion and differences between City contributions and proportionate share of contributions	48,765	-	48,765
City contributions (LGERS)/benefit payments and administration costs (LEOSSA) subsequent to the measurement date	4,062,901	302,163	4,365,064
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$ 371,237	\$ -	\$ 371,237
Changes of assumptions	-	170,100	170,100
Changes in proportion and differences between City contributions and proportionate share of contributions	418,860	-	418,860

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2018

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

#### B. LIABILITIES (continued)

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

##### 4. Supplemental Retirement Income Plan

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

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

*Funding Policy.* Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. For the year ended June 30, 2018, the City's required contribution was \$765,609 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 \$1,482,827 for the year ended June 30, 2018. Employee contributions to this plan, including law enforcement officers, included in salary expense for the year ended June 30, 2018, were \$1,199,314.

##### 5. 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.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2018

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

#### B. LIABILITIES (continued)

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

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

*Plan Description. (continued)*

*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.

*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.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2018

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

#### B. LIABILITIES (continued)

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

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

##### *Benefits Provided. (continued)*

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

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, 2018 active employee contribution requirements range from \$136 to \$634 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.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2018

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

#### B. LIABILITIES (continued)

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

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

##### *Contributions. (continued)*

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 \$1,652,234 or 4.74% of annual covered payroll for current premiums. The City is self-insured. Contributions of \$438,454 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%

*Rate of return.* For the year ended June 30, 2018, the annual money weighted rate of return on investments, net of investment expense, was 1.00 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, 2018 were as follows:

Total OPEB liability	\$ 49,077,653
Plan fiduciary net position	2,959,731
City's net OPEB liability	\$ 46,117,922
 Plan fiduciary net position as a percentage of the total OPEB liability	6.03%

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2018

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

#### B. LIABILITIES (continued)

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

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

*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	2.5 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 liabilities were rolled forward to June 30, 2017 and June 30, 2018 for the employer and the plan, respectively, 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.

*Discount rate.* The discount rate used to measure the total OPEB liability was 3.89 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 3.89 percent per the Municipal Bond Index Rate at the measurement date.

*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 (2.89 percent) or 1-percentage-point higher (4.89 percent) than the current discount rate:

	1% Decrease (2.89%)	Discount Rate (3.89%)	1% Increase (4.89%)
Net OPEB liability (asset)	\$ 50,431,031	\$ 46,117,922	\$ 42,200,345

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2018

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

#### B. LIABILITIES (continued)

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

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

*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%)	Healthcare Cost Trend Rate (7.75%)	1% Increase (8.75%)
Net OPEB liability (asset)	\$ 40,727,896	\$ 46,117,922	\$ 52,379,469

*Changes in Net OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.* At June 30, 2018, the City reported a net OPEB liability of \$46,117,922. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2016. The total OPEB liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions.

At June 30, 2018 the components of the net OPEB liability of the City, measured as of June 30, 2018 were as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances at June 30, 2017	\$ 49,146,408	\$ 2,930,525	\$ 46,215,883
Changes for the year:			
Service cost	1,619,641	-	1,619,641
Interest	1,720,460	-	1,720,460
Differences between expected and actual experience	(378,659)	-	(378,659)
Changes of assumptions	(1,377,963)	-	(1,377,963)
Contributions	-	1,652,234	(1,652,234)
Net investment income	-	29,206	(29,206)
Benefit payments	(1,652,234)	(1,652,234)	-
Net changes	(68,755)	29,206	(97,961)
Balances at June 30, 2018	\$ 49,077,653	\$ 2,959,731	\$ 46,117,922

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2018

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

#### B. LIABILITIES (continued)

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

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

*Changes of Assumptions.* Changes of assumptions and other inputs reflect a change in the discount rate from 3.56 percent in 2017 to 3.89 percent in 2018 on the measurement date and the projected measurement asset depletion date.

For the year ended June 30, 2018, the City recognized OPEB expense of \$2,996,882. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 323,621
Changes of assumptions	-	1,177,678
Net difference between projected and actual earnings on plan investments	58,690	-
Total	\$ 58,690	\$ 1,501,299

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2019	\$ (240,651)
2020	(240,651)
2021	(240,651)
2022	(240,649)
2023	(255,323)
Thereafter	(224,684)
	\$ (1,442,609)

#### 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.



# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2018

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

#### B. LIABILITIES (continued)

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

##### DEFERRED COMPENSATION PLAN (continued)

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, 2018, were \$306,725 that was matched by the City.

Employer contributions to the 457 Deferred Compensation Plan totaled \$1,519,114 for the year ended June 30, 2018. 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, 2018, were \$551,960.

##### OTHER EMPLOYMENT BENEFITS

The City has elected to provide death benefits to employees engaged in law enforcement through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest month's salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. Because all death benefit payments are made by the Death Benefit Plan and not by the City, the City does not determine the number of eligible participants. The City has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the postemployment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The City is not required to contribute for employees not engaged in law enforcement. For the fiscal year ended June 30, 2018, the City made contributions to the State for death benefits of \$21,437.

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, 2018, the City paid \$87,832 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.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2018

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

#### B. LIABILITIES (continued)

#### DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

The balance in deferred outflows of resources at the government-wide level of the City at June 30, 2018 is summarized as follows:

	Governmental Activities	Business-type Activities
Deferred amount for loss on refunded debt	\$ 4,778,905	\$ 438,423
Contributions to pension plan in current year for the Local Governmental Employees' Retirement System (LGERS)	3,654,340	408,561
Benefit payments/administration costs paid subsequent to the measurement date for the Law Enforcement Officers' Special Separation Allowance (Separation Allowance)	302,163	-
Pension deferrals - LGERS	5,261,216	600,319
Pension deferrals - Separation Allowance	683,798	-
Pension deferrals for other postemployment benefits	51,884	6,806
	\$ 14,732,306	\$ 1,454,109

The balance in deferred inflows of resources at the government-wide level of the City at June 30, 2018 is summarized as follows:

	Governmental Activities	Business-type Activities
Deferred amount for gain on refunded debt	\$ 46,425	\$ 3,523
Pension deferrals - LGERS	700,099	89,998
Pension deferrals - Separation Allowance	170,100	-
Pension deferrals for other postemployment benefits	1,327,197	174,102
Unearned Revenue:		
Prepaid property taxes	22,430	-
	\$ 2,266,251	\$ 267,623

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2018

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

#### B. LIABILITIES (continued)

##### UNEARNED REVENUES

The balance in unearned revenues at June 30, 2018 is summarized as follows:

	Nonmajor Golf Fund	Special Purpose Fund	Governmental Activities (Restricted)	Business-type Activities
Grants received in advance - restricted	\$ -	\$ 250,580	\$ 250,580	\$ -
Prepaid convention center capital contribution from management company - restricted	-	5,677	5,677	-
Prepaid golf course green fees	72,260	-	-	72,260
	\$ 72,260	\$ 256,257	\$ 256,257	\$ 72,260

##### 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, 2018, the City has general obligation bonds authorized but unissued of \$28,700,000 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.

General obligation bonds outstanding at June 30, 2018 are comprised of the following issues:

	Governmental activities
\$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 a rate of 4.00 percent; \$2,800,000 of this series was refunded with the issuance of General Obligation Refunding Bonds, Series 2016B.	\$ 280,000

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2018

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

#### General Obligation Bonds (continued)

	<u>Governmental activities</u>
<p>\$9,000,000 General Obligation Bonds, Series 2008B issued for streets, highways and sidewalks; principal payments due annually on September 1 in installments of \$450,000 through September 1, 2018; semiannual interest payments due March 1 and September 1 with a rate of 4.00 percent; \$4,500,000 of this series was refunded with the issuance of General Obligation Refunding Bonds, Series 2016B.</p>	\$ 450,000
<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>	2,730,000
<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>	3,710,000
<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>	2,430,000
<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>	2,625,000
<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>	6,650,000

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2018

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

#### General Obligation Bonds (continued)

	Governmental activities
\$15,300,000 General Obligation Bonds, Series 2018 issued to pay the capital costs of the acquisition, construction, installation and equipping of street and sidewalk improvements; principal payments due annually on June 1, in installments of \$765,000, beginning June 1, 2019 through June 1, 2038; semiannual interest payments due on June 1 and December 1 at rates from 2.70 to 5.00 percent.	\$ <u>15,300,000</u>
Serviced by Debt Service Fund	\$ <u><u>34,175,000</u></u>

Annual debt service requirements to maturity for general obligation bonds at June 30, 2018 are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2019	\$ 2,260,000	\$ 1,279,464
2020	2,190,000	1,187,044
2021	2,190,000	1,094,344
2022	2,190,000	1,018,731
2023	2,195,000	939,219
2024-2028	10,950,000	3,254,619
2029-2033	7,790,000	1,371,207
2034-2038	4,410,000	405,337
	\$ 34,175,000	\$ 10,549,965

#### 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, 2018 are comprised of the following individual issue:

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2018

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

#### Revenue Bonds (continued)

	Business-type activities
\$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 \$160,000 through June 1, 2033; semiannual interest payments due June 1 and December 1 with rates from 4.50 to 5.00; \$6,960,000 of this series was refunded with the issuance of Storm Water Fee Revenue Bonds, Series 2015A.	\$ 2,000,000
\$19,425,000 Storm Water Fee Revenue Bonds, Series 2015A issued for storm water system improvements and to refund \$6,960,000 of outstanding Series 2007 Storm Water Fee Revenue Bonds; principal installments due annually on June 1, in varying amounts from \$500,000 to \$1,250,000 beginning June 1, 2019 through June 1, 2040; semiannual interest payments due June 1 and December 1, with rates from 3.00 to 5.00 percent.	19,425,000
\$1,240,000 Taxable Storm Water Fee Revenue Bonds, Series 2015B issued for storm water system improvements; principal installments due annually on June 1, in varying amounts from \$170,000 to \$180,000 through June 1, 2022; semiannual interest payments due June 1 and December 1 with rates from 2.050 to 2.625 percent.	710,000
Serviced by Storm Water Management Fund	\$ 22,135,000

Annual debt service requirements to maturity for revenue bonds at June 30, 2018 are as follows:

Year Ending June 30	Business-type Activities	
	Principal	Interest
2019	\$ 810,000	\$ 917,294
2020	840,000	887,509
2021	865,000	856,244
2022	895,000	823,594
2023	940,000	783,700
2024-2028	5,335,000	3,268,274
2029-2033	6,500,000	2,103,125
2034-2038	4,075,000	886,750
2039-2040	1,875,000	113,200
	\$ 22,135,000	\$ 10,639,690

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2018

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

#### Revenue Bonds (continued)

The City has pledged storm water fee customer revenues, net of specified operating expenses, to pay the storm water fee revenue bonds. The bonds are payable solely from storm water fee customer net revenues. Related principal and interest paid for the current year are \$1,721,619 or 28.96% of available net revenues of \$5,906,430.

Certain covenants are contained in the revenue bond order. The City was in compliance with the covenants during the fiscal year ended June 30, 2018. The revenue coverage calculation as of June 30, 2018 is as follows:

Revenues (1)		
Operating revenues	\$ 11,517,793	
Other operating revenue	108,909	
Investment earnings	<u>224,712</u>	<u>\$ 11,851,414</u>
Current Expenses (2)		
Operating expenses	7,016,960	
Less depreciation	(1,071,361)	
Less amortization	<u>(615)</u>	<u>5,944,984</u>
Revenues available for debt service		<u>5,906,430</u>
Principal and interest requirements (3)		
Revenue bonds (at 120%)	2,072,753	
Other indebtedness (at 100%)	<u>103,750</u>	<u>2,176,503</u>
Revenues in excess of principal and interest requirements		<u>\$ 3,729,927</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; 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, 2018

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

#### Installment Obligations (continued)

Installment obligations outstanding at June 30, 2018 are comprised of the following individual issues:

	Governmental activities	Business-type activities
<p>\$28,180,000 Limited Obligation Bonds, Series 2010B of which a portion is taxable Build America Bonds and a portion is taxable refunding bonds; issued for improvements to Empie Park Fire station, Front Street, North Riverwalk, and North Downtown streetscape; acquisition of property for a Downtown Multi-modal Transportation facility; the upgrade of existing analogue radios to digital; and to refund \$8,745,000 of outstanding, taxable Certificates of Participation, Series 2008C which were issued for the construction of the private business use portion of the parking facility adjacent to the Convention Center; principal payments due annually on June 1 in installments of \$1,400,000 through June 1, 2030; semiannual interest payments due June 1 and December 1 at rates from 4.80 to 6.33 percent.</p>		
Serviced by Debt Service Fund	\$ 16,800,000	\$ -
<p>\$30,695,000 Refunding Limited Obligated Bonds, Series 2012 issued to refund \$2,455,000 of outstanding Series 2001 and \$10,310,000 of outstanding Series 2008D installment purchase agreements and \$8,200,000 of outstanding Series 2003A and \$9,730,000 of outstanding Series 2004 Certificates of Participation; principal payments due annually on June 1 in installments ranging from \$530,000 to \$2,090,000 through June 1, 2030; semiannual interest payments due on June 1 and December 1 at rates from 3.50 to 5.00 percent.</p>		
Serviced by Debt Service Fund	15,273,750	-
Serviced by Parking Facilities Fund	-	3,941,250



# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2018

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

#### Installment Obligations (continued)

	Governmental activities	Business-type activities
<p>\$21,565,000 Refunding Limited Obligation Bonds, Series 2014A issued to refund \$22,640,000, a portion of the Certificates of Participation, Series 2005A; principal payments due annually on June 1, in installments ranging from \$1,345,000 to \$1,485,000 through June 1, 2032; semiannual interest payments due on June 1 and December 1 at rates from 3.25 to 5.00 percent.</p>		
Served by Debt Service Fund	\$ 19,350,000	\$ -
Served by Storm Water Management Fund	-	520,000
<p>\$16,130,000 Limited Obligation Bonds, Series 2015A issued for constructing and equipping the Cinema Drive Fire Station and the Shipyard Fire Station, constructing various street and sidewalk improvements and improving certain existing sections of the City's riverwalk and riverfront; principal payments due annually on June 1, in installments ranging from \$890,000 to \$1,100,000 beginning June 1, 2020 through June 1, 2035; semiannual interest payments due June 1 and December 1 at rates from 3.25 to 5.00 percent.</p>		
Served 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&amp;T installment financing contract; principal payments due annually on June 1 in installments ranging from \$210,000 to \$1,100,000 through Jun 1, 2020; semiannual interest payments due June 1 and December 1 at rates from 2.40 to 2.65 percent.</p>		
Served by Debt Service Fund	690,968	-
Served by Parking Facilities Fund	-	619,032

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2018

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

#### Installment Obligations (continued)

	Governmental activities	Business-type activities
<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> <p>Serviced by Convention Center Fund</p>	\$ 48,940,000	\$ -
<p>\$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 through June 1, 2037; semiannual interest payments due June 1 and December 1 at rates from 2.0 to 4.0 percent.</p> <p>Serviced by Debt Service Fund</p>	<u>11,240,000</u> <u>\$ 128,424,718</u>	<u>-</u> <u>\$ 5,080,282</u>

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

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
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	174,287
2022	6,596,750	4,703,610	468,250	150,875
2023	7,771,750	4,397,247	463,250	128,213
2024-2028	40,435,000	16,371,400	2,115,000	306,750
2029-2033	32,100,000	7,394,798	-	-
2034-2038	22,540,000	2,083,612	-	-
	\$ 128,424,718	\$ 50,825,640	\$ 5,080,282	\$ 1,192,700

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2018

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

#### Other Long-Term Obligations

The City is financing the acquisition of certain equipment and real property for governmental activities through installment notes. All issues are tax-exempt with the exception of the 2018 interim drawdown installment agreement for the redevelopment of the Water Street parking deck. Principal and interest requirements are provided by appropriation in the year in which they become due.

Other long-term obligations outstanding at June 30, 2018 are comprised of the following individual issues:

	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 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 4.503 to 5.00 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	\$ 759,173	\$ -
<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	1,640,000	-

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2018

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

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

	Governmental activities	Business-Type activities
<p>\$6,265,838 installment agreement payable to New Hanover County. In July 2006, the City and County executed an interlocal agreement pursuant to which 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%</p>		
Serviced by Debt Service Fund	\$ 6,265,838	\$ -
<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 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 3.00% to 5.00%.</p>		
Serviced by Debt Service Fund	2,491,458	-

**CITY OF WILMINGTON, NORTH CAROLINA**

**Notes to Financial Statements (Continued)  
June 30, 2018**

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

**B. LIABILITIES (continued)**

**LONG-TERM LIABILITIES (continued)**

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

	<u>Governmental activities</u>	<u>Business-type activities</u>
<p>\$25,800,000 taxable interim drawdown installment agreement executed on February 13, 2018 for the redevelopment of the Water Street Parking Deck; principal due at maturity, February 13, 2021; monthly interest payments due on the first at 1-month LIBOR plus 0.58% on amount drawn to date.</p>		
Serviced by Parking Fund	\$ -	\$ 2,710,000
	<u>\$ 11,156,469</u>	<u>\$ 2,710,000</u>
<p>Other Long-Term Obligations Serviced By:</p>		
Debt Service Fund	\$ 9,516,469	\$ -
Parking Fund	-	2,710,000
Equipment Maintenance and Replacement Fund	<u>1,640,000</u>	<u>-</u>
	<u>\$ 11,156,469</u>	<u>\$ 2,710,000</u>

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

<u>Year Ending June 30</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 1,070,777	\$ 427,870	\$ -	\$ 60,569
2020	1,067,516	393,619	-	60,569
2021	1,279,530	362,486	2,710,000	38,192
2022	1,272,702	323,573	-	-
2023	861,454	275,672	-	-
2024-2028	4,351,381	732,271	-	-
2029-2030	<u>1,253,109</u>	<u>44,305</u>	<u>-</u>	<u>-</u>
	<u>\$ 11,156,469</u>	<u>\$ 2,559,796</u>	<u>\$ 2,710,000</u>	<u>\$ 159,330</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2018

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

#### Other long-term liabilities disclosures

State statutes provide for a legal debt limit of 8% of the City's assessed value of taxable property. The City's legal debt limit as of June 30, 2018 amounts to \$1,195,229,512 resulting in a legal debt margin of \$1,013,683,043.

Changes in long-term liabilities for governmental activities during fiscal year 2018 were as follows:

	Balance July 1, 2017, (Restated)	Additions	Reductions	Balance June 30, 2018	Due Within One Year
General obligation bonds	\$ 20,930,000	\$ 15,300,000	\$ (2,055,000)	\$ 34,175,000	\$ 2,260,000
Installment obligations	135,895,281	-	(7,470,563)	128,424,718	5,702,313
Other long-term obligations	12,289,527	-	(1,133,058)	11,156,469	1,070,777
Plus deferred amounts:					
For issuance premium	15,313,096	956,434	(451,403)	15,818,127	-
Compensated absences	6,963,119	4,981,179	(4,779,629)	7,164,669	4,873,681
Other postemployment benefits	20,914,468	-	(20,914,468)	-	-
Net OPEB Liability	40,856,342	-	(86,600)	40,769,742	-
Net pension liability (LGERS)	16,355,070	-	(4,637,979)	11,717,091	-
Total pension liability (Separation Allowance)	<u>11,041,905</u>	<u>1,078,555</u>	<u>-</u>	<u>12,120,460</u>	<u>643,095</u>
Governmental activity long-term liabilities	<u>\$280,558,808</u>	<u>\$ 22,316,168</u>	<u>\$ (41,528,700)</u>	<u>\$261,346,276</u>	<u>\$ 14,549,866</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for internal service funds are included as part of the above totals for governmental activities. At year-end, \$1,640,000 of internal service funds' other long-term obligations, \$88,237 of compensated absences, \$392,201 of other postemployment benefits and \$152,388 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.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2018

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

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

Changes in long-term liabilities for business-type activities during fiscal year 2018 were as follows:

	Balance July 1, 2017 (Restated)	Additions	Reductions	Balance June 30, 2018	Due Within One Year
Revenue bonds	\$ 22,910,000	\$ -	\$ (775,000)	\$ 22,135,000	\$ 810,000
Installment obligations	6,004,719	-	(924,437)	5,080,282	992,687
Other long-term obligations	190,000	2,710,000	(190,000)	2,710,000	-
Less deferred amounts:					
For issuance discount	(2,399)	-	-	(2,399)	-
Plus deferred amounts:					
For issuance premium	2,083,568	-	(102,216)	1,981,352	-
Compensated absences	526,289	635,747	(648,759)	513,277	302,861
Other postemployment benefits	3,280,617	-	(3,280,617)	-	-
Net OPEB Liability	5,359,541	-	(11,361)	5,348,180	-
Net pension liability (LGERS)	1,915,900	-	(518,253)	1,397,647	-
Business-type activity long-term liabilities	<u>\$ 42,268,235</u>	<u>\$ 3,345,747</u>	<u>\$ (6,450,643)</u>	<u>\$ 39,163,339</u>	<u>\$ 2,105,548</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. On October 16, 2018, City Council voted to approve continuing the agreement for another five years, through October 31, 2023. 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, 2018, the City paid \$114,192 for this service. The City's obligation for the year ending June 30, 2019 is \$115,000 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, 2018

### 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, 2018 the City paid \$1,363,657 for these services. The contract costs are expected to be \$820,885 for the remaining seven months of the current year through January 2019. A new contract will be negotiated for these services to continue after January 2019.

The City entered into an incentive agreement in June 2005 with Pharmaceutical Product Development, Inc. (PPD) to provide incentive payments to the company in exchange for the company's commitment to construct, equip, and staff a facility in the City. The City's obligation under the agreement is \$125,000 per year for five years commencing in the sixth year following occupancy of the facility (2014 through 2018). In addition, the City agreed to provide up to \$4,000,000 in public infrastructure improvements in a designated redevelopment area that includes the company's new facility. The agreement had two thresholds: 1) PPD was required to make a direct investment in the facility of at least \$80 million and to provide 857 additional jobs by October 15<sup>th</sup> of 2013, the sixth year after occupancy; 2) PPD is required to provide, in the seventh through tenth years following occupancy (2015-2018), a total of 1,000 additional jobs and the direct investment must exceed \$80 million. The new jobs are in addition to the benchmark employment of 1,000 jobs that existed prior to the incentive agreement. The incentive agreement includes a reduced payment provision based on an unweighted average of direct investment and employment. PPD's 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 final payment of \$121,125 was paid for fiscal year 2018. PPD has provided over \$110 million of direct investment and 558 full-time equivalent jobs to the Wilmington area.

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, \$48,750 was paid in October 2017 for fiscal year 2017 and \$15,263 was paid for fiscal year 2018. One year of eligibility remains on the agreement.



# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued)

June 30, 2018

### 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, \$50,000 was paid in October 2017 for fiscal year 2017, and \$50,000 was paid for fiscal year 2018. One year of eligibility remains on the agreement.

The City entered into an incentive agreement in April 2018 with New NGC Inc. dba National Gypsum Company to provide incentive payments to the company in exchange for the company's commitment to re-open, improve, equip, and staff their facility in the City. National Gypsum Company is required to make a direct investment in the facility of at least \$25 million and to provide 51 new full time equivalent employees with an average annual compensation of \$57,000 per year. The City's obligation under the agreement is \$46,000 per year for five years commencing when National Gypsum Company secures a Certificate of Occupancy and demonstrates that the minimum required levels of new full time employees had been hired and the minimum level of direct investment had been attained.

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 2018.

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.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2018

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

#### B. LIABILITIES (continued)

#### COMMITMENTS AND CONTINGENCIES (continued)

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. A second amendment and restatement of the PDA was approved by City Council on October 3, 2017. The primary reasons for this amendment was to extend the air rights purchase deadline to December 29, 2017 as well as to better delineate the demolition and construction activities for the project.

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 \$4,862,864 for the construction of the facility. As of June 30, 2018, the Authority has expended approximately \$1,071,253 on stabilization and abatement of the property. No other contractual obligations have been entered into to complete the project at this time.

The Authority retains a transit management company to provide management and operational services for the public transportation system. For the year ended June 30, 2018, 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, 2018, the Authority incurred management fees totaling \$352,698. 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, 2018 are as follows:

General Fund	\$ 970,516
Debt Service Fund	1,913
Special Purpose Fund	240,387
Streets and Sidewalks Fund	10,061,204
Solid Waste Management Fund	62,915
Storm Water Management Fund	885,879
Parking Facilities Fund	21,938,986
Nonmajor Governmental Funds	10,399,564
Nonmajor Golf Fund	49,359
Internal Service Funds	<u>2,231,670</u>
Total encumbrances	<u>\$ 46,842,393</u>

#### Jointly Governed Organizations

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

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2018

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

#### B. LIABILITIES (continued)

#### COMMITMENTS AND CONTINGENCIES (continued)

#### Jointly Governed Organizations (continued)

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 \$21,090 to the Council during the fiscal year ended June 30, 2018.

#### 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, 2018, are as follows:

	General Fund	Debt Service Fund
Receivable Fund	\$ 946,476	\$ 52,400
Payable Fund:		
Special Purpose Fund	\$ 797,561	\$ -
Nonmajor Governmental Funds	80,790	-
Solid Waste Management Fund	25,833	-
Storm Water Management Fund	16,292	-
Nonmajor Golf Fund	26,000	52,400
Total	\$ 946,476	\$ 52,400

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

The General Fund provided an advance of \$130,000 to the Nonmajor Golf Fund in June 2014 for greens restoration. The advance is payable in equal annual installments over five years beginning in fiscal year 2015. As of June 30, 2018, the outstanding advance is \$26,000, which 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.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2018

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

#### C. INTERFUND BALANCES AND ACTIVITY (continued)

Interfund transfers for the year ended June 30, 2018 were as follows:

	General Fund	Streets and Sidewalks Fund	Debt Service Fund	Nonmajor Governmental Funds	Solid Waste Management Fund	Total
Transfers out:	<u>\$ 18,671,763</u>	<u>\$ 256,738</u>	<u>\$ 8,913,937</u>	<u>\$ 259,618</u>	<u>\$ 20,670</u>	<u>\$ 28,122,726</u>
Transfers in:						
Special Purpose Fund	671,386	-	-	-	20,670	<u>\$ 692,056</u>
Streets and Sidewalks Fund	-	-	2,436,392	-	-	<u>\$ 2,436,392</u>
Debt Service Fund	9,334,832	-	-	-	-	<u>\$ 9,334,832</u>
Nonmajor Governmental Funds	8,301,753	256,738	5,531,441	259,618	-	<u>\$ 14,349,550</u>
Solid Waste Management Fund	29,866	-	-	-	-	<u>\$ 29,866</u>
Parking Facilities Fund	-	-	946,104	-	-	<u>\$ 946,104</u>
Nonmajor Golf Fund	-	-	-	-	-	<u>\$ -</u>
Internal Service Fund	<u>333,926</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 333,926</u>
Total	<u>\$ 18,671,763</u>	<u>\$ 256,738</u>	<u>\$ 8,913,937</u>	<u>\$ 259,618</u>	<u>\$ 20,670</u>	<u>\$ 28,122,726</u>

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

#### 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, 2018, such interfund premiums did not exceed reimbursable expenditures.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2018

### NOTE 4 – RISK MANAGEMENT (continued)

#### 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, 2018, the City has recorded a liability of \$988,099 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>2017</u>	<u>2018</u>
Unpaid claims, beginning	\$ 736,936	\$ 329,548
Incurred claims (including IBNRs)	9,855,867	10,171,109
Claim payments	<u>(10,263,255)</u>	<u>(9,512,558)</u>
Unpaid claims, ending, due within one year	<u>\$ 329,548</u>	<u>\$ 988,099</u>

#### DENTAL SELF-INSURANCE PROGRAM

As of June 30, 2018, 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, 2018, the City has recorded a liability of \$40,798 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>2017</u>	<u>2018</u>
Unpaid claims, beginning	\$ 44,054	\$ 51,440
Incurred claims (including IBNRs)	442,528	442,108
Claim payments	<u>(435,142)</u>	<u>(452,750)</u>
Unpaid claims, ending, due within one year	<u>\$ 51,440</u>	<u>\$ 40,798</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2018

### NOTE 4 – RISK MANAGEMENT (continued)

#### 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, 2018, the City has recorded a liability of \$1,087,531 for estimated claims in accordance with the guidelines of GASB Statement No. 10, which requires that a liability for claims be reported if it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Claim liabilities include an amount for claims that have been incurred but not reported (IBNR) and are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors.

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

	<u>2017</u>	<u>2018</u>
Unpaid claims, beginning	\$ 1,204,634	\$ 936,255
Incurred claims (including IBNRs)	684,925	1,471,722
Claim payments	<u>(953,304)</u>	<u>(1,320,446)</u>
Unpaid claims, ending, due within one year	<u>\$ 936,255</u>	<u>\$ 1,087,531</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 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.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2018

### NOTE 4 – RISK MANAGEMENT (continued)

#### 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.

### 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, 2018, 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.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2018

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

#### C. 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, 2018, the City recognized \$3,780,078 in tax revenue as a result of the tax levy with a total of \$37,492,761 collected since the levy was enacted.

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

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

#### 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.

A .72 acre area was deannexed from Wrightsville Beach and annexed into the City by the North Carolina General Assembly, through Session Law 2018-107, effective June 30, 2018. It is anticipated that a mixed use development consisting of residential, commercial, and office uses will be developed on the site.

#### NOTE 7 – SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS

On July 17, 2018 the City Council authorized an agreement to purchase two custom-built fire pumper trucks from Atlantic Emergency Solutions, Inc. in the amount of \$1,277,774 through the Houston-Galveston Area Council Cooperative Purchasing Program. This acquisition is included in the adopted fiscal year 2019 budget.



# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2018

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

On July 17, 2018 the City Council awarded a \$9,175,252 contract to Clancy & Theys Construction Company for the new Haynes/Lacewell Police and Fire Training Facility. The construction of this facility is included in the approved CIP of the 2019 budget.

On August 7, 2018 the City Council authorized an amendment to the October 4, 2016 roadway improvement agreement with Autumn Hall, Inc. to increase the not to exceed amount by \$999,000 to an overall \$2,299,000.

On September 10, 2018 the City declared a State of Emergency in preparation for Hurricane Florence. In the aftermath, on October 2, 2018 the City Council appropriated \$9,000,000 of General Fund's unrestricted fund balance for estimated contracted debris removal and monitoring as well as response and recovery efforts created by the storm. On October 16, 2018 the City Council appropriated an additional \$8,500,000 to the General Fund from the Debt Service Fund for escalating response and recovery efforts including compensation to employees that worked storm duty during office closures. Also on October 16, 2018, the City Council authorized the task order activation of the emergency contracts with DRC Emergency Services, LLC, Landfall Strategies, LLC and Witt/O'Brien's, LLC for debris management, recovery and removal services in the amounts not to exceed \$7,500,000, \$500,000 and \$500,000, respectively. The City Council also approved a professional services agreement with Bowen-Wilson, Inc. (Servpro) for water damage restoration at the Wilmington Convention Center in the amount of \$250,000. On November 7, 2018 the City Council appropriated an additional \$4,500,000 to the General Fund from the Debt Service Fund to continue efforts toward recovery.

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

The City implemented GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, in the fiscal year ended June 30, 2018. The implementation of the statement requires, among other things, that the City record its net other postemployment benefits liability in the full accrual financial statements. Accounting changes adopted to conform to the provisions of the statements are to be applied retroactively and reported as a restatement of beginning net position. Accordingly, beginning net other postemployment benefits liability totaling \$19,941,874 was 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 \$312,911,149 to \$292,969,275. Beginning net other postemployment benefits liability totaling \$2,078,924 was recognized as an adjustment to beginning net position in the business-type activities column of the government-wide Statement of Net Position in the current year. As a result, beginning net position of government-wide business-type activities decreased from \$62,137,635 to \$60,058,711. Beginning net other postemployment benefits liability totaling \$905,168, \$970,940, (\$32,014), \$234,830 and \$127,397 were recognized as adjustments to beginning net position in the Major Solid Waste Management Fund, the Major Storm Water Management Fund, the Major Parking Facilities Fund, the Nonmajor Golf Fund and the Internal Service Funds, respectively, on the Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds. As a result, beginning net position of the Major Solid Waste Management Fund, the Major Storm Water Management Fund, the Major Parking Facilities Fund, the Nonmajor Golf Fund and the Internal Service Funds decreased (increased) from \$4,339,623 to \$3,434,455, \$44,619,178 to \$43,648,238, \$11,556,769 to \$11,588,783, \$1,622,065 to \$1,387,235, and \$14,686,416 to \$14,559,019, respectively.

The City also has chosen to early implement GASB Statement No. 89, *Accounting for Interest Cost Incurred before the end of the Construction Period*, in the current year. Accordingly, beginning July 1, 2017, interest costs incurred before the end of a construction period are recognized as expense in the period in which the cost is incurred and, therefore, are not included in the historical cost of capital assets reported in business-type activities.

# **CITY OF WILMINGTON, NORTH CAROLINA**

## **Notes to Financial Statements (Continued) June 30, 2018**

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

The GASB has issued pronouncements prior to June 30, 2018 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 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 87, “Leases”, will be effective for the City beginning with its year ending June 30, 2021.
- GASB Statement Number 88, “Certain Disclosures Related to Debt”, will be effective for the City beginning with its year ending June 30, 2019.

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**REQUIRED SUPPLEMENTARY INFORMATION**



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

**CITY OF WILMINGTON, NORTH CAROLINA**

**Law Enforcement Officers' Special Separation Allowance  
Required Supplementary Information  
Last Two Fiscal Years**

**Schedule of Changes in Total Pension Liability**

	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 11,041,905	\$ 10,964,122
Service costs	389,212	426,020
Interest on the total pension liability	415,527	382,911
Changes of benefit terms	-	-
Difference between expected and actual experience	168,953	-
Changes of assumptions and other inputs	658,802	(254,516)
Benefit payments	(553,939)	(476,632)
Other	-	-
Ending balance of the total pension liability	<u>\$ 12,120,460</u>	<u>\$ 11,041,905</u>

**Notes to the Required Schedules:**

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

This schedule is presented to illustrate the requirement to show information for 10 years. Additional years will be presented as they are available.

**CITY OF WILMINGTON, NORTH CAROLINA**

**Law Enforcement Officers' Special Separation Allowance  
Required Supplementary Information  
Last Two Fiscal Years**

**Schedule of Total Pension Liability as a Percentage of Covered Payroll**

	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 12,120,460	\$ 11,041,905
Covered payroll	\$ 14,924,613	\$ 15,426,775
Total pension liability as a percentage of its covered-employee payroll	81.21%	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, 2017 Measurement Date: Municipal Bond Index Rate decreased from 3.86% to 3.16%.

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

The assumed inflation rate has been reduced from 3.00% to 2.50% and assumed wage inflation has been increased from 0.50% to 1.00%.

This schedule is presented to illustrate the requirement to show information for 10 years. Additional years will be presented as they are available.

**CITY OF WILMINGTON, NORTH CAROLINA**

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

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

	<u>2018</u>	<u>2017</u>
Total OPEB liability		
Service costs	\$ 1,619,641	\$ 1,735,746
Interest on the total OPEB liability	1,720,460	1,480,650
Changes of benefit terms	-	-
Difference between expected and actual experience	(378,659)	-
Changes of assumptions and other inputs	(1,377,963)	(2,419,235)
Benefit payments**	(1,652,234)	(1,683,538)
Other	-	-
	<u>                    </u>	<u>                    </u>
Net change in total OPEB liability	(68,755)	(886,377)
Total OPEB liability - beginning	<u>49,146,408</u>	<u>50,032,785</u>
Total OPEB liability - ending (a)	<u>\$ 49,077,653</u>	<u>\$ 49,146,408</u>
Plan fiduciary net position		
Contributions - employer	\$ 1,652,234	\$ 2,558,413
Net investment income	29,206	4,928
Benefit payments**	(1,652,234)	(1,683,538)
Administrative expense	-	-
	<u>                    </u>	<u>                    </u>
Net change in plan fiduciary net position	29,206	879,803
Plan fiduciary net position - beginning	<u>2,930,525</u>	<u>2,050,722</u>
Plan fiduciary net position - ending (b)	<u>\$ 2,959,731</u>	<u>\$ 2,930,525</u>
City's net OPEB liability - ending (a) - (b)	<u>\$ 46,117,922</u>	<u>\$ 46,215,883</u>
Plan fiduciary net position as a percentage of the total OPEB liability	6.03%	5.96%
Covered-employee payroll	\$ 34,820,821	\$ 34,820,821
City's net OPEB liability as a percentage of covered-employee payroll	132.44%	132.72%

\* This schedule is presented to illustrate the requirement to show information for 10 years. Additional years will be presented as they are available.

\*\* Benefit payments are net of participant contributions.



**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Schedule of City Contributions**

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ 3,934,874	\$ 4,216,794	\$ 4,713,266
Contributions in relation to the actuarially determined contribution	1,652,234	2,558,413	3,089,486
Contribution deficiency (excess)	<u>\$ 2,282,640</u>	<u>\$ 1,658,381</u>	<u>\$ 1,623,780</u>
Covered-employee payroll*	\$ 34,820,821	\$ 34,820,821	\$ 34,820,821
Contributions as a percentage of covered-employee payroll	4.74%	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	Entry age normal
Amortization method	Level dollar amount closed
Amortization period	30 Years
Asset valuation method	Market value
Inflation	2.5 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	3.5 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

This schedule is presented to illustrate the requirement to show information for 10 years. Additional years will be presented as they are available.

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Schedule of Investment Returns**

	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	1.00%	0.24%

\* This schedule is presented to illustrate the requirement to show information for 10 years. Additional years will be presented as they are available.

**CITY OF WILMINGTON, NORTH CAROLINA**

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Wilmington's proportion of the net pension liability (asset) (%)	0.85845%	0.86089%	0.91912%	0.86664%	0.86090%
Wilmington's proportion of the net pension liability (asset) (\$)	\$13,114,738	\$ 18,270,970	\$ 4,124,955	\$ (5,110,978)	\$ 10,377,151
Wilmington's covered-employee payroll *	\$52,150,017	\$ 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	25.15%	35.29%	8.50%	( 10.90%)	22.83%
Plan fiduciary net position as a percentage of the total pension liability**	94.18%	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 schedule is presented to illustrate the requirement to show information for 10 years. Additional years will be presented as they are available.

\*\* 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 Five Fiscal Years \***

**Schedule of City Contributions**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 4,062,901	\$ 3,805,576	\$ 3,531,195	\$ 3,422,257	\$ 3,257,102
Contributions in relation to the contractually required contribution	4,062,901	3,805,576	3,531,195	3,422,257	3,257,102
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Wilmington's covered-employee payroll	\$ 52,630,129	\$ 52,150,017	\$ 51,780,213	\$ 48,520,316	\$ 46,880,467
Contributions as a percentage of covered-employee payroll	7.72%	7.30%	6.82%	7.05%	6.95%

\* This schedule is presented to illustrate the requirement to show information for 10 years. Additional years will be presented as they are available.

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

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

**CITY OF WILMINGTON, NORTH CAROLINA**

**Combining Balance Sheet -  
Nonmajor Governmental Funds**

**June 30, 2018**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents/investments	\$ 2,269,180	\$ 13,116,762	\$ 15,385,942
Taxes receivable, net	4,093	-	4,093
Other receivables	950	6,345	7,295
Due from other governments	226,568	173,892	400,460
Notes receivable, net	17,622,552	-	17,622,552
Prepays	68,072	-	68,072
Restricted assets:			
Cash and cash equivalents	115,770	1,770,693	1,886,463
Other receivables	55	-	55
Due from other governments	<u>97,649</u>	<u>-</u>	<u>97,649</u>
Total assets	<u>\$ 20,404,889</u>	<u>\$ 15,067,692</u>	<u>\$ 35,472,581</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 95,904	\$ 634,515	\$ 730,419
Due to other funds	80,790	-	80,790
Accrued liabilities	23,248	-	23,248
Customer and escrow deposits	142,112	-	142,112
Restricted liabilities:			
Accounts payable	<u>-</u>	<u>271,885</u>	<u>271,885</u>
Total liabilities	<u>342,054</u>	<u>906,400</u>	<u>1,248,454</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Taxes receivable, net	4,093	-	4,093
Notes receivable	<u>6,485</u>	<u>-</u>	<u>6,485</u>
Total deferred inflows of resources	<u>10,578</u>	<u>-</u>	<u>10,578</u>
<b>FUND BALANCES</b>			
Non Spendable:			
Prepays	68,072	-	68,072
Restricted:			
Stabilization by State statute	359,524	9,059,804	9,419,328
Community development loans	19,562,343	-	19,562,343
Capital projects	-	1,503,076	1,503,076
Public safety	213,474	-	213,474
Committed:			
Capital projects	-	5,325,154	5,325,154
Municipal service district	95,565	-	95,565
Unassigned (deficit)	<u>(246,721)</u>	<u>(1,726,742)</u>	<u>(1,973,463)</u>
Total fund balances	<u>20,052,257</u>	<u>14,161,292</u>	<u>34,213,549</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 20,404,889</u>	<u>\$ 15,067,692</u>	<u>\$ 35,472,581</u>



**CITY OF WILMINGTON, NORTH CAROLINA**

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

**June 30, 2018**

	Community Development Fund	Home Investment Partnership Fund	Rental Rehabilitation Loan Fund	Commercial Loan Fund	Rehabilitation Loan Fund	CDBG HOP Loan Fund
<b>ASSETS</b>						
Cash and cash equivalents / investments	\$ 17,795	\$ 290,529	\$ 277,417	\$ 8,909	\$ 570,973	\$ 33,670
Taxes receivable, net	-	-	-	-	-	-
Other receivables	-	-	134	-	274	-
Due from other governments	110,962	91,377	-	-	-	-
Notes receivable, net	-	7,987,812	100,249	1,217,560	2,442,491	2,684,826
Prepays	2,507	365	-	-	-	65,200
Restricted assets:						
Cash and cash equivalents	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Total assets	<u>\$ 131,264</u>	<u>\$ 8,370,083</u>	<u>\$ 377,800</u>	<u>\$ 1,226,469</u>	<u>\$ 3,013,738</u>	<u>\$2,783,696</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 30,172	\$ 1,787	\$ 1,671	\$ 8,909	\$ 3,997	\$ 160
Due to other funds	80,790	-	-	-	-	-
Accrued liabilities	20,302	2,946	-	-	-	-
Customer and escrow deposits	-	-	-	-	57,788	33,510
Total liabilities	<u>131,264</u>	<u>4,733</u>	<u>1,671</u>	<u>8,909</u>	<u>61,785</u>	<u>33,670</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Taxes receivable, net	-	-	-	-	-	-
Notes receivable	-	-	161	-	5,602	-
Total deferred inflows of of resources	<u>-</u>	<u>-</u>	<u>161</u>	<u>-</u>	<u>5,602</u>	<u>-</u>
<b>FUND BALANCES</b>						
Non Spendable:						
Prepays	2,507	365	-	-	-	65,200
Restricted:						
Stabilization by State statute	243,849	91,377	-	-	-	-
Community development loans	-	8,273,973	375,968	1,217,560	2,946,351	2,684,826
Public safety	-	-	-	-	-	-
Committed:						
Municipal service district	-	-	-	-	-	-
Unassigned (deficit)	<u>(246,356)</u>	<u>(365)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>8,365,350</u>	<u>375,968</u>	<u>1,217,560</u>	<u>2,946,351</u>	<u>2,750,026</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 131,264</u>	<u>\$ 8,370,083</u>	<u>\$ 377,800</u>	<u>\$ 1,226,469</u>	<u>\$ 3,013,738</u>	<u>\$2,783,696</u>

	GF HOP Loan Fund	Economic Development Loan Fund	Forgivable Loans & Legal Fees Fund	Special Tax District	Firemen's Relief Fund	Total Nonmajor Special Revenue Funds
<b>ASSETS</b>						
Cash and cash equivalents / investments	\$ 683,310	\$ 29	\$ 255,364	\$ 131,184	\$ -	\$ 2,269,180
Taxes receivable, net	-	-	-	4,093	-	4,093
Other receivables	351	-	122	69	-	950
Due from other governments	-	-	-	24,229	-	226,568
Notes receivable, net	2,961,510	-	228,104	-	-	17,622,552
Prepays	-	-	-	-	-	68,072
Restricted assets:						
Cash and cash equivalents	-	-	-	-	115,770	115,770
Other receivables	-	-	-	-	55	55
Due from other governments	-	-	-	-	97,649	97,649
Total assets	<u>\$ 3,645,171</u>	<u>\$ 29</u>	<u>\$ 483,590</u>	<u>\$ 159,575</u>	<u>\$ 213,474</u>	<u>\$ 20,404,889</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 1,200	\$ -	\$ 12,389	\$ 35,619	\$ -	\$ 95,904
Due to other funds	-	-	-	-	-	80,790
Accrued liabilities	-	-	-	-	-	23,248
Customer and escrow deposits	3,001	-	47,813	-	-	142,112
Total liabilities	<u>4,201</u>	<u>-</u>	<u>60,202</u>	<u>35,619</u>	<u>-</u>	<u>342,054</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Taxes receivable, net	-	-	-	4,093	-	4,093
Notes receivable	<u>722</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,485</u>
Total deferred inflows of of resources	<u>722</u>	<u>-</u>	<u>-</u>	<u>4,093</u>	<u>-</u>	<u>10,578</u>
<b>FUND BALANCES</b>						
Non Spendable:						
Prepays	-	-	-	-	-	68,072
Restricted:						
Stabilization by State statute	-	-	-	24,298	-	359,524
Community development loans	3,640,248	29	423,388	-	-	19,562,343
Public safety	-	-	-	-	213,474	213,474
Committed:						
Municipal service district	-	-	-	95,565	-	95,565
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(246,721)</u>
Total fund balances	<u>3,640,248</u>	<u>29</u>	<u>423,388</u>	<u>119,863</u>	<u>213,474</u>	<u>20,052,257</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,645,171</u>	<u>\$ 29</u>	<u>\$ 483,590</u>	<u>\$ 159,575</u>	<u>\$ 213,474</u>	<u>\$ 20,404,889</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**June 30, 2018**

	Parks and Recreation Fund	Building Improvements Fund	Public Improvements Fund	Total Nonmajor Capital Projects Funds
<b>ASSETS</b>				
Cash and cash equivalents/investments	\$ 4,260,126	\$ 8,308,823	\$ 547,813	\$ 13,116,762
Other receivables	2,042	3,982	321	6,345
Due from other governments	104,824	34,556	34,512	173,892
Restricted assets:				
Cash and cash equivalents	<u>-</u>	<u>1,648,377</u>	<u>122,316</u>	<u>1,770,693</u>
Total assets	<u>\$ 4,366,992</u>	<u>\$ 9,995,738</u>	<u>\$ 704,962</u>	<u>\$ 15,067,692</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 464,463	\$ 135,540	\$ 34,512	\$ 634,515
Restricted liabilities:				
Accounts payable	<u>-</u>	<u>267,617</u>	<u>4,268</u>	<u>271,885</u>
Total liabilities	<u>464,463</u>	<u>403,157</u>	<u>38,780</u>	<u>906,400</u>
<b>FUND BALANCES</b>				
Restricted:				
Stabilization by State statute	5,629,271	3,348,861	81,672	9,059,804
Capital projects	-	1,380,760	122,316	1,503,076
Committed:				
Capital projects	-	4,862,960	462,194	5,325,154
Unassigned (deficit)	<u>(1,726,742)</u>	<u>-</u>	<u>-</u>	<u>(1,726,742)</u>
Total fund balances	<u>3,902,529</u>	<u>9,592,581</u>	<u>666,182</u>	<u>14,161,292</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,366,992</u>	<u>\$ 9,995,738</u>	<u>\$ 704,962</u>	<u>\$ 15,067,692</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2018**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
Revenues:			
Ad valorem taxes	\$ 369,162	\$ -	\$ 369,162
Other taxes	23,705	-	23,705
Restricted intergovernmental	1,294,772	179,409	1,474,181
Investment earnings	11,290	78,632	89,922
Donations	-	46,845	46,845
Miscellaneous	<u>157,699</u>	<u>46,604</u>	<u>204,303</u>
Total revenues	<u>1,856,628</u>	<u>351,490</u>	<u>2,208,118</u>
Expenditures:			
General government	151,652	3,625,453	3,777,105
Public safety	101,924	3,120,056	3,221,980
Transportation	-	161	161
Economic and physical development	931,494	34,564	966,058
Cultural and recreational	<u>-</u>	<u>2,717,010</u>	<u>2,717,010</u>
Total expenditures	<u>1,185,070</u>	<u>9,497,244</u>	<u>10,682,314</u>
Excess (deficiency) of expenditures over (under) expenditures	<u>671,558</u>	<u>(9,145,754)</u>	<u>(8,474,196)</u>
Other financing sources (uses):			
Transfers from other funds	599,618	13,749,932	14,349,550
Transfers to other funds	<u>(259,618)</u>	<u>-</u>	<u>(259,618)</u>
Total other financing sources	<u>340,000</u>	<u>13,749,932</u>	<u>14,089,932</u>
Net change in fund balances	1,011,558	4,604,178	5,615,736
Fund balances at beginning of year	<u>19,040,699</u>	<u>9,557,114</u>	<u>28,597,813</u>
Fund balances at end of year	<u>\$ 20,052,257</u>	<u>\$ 14,161,292</u>	<u>\$ 34,213,549</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2018**

	Community Development Fund	Home Investment Partnership Fund	Rental Rehabilitation Loan Fund	Commercial Loan Fund	Rehabilitation Loan Fund	CDBG HOP Loan Fund
Revenues:						
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-	-	-
Restricted intergovernmental	861,948	432,824	-	-	-	-
Investment earnings	-	-	654	-	382	-
Miscellaneous	-	39,909	530	-	9,001	2,671
<b>Total revenues</b>	<b>861,948</b>	<b>472,733</b>	<b>1,184</b>	<b>-</b>	<b>9,383</b>	<b>2,671</b>
Expenditures:						
General government	132,434	19,218	-	-	-	-
Public safety	-	-	-	-	-	-
Economic and physical development	483,288	53,296	35	-	1,162	35,142
<b>Total expenditures</b>	<b>615,722</b>	<b>72,514</b>	<b>35</b>	<b>-</b>	<b>1,162</b>	<b>35,142</b>
Excess (deficiency) of revenues over (under) expenditures	246,226	400,219	1,149	-	8,221	(32,471)
Other financing sources (uses):						
Transfers from other funds	6,570	226	-	8,891	26	243,905
Transfers to other funds	(252,796)	(26)	(5,011)	(1,559)	(226)	-
<b>Total other financing sources (uses)</b>	<b>(246,226)</b>	<b>200</b>	<b>(5,011)</b>	<b>7,332</b>	<b>(200)</b>	<b>243,905</b>
Net change in fund balances	-	400,419	(3,862)	7,332	8,021	211,434
Fund balances at beginning of year	-	7,964,931	379,830	1,210,228	2,938,330	2,538,592
Fund balances at end of year	\$ -	\$ 8,365,350	\$ 375,968	\$ 1,217,560	\$ 2,946,351	\$ 2,750,026

	GF HOP Loan Fund	Economic Development Loan Fund	Forgivable Loans & Legal Fees Fund	Special Tax District	Firemen's Relief Fund	Total Nonmajor Special Revenue Funds
Revenues:						
Ad valorem taxes	\$ -	\$ -	\$ -	\$ 369,162	\$ -	\$ 369,162
Other taxes	-	-	-	23,705	-	23,705
Restricted intergovernmental	-	-	-	-	-	1,294,772
Investment earnings	4,979	1	2,894	1,117	1,263	11,290
Miscellaneous	7,939	-	-	-	97,649	157,699
Total revenues	<u>12,918</u>	<u>1</u>	<u>2,894</u>	<u>393,984</u>	<u>98,912</u>	<u>1,856,628</u>
Expenditures:						
General government	-	-	-	-	-	151,652
Public safety	-	-	-	-	101,924	101,924
Economic and physical development	65,209	-	19,241	274,121	-	931,494
Total expenditures	<u>65,209</u>	<u>-</u>	<u>19,241</u>	<u>274,121</u>	<u>101,924</u>	<u>1,185,070</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(52,291)</u>	<u>1</u>	<u>(16,347)</u>	<u>119,863</u>	<u>(3,012)</u>	<u>671,558</u>
Other financing sources (uses):						
Transfers from other funds	250,000	-	90,000	-	-	599,618
Transfers to other funds	-	-	-	-	-	(259,618)
Total other financing sources (uses)	<u>250,000</u>	<u>-</u>	<u>90,000</u>	<u>-</u>	<u>-</u>	<u>340,000</u>
Net change in fund balances	197,709	1	73,653	119,863	(3,012)	1,011,558
Fund balances at beginning of year	<u>3,442,539</u>	<u>28</u>	<u>349,735</u>	<u>-</u>	<u>216,486</u>	<u>19,040,699</u>
Fund balances at end of year	<u>\$ 3,640,248</u>	<u>\$ 29</u>	<u>\$ 423,388</u>	<u>\$ 119,863</u>	<u>\$ 213,474</u>	<u>\$ 20,052,257</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2018**

	Parks and Recreation Fund	Building Improvements Fund	Public Improvements Fund	Total Nonmajor Capital Projects Funds
Revenues:				
Restricted intergovernmental	\$ 110,597	\$ -	\$ 68,812	\$ 179,409
Investment earnings	12,501	60,421	5,710	78,632
Donations	46,845	-	-	46,845
Miscellaneous	-	46,604	-	46,604
Total revenues	<u>169,943</u>	<u>107,025</u>	<u>74,522</u>	<u>351,490</u>
Expenditures:				
General government	-	3,598,105	27,348	3,625,453
Public safety	-	3,042,616	77,440	3,120,056
Transportation	-	161	-	161
Economic and physical development	-	34,564	-	34,564
Cultural and recreational	<u>2,350,539</u>	<u>366,471</u>	-	<u>2,717,010</u>
Total expenditures	<u>2,350,539</u>	<u>7,041,917</u>	<u>104,788</u>	<u>9,497,244</u>
Deficiency of revenues under expenditures	(2,180,596)	(6,934,892)	(30,266)	(9,145,754)
Other financing sources:				
Transfers from other funds	<u>4,439,053</u>	<u>9,310,879</u>	-	<u>13,749,932</u>
Net change in fund balances	2,258,457	2,375,987	(30,266)	4,604,178
Fund balances at beginning of year	<u>1,644,072</u>	<u>7,216,594</u>	<u>696,448</u>	<u>9,557,114</u>
Fund balances at end of year	<u>\$ 3,902,529</u>	<u>\$ 9,592,581</u>	<u>\$ 666,182</u>	<u>\$ 14,161,292</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2018**

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
<b>CHDO Proceeds Fund</b>				
Assets:				
Cash and cash equivalents	\$ 148,501	\$ 4,829	\$ 68,343	\$ 84,987
Investments:				
North Carolina Capital Management Trust, Term Portfolio	59,002	262	8,983	50,281
U.S. Government Agencies	11,739	54,376	6,110	60,005
Other receivables	<u>27</u>	<u>94</u>	<u>27</u>	<u>94</u>
Total assets	<u>\$ 219,269</u>	<u>\$ 59,561</u>	<u>\$ 83,463</u>	<u>\$ 195,367</u>
Liabilities:				
Accounts payable	\$ 258	\$ 27,766	\$ 25,574	\$ 2,450
Escrow funds and deposits	<u>219,011</u>	<u>1,672</u>	<u>27,766</u>	<u>192,917</u>
Total liabilities	<u>\$ 219,269</u>	<u>\$ 29,438</u>	<u>\$ 53,340</u>	<u>\$ 195,367</u>
<b>Law Enforcement Seizure Fund</b>				
Assets:				
Cash and cash equivalents	<u>\$ 368,565</u>	<u>\$ 37,488</u>	<u>\$ -</u>	<u>\$ 406,053</u>
Liabilities:				
Escrow funds and deposits	<u>\$ 368,565</u>	<u>\$ 37,488</u>	<u>\$ -</u>	<u>\$ 406,053</u>
<b>Totals - All Agency Funds</b>				
Assets:				
Cash and cash equivalents	\$ 517,066	\$ 42,317	\$ 68,343	\$ 491,040
Investments:				
North Carolina Capital Management Trust, Term Portfolio	59,002	262	8,983	50,281
U.S. Government Agencies	11,739	54,376	6,110	60,005
Other receivables	<u>27</u>	<u>94</u>	<u>27</u>	<u>94</u>
Total assets	<u>\$ 587,834</u>	<u>\$ 97,049</u>	<u>\$ 83,463</u>	<u>\$ 601,420</u>
Liabilities:				
Accounts payable	\$ 258	\$ 27,766	\$ 25,574	\$ 2,450
Escrow funds and deposits	<u>587,576</u>	<u>39,160</u>	<u>27,766</u>	<u>598,970</u>
Total liabilities	<u>\$ 587,834</u>	<u>\$ 66,926</u>	<u>\$ 53,340</u>	<u>\$ 601,420</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, 2018  
With Comparative Actual Amounts for Year Ended June 30, 2017**

	2018		Variance Positive (Negative)	2017 Actual
	Budget	Actual		
<b>Revenues:</b>				
Ad valorem taxes:				
Current year	\$ 57,012,173	\$ 57,798,283	\$ 786,110	\$ 56,469,968
Prior years	310,000	243,937	(66,063)	331,377
Penalties and interest	200,000	189,534	(10,466)	194,458
Total	<u>57,522,173</u>	<u>58,231,754</u>	<u>709,581</u>	<u>56,995,803</u>
Other taxes:				
Local option sales tax	25,980,637	24,665,500	(1,315,137)	24,371,379
Franchise tax	8,420,388	8,280,297	(140,091)	8,251,577
Video programming sales tax	1,440,000	1,374,281	(65,719)	1,408,749
Rental vehicle tax	290,000	296,213	6,213	313,471
Total	<u>36,131,025</u>	<u>34,616,291</u>	<u>(1,514,734)</u>	<u>34,345,176</u>
Unrestricted intergovernmental:				
Beer and wine	600,000	507,863	(92,137)	522,764
ABC revenue	1,400,000	1,495,370	95,370	1,484,971
Court fees	30,000	26,949	(3,051)	28,751
Total	<u>2,030,000</u>	<u>2,030,182</u>	<u>182</u>	<u>2,036,486</u>
Restricted intergovernmental:				
Powell bill	2,918,789	2,958,848	40,059	2,941,419
PEG channel support	25,000	13,289	(11,711)	27,586
Categorical grants:				
Public Safety	-	-	-	40,497
Hurricane disaster assistance	-	-	-	1,255,814
Other	287,774	236,767	(51,007)	303,017
Total	<u>3,231,563</u>	<u>3,208,904</u>	<u>(22,659)</u>	<u>4,568,333</u>
Licenses and permits:				
Privilege licenses	-	15,787	15,787	14,490
Motor vehicle licenses	380,000	406,968	26,968	406,771
Other permits and fees	245,000	243,334	(1,666)	270,333
Total	<u>625,000</u>	<u>666,089</u>	<u>41,089</u>	<u>691,594</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2018  
With Comparative Actual Amounts for Year Ended June 30, 2017**

	2018		Variance	2017
	Budget	Actual	Positive (Negative)	Actual
Revenues: (continued)				
Sales and services:				
Recreation department sales and service	\$ 810,000	\$ 831,617	\$ 21,617	\$ 843,671
Other departmental charges	<u>1,640,368</u>	<u>2,095,229</u>	<u>454,861</u>	<u>1,742,197</u>
Total	<u>2,450,368</u>	<u>2,926,846</u>	<u>476,478</u>	<u>2,585,868</u>
Fines and forfeits:				
Fire code violations	8,000	1,550	(6,450)	10,600
False alarm citations	100,000	83,974	(16,026)	104,110
Civil citations	<u>57,000</u>	<u>98,033</u>	<u>41,033</u>	<u>55,581</u>
Total	<u>165,000</u>	<u>183,557</u>	<u>18,557</u>	<u>170,291</u>
Interest earnings:				
Investment earnings	250,620	617,406	366,786	277,933
Interest on liens	<u>2,000</u>	<u>14,986</u>	<u>12,986</u>	<u>7,633</u>
Total	<u>252,620</u>	<u>632,392</u>	<u>379,772</u>	<u>285,566</u>
Miscellaneous:				
Sale of real estate, equipment and material	-	13,285	13,285	141,286
Rents	208,553	137,461	(71,092)	183,950
Other	<u>236,336</u>	<u>330,171</u>	<u>93,835</u>	<u>272,953</u>
Total	<u>444,889</u>	<u>480,917</u>	<u>36,028</u>	<u>598,189</u>
 Total revenues	 <u>102,852,638</u>	 <u>102,976,932</u>	 <u>124,294</u>	 <u>102,277,306</u>
Expenditures:				
General government:				
City Council and Clerk		425,225		424,887
City Manager		2,148,075		1,990,381
City Attorney		1,018,962		1,001,212
Human Resource Management		988,725		818,566
Finance		2,225,981		2,039,468
Information Technology Services		2,538,656		2,552,963
Contributions to other agencies		1,733,300		1,654,462
Nondepartmental		<u>2,709,353</u>		<u>4,792,252</u>
Total	<u>16,807,705</u>	<u>13,788,277</u>	<u>3,019,428</u>	<u>15,274,191</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2018  
With Comparative Actual Amounts for Year Ended June 30, 2017**

	2018		Variance	2017
	Budget	Actual	Positive (Negative)	Actual
Expenditures: (continued)				
Public safety:				
Police		\$ 30,411,370		\$ 29,744,878
Fire		17,704,046		17,252,355
Total	\$ 49,382,171	48,115,416	\$ 1,266,755	46,997,233
Transportation:				
Development Services		1,907,614		1,694,031
Public Services		5,515,117		5,445,588
Traffic engineering		3,325,698		3,198,578
Streets		2,323,457		2,180,528
Storm water management fee		2,649,015		2,441,004
Total	16,564,723	15,720,901	843,822	14,959,729
Cultural and recreational:				
Community Services		1,129,382		1,142,230
Parks and recreation		6,639,199		6,440,739
Total	8,515,315	7,768,581	746,734	7,582,969
Transit system:				
Cape Fear Public Transportation Authority	1,363,257	1,363,257	-	1,323,550
Total expenditures	92,633,171	86,756,432	5,876,739	86,137,672
Excess of revenues over expenditures	10,219,467	16,220,500	6,001,033	16,139,634
Other financing sources (uses):				
Operating transfer - in:				
Debt Service Fund	-	-	-	874,875
Operating transfers - out:				
Debt Service Fund	(9,334,832)	(9,334,832)	-	(9,334,832)
Special Purpose Fund	(671,386)	(671,386)	-	(601,408)
CDBG/Home Administration Fund	(305,234)	(151,639)	153,595	(150,835)
GF-HOP Loan Fund	(90,000)	(90,000)	-	(350,000)
GF-HOP Revolving	(250,000)	(250,000)	-	(50,000)
Home Investment Partnership	-	-	-	(8,358)
Streets and Sidewalks Fund	-	-	-	(3,352,266)
Parks and Recreation Fund	(1,553)	(1,553)	-	(16,105)
Building Improvements Fund	(7,960,200)	(7,960,200)	-	(3,320,357)
Solid Waste Management Fund	(29,866)	(29,866)	-	(29,866)
Public Improvements Fund	-	-	-	(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, 2018  
With Comparative Actual Amounts for Year Ended June 30, 2017**

	2018		Variance Positive (Negative)	2017 Actual
	Budget	Actual		
Other financing sources (uses): (continued)				
Operating transfers - out: (continued)				
Technology Replacement Fund	\$ (333,926)	\$ (333,926)	\$ -	\$ (372,595)
Total operating transfers - out	<u>(18,976,997)</u>	<u>(18,823,402)</u>	<u>153,595</u>	<u>(19,319,046)</u>
Appropriated fund balance	<u>8,757,530</u>	<u>-</u>	<u>(8,757,530)</u>	<u>-</u>
Total other financing uses	<u>(10,219,467)</u>	<u>(18,823,402)</u>	<u>(8,603,935)</u>	<u>(18,444,171)</u>
Net change in fund balance	<u>\$ -</u>	<u>(2,602,902)</u>	<u>\$ (2,602,902)</u>	<u>(2,304,537)</u>
Fund balance at beginning of year		59,152,740		61,358,920
Change in reserve for inventories		<u>(98,785)</u>		<u>98,357</u>
Fund balance at end of year		<u>\$ 56,451,053</u>		<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		151,639		150,835
General government expenditures		(43,084)		(35,657)
Economic and physical development expenditures		(108,555)		(115,178)
Fund balance at beginning of year		<u>-</u>		<u>-</u>
Fund balance at end of year		<u>\$ 56,451,053</u>		<u>\$ 59,152,740</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, 2018**

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
<b>Revenues:</b>					
<b>Taxes:</b>					
Room occupancy tax	\$ 36,862,226	\$ 33,712,683	\$ 3,149,543	\$ 36,862,226	\$ -
<b>Restricted intergovernmental:</b>					
Federal grants	5,333,576	5,187,619	327,242	5,514,861	181,285
State grants	4,426,488	2,814,396	753,669	3,568,065	(858,423)
Other governments	2,364,814	1,958,297	315,655	2,273,952	(90,862)
Total restricted intergovernmental	12,124,878	9,960,312	1,396,566	11,356,878	(768,000)
Investment earnings <sup>(1)</sup>	385,229	403,865	8,325	412,190	26,961
Donations	233,162	162,694	2,690	165,384	(67,778)
<b>Miscellaneous:</b>					
Red light traffic cameras	9,551,357	8,268,211	1,111,526	9,379,737	(171,620)
Other program income	341,147	362,111	32,311	394,422	53,275
Sale of property	6,615	30,084	-	30,084	23,469
Total miscellaneous	9,899,119	8,660,406	1,143,837	9,804,243	(94,876)
Total revenues	59,504,614	52,899,960	5,700,961	58,600,921	(903,693)
<b>Expenditures:</b>					
<b>Public safety projects:</b>					
Regional crime lab	481,885	255,865	98,743	354,608	127,277
Santa cop program	1,125	750	-	750	375
SABLE-helicopter unit	1,649,940	1,102,891	197,252	1,300,143	349,797
Federal forfeiture - SABLE	1,662,191	1,322,540	108,826	1,431,366	230,825
Strategy to address gangs	71,720	68,773	-	68,773	2,947
Second chance reentry	600,000	587,831	12,169	600,000	-
Firefighter assistance - FEMA	109,015	108,857	-	108,857	158
Port city super girls academy	25,200	13,834	4,041	17,875	7,325
Reset reentry system	200,000	19,804	91,322	111,126	88,874
Opioid pilot program	500,000	-	-	-	500,000
Federal forfeiture	2,242,347	2,177,558	40,698	2,218,256	24,091
North Carolina drug tax	737,222	664,888	30,160	695,048	42,174
Total public safety	8,280,645	6,323,591	583,211	6,906,802	1,373,843
<b>Transportation projects:</b>					
Metropolitan planning	3,821,929	2,569,067	803,453	3,372,520	449,409
Red light traffic cameras	13,225,881	11,322,079	1,468,429	12,790,508	435,373
TDM coordinator	340,000	158,006	84,985	242,991	97,009
Rail realignment study	300,000	300,000	-	300,000	-
Total transportation	17,687,810	14,349,152	2,356,867	16,706,019	981,791

(1) Reflects reclassification for consolidation of funds.

**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, 2018**

	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	47,197	32,970	-	32,970	14,227
Brownfields program	400,000	376,342	9,259	385,601	14,399
Innovate NC	13,827	13,827	-	13,827	-
Community waste reduction/recycle	78,000	36,000	41,340	77,340	660
Affordable housing program	1,183,720	1,174,879	5,420	1,180,299	3,421
Homeownership services	191,641	132,809	14,459	147,268	44,373
UDAG income projects	1,280,639	1,204,111	15	1,204,126	76,513
Trees forever	48,405	38,861	-	38,861	9,544
Trolley station	3,716	2,123	-	2,123	1,593
Total economic and physical development	<u>3,290,762</u>	<u>3,042,996</u>	<u>70,493</u>	<u>3,113,489</u>	<u>177,273</u>
Cultural and recreational projects:					
Dog park development	35,490	26,612	-	26,612	8,878
Downtown business alliance	55,609	45,659	5,203	50,862	4,747
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	-	3,675	3,675	165
TD green streets program	20,000	16,953	3,047	20,000	-
MLK center movie series	2,500	-	1,920	1,920	580
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	6,545	(14)	6,531	958
Total cultural and recreational	<u>198,056</u>	<u>150,661</u>	<u>13,831</u>	<u>164,492</u>	<u>33,564</u>
Transit system:					
Metropolitan Planning	<u>232,581</u>	<u>176,587</u>	<u>56,000</u>	<u>232,587</u>	<u>(6)</u>
Total expenditures	<u>29,689,854</u>	<u>24,042,987</u>	<u>3,080,402</u>	<u>27,123,389</u>	<u>2,566,465</u>
Excess of revenues over expenditures	<u>29,814,760</u>	<u>28,856,973</u>	<u>2,620,559</u>	<u>31,477,532</u>	<u>1,662,772</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, 2018**

	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	27,000	6,000	20,670	26,670	(330)
Storm Water Management Fund	-	63	-	63	63
General Fund	<u>4,903,406</u>	<u>4,148,750</u>	<u>671,386</u>	<u>4,820,136</u>	<u>(83,270)</u>
Total operating transfers - in	<u>7,799,293</u>	<u>7,027,991</u>	<u>692,056</u>	<u>7,720,047</u>	<u>(79,246)</u>
Operating transfers - out:					
General Fund	(16,000)	(16,000)	-	(16,000)	-
Convention Center Fund	(36,862,226)	(32,302,585)	(4,559,641)	(36,862,226)	-
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>(37,614,053)</u>	<u>(33,054,395)</u>	<u>(4,559,641)</u>	<u>(37,614,036)</u>	<u>17</u>
Total other financing uses	<u>(29,814,760)</u>	<u>(26,026,404)</u>	<u>(3,867,585)</u>	<u>(29,893,989)</u>	<u>(79,229)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 2,830,569</u>	<u>(1,247,026)</u>	<u>\$ 1,583,543</u>	<u>\$ 1,583,543</u>
Fund balance at beginning of year			<u>2,830,569</u>		
Fund balance at end of year			<u>\$ 1,583,543</u>		
A legally budgeted Convention Center Fund is consolidated into the Special Purpose Fund for reporting purposes:					
Room occupancy tax			630,535		
Sales and services			4,390,298		
Investment earnings			43,857		
Transfer from Special Purpose Fund			4,559,641		
Economic and physical development expenditures			(4,913,292)		
Debt service:					
Principal retirement			(1,515,000)		
Interest and other charges			(1,981,951)		
Fund balance at beginning of year			3,875,146		
An unbudgeted UDAG Loan Fund is consolidated into the Special Purpose Fund for reporting purposes:					
Economic and physical development expenditures			-		
Fund balance at beginning of year			<u>70,947</u>		
Fund balance at end of year			<u>\$ 6,743,724</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, 2018**

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Room occupancy tax	\$ -	\$ -	\$ 630,535	\$ 630,535	\$ 630,535
Sales and services:					
Convention center	21,592,923	18,158,834	3,831,999	21,990,833	397,910
Parking deck	1,920,590	1,512,994	558,299	2,071,293	150,703
Total sales and services	23,513,513	19,671,828	4,390,298	24,062,126	548,613
Investment earnings <sup>(1)</sup>	133,615	1,665,010	43,857	1,708,867	1,575,252
Total revenues	23,647,128	21,336,838	5,064,690	26,401,528	2,754,400
Expenditures:					
Economic and physical development project:					
Convention Center operations	30,455,713	25,002,704	4,513,016	29,515,720	939,993
Parking deck operations	2,400,532	1,203,722	400,276	1,603,998	796,534
Total economic and physical development	32,856,245	26,206,426	4,913,292	31,119,718	1,736,527
Debt service:					
Principal retirement	12,305,000	10,790,000	1,515,000	12,305,000	-
Interest and other charges	27,364,061	25,373,319	1,981,951	27,355,270	8,791
Reserved for debt service	589,516	-	-	-	589,516
Total debt service	40,258,577	36,163,319	3,496,951	39,660,270	598,307
Total expenditures	73,114,822	62,369,745	8,410,243	70,779,988	2,334,834
Excess of expenditures over revenues	(49,467,694)	(41,032,907)	(3,345,553)	(44,378,460)	5,089,234
Other financing sources (uses):					
Operating transfers - in:					
Special Purpose Fund	36,862,226	32,302,585	4,559,641	36,862,226	-
Building Improvements Fund	6,030,337	6,030,337	-	6,030,337	-
Total operating transfers - in	42,892,563	38,332,922	4,559,641	42,892,563	-
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	(63,213,739)	(63,213,738)	-	(63,213,738)	1
Total other financing sources	49,467,694	44,908,053	4,559,641	49,467,694	-
Net change in fund balance	\$ -	\$ 3,875,146	1,214,088	\$ 5,089,234	\$ 5,089,234
Fund balance at beginning of year			3,875,146		
Fund balance at end of year			\$ 5,089,234		

(1) Reflects reclassification for consolidation of funds.

**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, 2018**

	Grant Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
<b>Restricted intergovernmental:</b>					
Federal grants	\$ 12,600,231	\$ 11,111,714	\$ 861,948	\$ 11,973,662	\$ (626,569)
<b>Miscellaneous:</b>					
Sale of property	-	23,000	-	23,000	23,000
Insurance reimbursement	1,600	1,607	-	1,607	7
Refunds	467,308	444,357	-	444,357	(22,951)
Total miscellaneous	468,908	468,964	-	468,964	56
Total revenues	13,069,139	11,580,678	861,948	12,442,626	(626,513)
<b>Expenditures:</b>					
<b>Economic and physical development projects:</b>					
Acquisition		331,000	-	331,000	
Public facilities		1,853,486	30,269	1,883,755	
Disposition		26,320	-	26,320	
Demolition		59,126	-	59,126	
Domestic Violence		352,252	9,650	361,902	
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		99,821	22,827	122,648	
Housing counseling		14,910	-	14,910	
Wilmington interfaith network		10,000	-	10,000	
Joint Project		921,384	117,522	1,038,906	
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	7,724,288	7,210,939	180,268	7,391,207	333,081
Excess of revenues over expenditures	5,344,851	4,369,739	681,680	5,051,419	(293,432)

**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, 2018**

	<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):					
Operating transfers - in:					
Transfer from General Fund	\$ 9,321	\$ 9,321	\$ -	\$ 9,321	\$ -
Rental Rehabilitation Loan Fund	107,898	98,625	5,011	103,636	(4,262)
Commercial Loan Fund	25,963	24,986	1,559	26,545	582
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>655,848</u>	<u>645,598</u>	<u>6,570</u>	<u>652,168</u>	<u>(3,680)</u>
Operating transfers - out:					
CDBG/HOME Administration Fund	(3,764,382)	(3,208,252)	(435,454)	(3,643,706)	120,676
Rental Rehabilitation Loan Fund	(99,550)	(99,550)	-	(99,550)	-
Commercial Loan Fund	(580,000)	(518,844)	(8,891)	(527,735)	52,265
Rehabilitation Loan Fund	(36,871)	(36,871)	-	(36,871)	-
CDBG HOP Loan Fund	<u>(1,519,896)</u>	<u>(1,151,820)</u>	<u>(243,905)</u>	<u>(1,395,725)</u>	<u>124,171</u>
Total operating transfers - out	<u>(6,000,699)</u>	<u>(5,015,337)</u>	<u>(688,250)</u>	<u>(5,703,587)</u>	<u>297,112</u>
Total other financing uses	<u>(5,344,851)</u>	<u>(4,369,739)</u>	<u>(681,680)</u>	<u>(5,051,419)</u>	<u>293,432</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance at beginning of year			<u>-</u>		
Fund balance at end of year			<u>\$ -</u>		
A portion of a legally budgeted CDBG/HOME Grant and Administration Fund is consolidated into the Community Development Fund for reporting purposes:					
Transfer from Community Development Fund			435,454		
General government expenditures			(132,434)		
Economic and physical development expenditures			(303,020)		
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, 2018  
With Comparative Actual Amounts for Year Ended June 30, 2017**

	2018		Variance Positive (Negative)	2017 Actual
	Budget	Actual		
Expenditures:				
General government:				
Finance		\$ 194,736		\$ 177,450
Economic and physical development:				
Economic and community development		455,772		474,465
Total expenditures	\$ 804,103	650,508	\$ 153,595	651,915
Other financing sources:				
Operating transfers-in:				
General Fund	305,234	151,639	(153,595)	150,835
Community Development Fund	435,454	435,454	-	434,007
Home Investment Partnership Fund	63,415	63,415	-	67,073
Total operating transfers - in	804,103	650,508	(153,595)	651,915
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, 2018**

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental:					
Federal grants	\$ 4,250,523	\$ 2,758,522	\$ 432,824	\$ 3,191,346	\$ (1,059,177)
Miscellaneous	7,500	7,500	-	7,500	-
Total revenues	<u>4,258,023</u>	<u>2,766,022</u>	<u>432,824</u>	<u>3,198,846</u>	<u>(1,059,177)</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>319,473</u>	<u>315,710</u>	<u>-</u>	<u>315,710</u>	<u>3,763</u>
Excess of revenues over expenditures	<u>3,938,550</u>	<u>2,450,312</u>	<u>432,824</u>	<u>2,883,136</u>	<u>(1,055,414)</u>
Other financing sources (uses):					
Operating transfers - in:					
General Fund	8,358	8,358	-	8,358	-
Special Purpose Fund	231,630	231,630	-	231,630	-
General Fund HOP Loan Fund	79,150	79,150	-	79,150	-
Home Loan Fund	<u>1,327,491</u>	<u>1,197,603</u>	<u>371,296</u>	<u>1,568,899</u>	<u>241,408</u>
Total operating transfers - in	<u>1,646,629</u>	<u>1,516,741</u>	<u>371,296</u>	<u>1,888,037</u>	<u>241,408</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, 2018**

	<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	\$ (506,381)	\$ (442,966)	\$ (63,415)	\$ (506,381)	\$ -
Home Loan Fund	<u>(5,078,798)</u>	<u>(3,524,087)</u>	<u>(363,217)</u>	<u>(3,887,304)</u>	<u>1,191,494</u>
Total operating transfers - out	<u>(5,585,179)</u>	<u>(3,967,053)</u>	<u>(426,632)</u>	<u>(4,393,685)</u>	<u>1,191,494</u>
Total other financing uses	<u>(3,938,550)</u>	<u>(2,450,312)</u>	<u>(55,336)</u>	<u>(2,505,648)</u>	<u>1,432,902</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	377,488	<u>\$ 377,488</u>	<u>\$ 377,488</u>
Fund balance at beginning of year			<u>-</u>		
Fund balance at end of year			<u>\$ 377,488</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			63,415		
General government expenditures			(19,218)		
Economic and physical development expenditures			(44,197)		
Fund balance at beginning of year			-		
An unbudgeted Home Loan Fund is consolidated into the Home Investment Partnership Fund for reporting purposes:					
Miscellaneous income			39,909		
Transfer from Home Investment Partnership Fund			363,217		
Transfer from Rehabilitation Loan Fund			226		
Economic and physical development expenditures			(9,099)		
Transfer to Home Investment Partnership Fund			(371,296)		
Transfer to Rehabilitation Loan Fund			(26)		
Fund balance at beginning of year			<u>7,964,931</u>		
Fund balance at end of year			<u>\$ 8,365,350</u>		

**CITY OF WILMINGTON, NORTH CAROLINA**

**Special Tax District  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual**

**Year Ended June 30, 2018  
With Comparative Actual Amounts for Year Ended June 30, 2017**

	2018		Variance Positive (Negative)	2017 Actual
	Budget	Actual		
Revenues:				
Ad valorem taxes:				
Current year	\$ 377,000	\$ 367,752	\$ (9,248)	\$ -
Penalties and interest	-	1,410	1,410	-
Local option sales tax	-	23,705	23,705	-
Investment earnings	-	1,117	1,117	-
Total revenues	<u>377,000</u>	<u>393,984</u>	<u>16,984</u>	<u>-</u>
Expenditures:				
Economic and physical development:				
Downtown municipal service district	-	274,121	-	-
Total expenditures	<u>377,000</u>	<u>274,121</u>	<u>102,879</u>	<u>-</u>
Excess of revenues over expenditures	-	119,863	-	-
Net change in fund balance	<u>\$ -</u>	119,863	<u>\$ 119,863</u>	-
Fund balance at beginning of year		-		-
Fund balance at end of year		<u>\$ 119,863</u>		<u>\$ -</u>

**CAPITAL PROJECT FUNDS TAB (FRONT)**

**CAPITAL PROJECT FUNDS TAB (BACK)**

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**From Inception and Year Ended June 30, 2018**

	Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
Restricted intergovernmental	\$ 5,820,459	\$ 1,668,408	\$ 462,766	\$ 2,131,174	\$ (3,689,285)
Investment earnings	414,568	541,452	189,044	730,496	315,928
Donations	267,982	3,311,455	7,750	3,319,205	3,051,223
<b>Total revenues</b>	<b>6,503,009</b>	<b>5,521,315</b>	<b>659,560</b>	<b>6,180,875</b>	<b>(322,134)</b>
<b>Expenditures:</b>					
<b>Transportation:</b>					
Water Street/Riverfront improvements	3,325,456	2,870,678	141,079	3,011,757	313,699
Water Street/Riverfront stabilization	472,782	436,145	318	436,463	36,319
Bridge repairs 2004-05	1,913,803	601,461	-	601,461	1,312,342
Street rehabilitation 2004-05	13,862,856	8,454,814	231,378	8,686,192	5,176,664
Neighborhood traffic management	1,752,500	1,653,794	76	1,653,870	98,630
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	1,723,386	-	-	-	1,723,386
Pocket Park shoreline stabilization	564,200	553,036	-	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	860,736	629,478	1,490,214	14,788
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	3,001,036	721,326	2,089,976	2,811,302	189,734
Cross City Trail IIIIE streets rehabilitation	884,010	873,932	-	873,932	10,078
Wrightsville/Greenville improvements	425,500	67,837	21,997	89,834	335,666
Park Avenue multi-use path	1,458,342	199,807	952	200,759	1,257,583
Military Cutoff/Eastwood multi-use path	23,249	23,177	71	23,248	1
Hinton Avenue multi-use path	367,091	81,692	317	82,009	285,082
Hooker Road multi-use path	1,015,808	82,655	278	82,933	932,875
5th and Wooster pedestrian crossing	260,734	5,615	71	5,686	255,048
Kerr Avenue bike lane/sidewalks	1,140,000	-	-	-	1,140,000
Gregory/Williston Streets	950,649	12,608	-	12,608	938,041
Greenville Loop rehabilitation	1,758,329	1,415,018	-	1,415,018	343,311
Audubon / Floral rehabilitation	2,437,000	41,123	1,020,661	1,061,784	1,375,216
41st Street rehabilitation	1,600,000	1,251,586	-	1,251,586	348,414
Love Grove emergency access	150,000	-	-	-	150,000
Coastline Inn riverfront stabilization	992,550	137,379	650,216	787,595	204,955
Sidewalk gap improvements	55,000	44,203	-	44,203	10,797
North 3rd Street bridge	459,854	109,141	-	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, 2018**

	Project Authorization	Prior Years	Current Year	Totals to Date	Variance Positive (Negative)
Expenditures: (continued)					
Transportation: (continued)					
Shipyard Boulevard bus pullout	\$ 300,000	\$ 52,675	\$ 13,456	\$ 66,131	\$ 233,869
Public transportation	2,000,000	368,242	93,121	461,363	1,538,637
Eastwood Road access management	5,125,000	-	60,000	60,000	5,065,000
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	7,338	33,838	1,066,162
Love Grove access	6,269,076	2,362,370	3,221,294	5,583,664	685,412
Hurst Drive extension	4,300,000	-	-	-	4,300,000
Pine Grove intersection improvements	2,500,000	36,925	8,332	45,257	2,454,743
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	3,667	15,453	1,484,547
Pine Grove/Greenville Loop roundabout	1,500,000	11,786	3,667	15,453	1,484,547
Pine Grove/Holly Tree roundabout	1,500,000	11,786	7,334	19,120	1,480,880
Contingency - roadway projects	2,287,358	-	-	-	2,287,358
Oleander/Hawthorn to 42nd Street	635,330	-	-	-	635,330
Wrightsville/Castle/Independence	174,757	-	-	-	174,757
Oleander/Wooster/Mimosa	224,060	2,500	1,282	3,782	220,278
Dawson/Wrightsville/Oleander	34,410	2,078	-	2,078	32,332
Wrightsville/College/Hawthorn	1,139,589	-	23,399	23,399	1,116,190
Wrightsville/44th/Independence	989,616	-	23,399	23,399	966,217
17th Street sidewalk/Wooster	235,794	-	-	-	235,794
Oleander/Pine Grove/College	177,786	-	16	16	177,770
23rd Street sidewalk/Princess Place	4,348	4,347	-	4,347	1
Delaney sidewalk improvements	173,829	173	64,111	64,284	109,545
McClelland sidewalk improvements	589,527	309	-	309	589,218
Fairlawn sidewalk improvements	842,478	257,304	35,678	292,982	549,496
Clover sidewalk improvements	410,747	-	-	-	410,747
Gleason sidewalk improvements	449,231	-	-	-	449,231
Kerr/Wilshire crosswalk	45,000	30,120	-	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	-	15,180	15,180	267,921
Greenville Loop/College/Park	6,858,057	-	-	-	6,858,057
Kerr Avenue trail	907,439	-	-	-	907,439
Central College trail	1,951,079	269,036	183,785	452,821	1,498,258
Masonboro Loop multiuse path	2,982,142	87,399	72,956	160,355	2,821,787

**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, 2018**

	Project Authorization	Prior Years	Current Year	Totals to Date	Variance Positive (Negative)
Expenditures: (continued)					
Transportation: (continued)					
Contingency - bike/pedestrian	\$ 904,601	\$ -	\$ -	\$ -	\$ 904,601
Chestnut/Grace reconstruction	2,000,000	-	95,094	95,094	1,904,906
23rd Street connection/Scientific	2,660,528	375,000	-	375,000	2,285,528
Independence Boulevard	525,911	502,050	5,066	507,116	18,795
Cardinal Extension	500,000	196,487	-	196,487	303,513
Lullwater/Greenway	509,951	357,300	(3,269)	354,031	155,920
Medical Center / Glen Meade	509,367	-	364,233	364,233	145,134
Cross walk improvements 2017	150,000	-	15,000	15,000	135,000
Brick street rehabilitation	250,000	-	55,789	55,789	194,211
Hawksbill causeway	700,000	-	11,898	11,898	688,102
Market Street LED upgrade	183,447	-	35,399	35,399	148,048
Sidewalk gap improvements	25,000	-	13,736	13,736	11,264
Kerr / MLK interchange	560,000	-	-	-	560,000
Dock Street pedestrian access	175,000	-	17,797	17,797	157,203
Military Cutoff pedestrian improvements	60,471	-	-	-	60,471
Wooster Street sidewalks	276,431	194,179	1,387	195,566	80,865
Sidewalk rehabilitation and repairs	2,370,947	1,986,287	-	1,986,287	384,660
Pedestrian/Bike improvements	<u>1,428,093</u>	<u>1,018,823</u>	<u>2,045</u>	<u>1,020,868</u>	<u>407,225</u>
Total transportation	<u>114,739,556</u>	<u>31,073,949</u>	<u>9,239,058</u>	<u>40,313,007</u>	<u>74,426,549</u>
Cultural and recreational:					
Water Street/Riverfront improvements	96,357	96,357	-	96,357	-
Riverwalk North convention center	2,594,625	2,587,995	-	2,587,995	6,630
Riverwalk North marina	8,497,374	8,370,519	-	8,370,519	126,855
Market/Water Streets bulkhead	128,596	95	-	95	128,501
Riverfront Assessment	1,531,343	260,451	-	260,451	1,270,892
Brooks Building riverwalk improvements	1,141,976	1,138,424	(1,382)	1,137,042	4,934
Riverwalk-Conlon Pier repair	157,150	15,723	61,340	77,063	80,087
Convention Center Bulkhead	143,643	8,050	7,698	15,748	127,895
Riverfront assessment update	<u>53,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,500</u>
Total cultural and recreational	<u>14,344,564</u>	<u>12,477,614</u>	<u>67,656</u>	<u>12,545,270</u>	<u>1,799,294</u>
Transit system:					
Transit capital grant match	<u>535,872</u>	<u>309,284</u>	<u>18,000</u>	<u>327,284</u>	<u>208,588</u>
Total expenditures	<u>129,619,992</u>	<u>43,860,847</u>	<u>9,324,714</u>	<u>53,185,561</u>	<u>76,434,431</u>
Excess of expenditures over revenues	<u>(123,116,983)</u>	<u>(38,339,532)</u>	<u>(8,665,154)</u>	<u>(47,004,686)</u>	<u>76,112,297</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, 2018**

	<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):					
Operating transfers - in:					
General Fund	\$ 11,001,329	\$ 11,496,246	\$ -	\$ 11,496,246	\$ 494,917
Debt Service fund	17,480,357	7,663,965	2,436,392	10,100,357	(7,380,000)
Building Improvements Fund	911,400	911,400	-	911,400	-
Public Improvements Fund	-	-	-	-	-
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>29,443,086</u>	<u>20,121,611</u>	<u>2,436,392</u>	<u>22,558,003</u>	<u>(6,885,083)</u>
Operating transfers - out:					
Parks and Recreation Fund	(320,000)	(140,000)	(180,000)	(320,000)	-
Building Improvements Fund	<u>(576,739)</u>	<u>(500,000)</u>	<u>(76,738)</u>	<u>(576,738)</u>	<u>1</u>
Total operating transfers - out	<u>(896,739)</u>	<u>(640,000)</u>	<u>(256,738)</u>	<u>(896,738)</u>	<u>1</u>
Issuance of bonds	53,533,892	9,533,892	15,300,000	24,833,892	(28,700,000)
Issuance of installment obligations	38,005,140	27,955,337	-	27,955,337	(10,049,803)
Premium on bonds	1,066,052	109,617	956,434	1,066,051	(1)
Premium on installment obligations	<u>1,965,552</u>	<u>1,965,551</u>	<u>-</u>	<u>1,965,551</u>	<u>(1)</u>
Total other financing sources	<u>123,116,983</u>	<u>59,046,008</u>	<u>18,436,088</u>	<u>77,482,096</u>	<u>(45,634,887)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 20,706,476</u>	9,770,934	<u>\$ 30,477,410</u>	<u>\$ 30,477,410</u>
Fund balance at beginning of year			<u>20,706,476</u>		
Fund balance at end of year			<u>\$ 30,477,410</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, 2018**

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
<b>Revenues:</b>					
Restricted intergovernmental	\$ 9,263,472	\$ 8,606,209	\$ 110,597	\$ 8,716,806	\$ (546,666)
Investment earnings	72,008	116,179	12,501	128,680	56,672
Donations	982,328	1,257,996	46,845	1,304,841	322,513
<b>Total revenues</b>	<b>10,317,808</b>	<b>9,980,384</b>	<b>169,943</b>	<b>10,150,327</b>	<b>(167,481)</b>
<b>Expenditures:</b>					
<b>Cultural and recreational:</b>					
Water Street/Riverfront parks	317,285	278,251	19,088	297,339	19,946
Park facility maintenance	2,346,734	1,926,670	269,706	2,196,376	150,358
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	9,057,698	8,082,114	265,843	8,347,957	709,741
10th & Fanning park development	75,000	2,335	-	2,335	72,665
Tennis complex	3,286,211	1,839,497	35,018	1,874,515	1,411,696
Inland Greens acquisition	2,696,503	2,284,616	377,530	2,662,146	34,357
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	437,168	-	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
Bijou Park renovation	69,319	-	-	-	69,319
North Waterfront Park development	20,000,000	-	1,363,565	1,363,565	18,636,435
Soccer complex	10,000,000	-	8,300	8,300	9,991,700
Derick Davis Center expansion	1,580,000	-	5,572	5,572	1,574,428
Park security enhancements	50,000	-	-	-	50,000
CCT-Eastwood Road parking	25,000	-	-	-	25,000
Wade Park building improvements	85,000	-	-	-	85,000
Tennis complex resurfacing	55,000	-	-	-	55,000
Parking lot improvements	30,000	-	-	-	30,000
Skate park office replacement	65,000	-	-	-	65,000
MLK Center expansion	1,830,000	-	5,917	5,917	1,824,083
Greenfield Park improvements	500,000	-	-	-	500,000
Olsen Park	2,000,000	-	-	-	2,000,000
Bradley Creek canoe/kayak	220,000	-	-	-	220,000
Halyburton maintenance building	305,000	-	-	-	305,000
Contingency 2016 Parks Bond	350,000	-	-	-	350,000
Riverfront Park improvements	73,191	67,741	-	67,741	5,450
Land acquisition and economic development	170,000	18,038	-	18,038	151,962
<b>Total expenditures</b>	<b>66,138,605</b>	<b>23,990,441</b>	<b>2,350,539</b>	<b>26,340,980</b>	<b>39,797,625</b>
<b>Excess of expenditures over revenues</b>	<b>(55,820,797)</b>	<b>(14,010,057)</b>	<b>(2,180,596)</b>	<b>(16,190,653)</b>	<b>39,630,144</b>

**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, 2018**

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Other financing sources (uses):					
Operating transfers - in:					
General Fund	\$ 2,196,457	\$ 2,196,203	\$ 1,553	\$ 2,197,756	\$ 1,299
Debt Service Fund	9,016,054	1,343,554	4,257,500	5,601,054	(3,415,000)
Streets and Sidewalks Fund	603,615	423,615	180,000	603,615	-
Storm Water Capital Project Fund	<u>552,923</u>	<u>552,923</u>	-	<u>552,923</u>	-
Total operating transfers - in	12,369,049	4,516,295	4,439,053	8,955,348	(3,413,701)
Operating transfers - out:					
General Fund	(330,000)	(330,000)	-	(330,000)	-
Issuance of bonds	29,665,000	-	-	-	(29,665,000)
Issuance of installment obligations	3,286,085	637,168	-	637,168	(2,648,917)
Issuance of other long-term obligations	<u>10,830,663</u>	<u>10,830,666</u>	-	<u>10,830,666</u>	3
Total other financing sources	<u>55,820,797</u>	<u>15,654,129</u>	<u>4,439,053</u>	<u>20,093,182</u>	<u>(35,727,615)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,644,072</u>	<u>2,258,457</u>	<u>\$ 3,902,529</u>	<u>\$ 3,902,529</u>
Fund balance at beginning of year			<u>1,644,072</u>		
Fund balance at end of year			<u>\$ 3,902,529</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, 2018**

	Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
Restricted intergovernmental	\$ 43,892	\$ 47,809	\$ -	\$ 47,809	\$ 3,917
Investment earnings	210,340	181,116	60,421	241,537	31,197
Sale of real estate	578,820	578,820	-	578,820	-
Rents	270,488	315,964	32,573	348,537	78,049
Miscellaneous	72,609	72,608	14,031	86,639	14,030
<b>Total revenues</b>	<b>1,176,149</b>	<b>1,196,317</b>	<b>107,025</b>	<b>1,303,342</b>	<b>127,193</b>
<b>Expenditures:</b>					
<b>General government:</b>					
Building improvements	1,985,944	1,825,932	-	1,825,932	160,012
City Hall improvements	1,922,335	982,331	185,024	1,167,355	754,980
Northern warehouse purchase	2,006,488	1,780,004	57,420	1,837,424	169,064
Northern riverfront project	4,100,000	4,088,941	-	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	494,012	-	494,012	16,838
Castle Street Wave site	16,915	15,634	-	15,634	1,281
HVAC replacement	886,000	-	-	-	886,000
800 MHZ radios	2,710,200	-	2,710,156	2,710,156	44
IT core system replacement	4,500,000	-	635,103	635,103	3,864,897
Elevator modernization	402,500	-	-	-	402,500
Building security	270,708	238,460	-	238,460	32,248
ADA compliance	2,984,204	2,780,515	10,402	2,790,917	193,287
<b>Total general government</b>	<b>23,746,144</b>	<b>12,534,619</b>	<b>3,598,105</b>	<b>16,132,724</b>	<b>7,613,420</b>
<b>Public safety:</b>					
Building improvements	297,999	297,999	-	297,999	-
Firing range & training facility	12,522,014	1,117,173	621,560	1,738,733	10,783,281
Cinema Drive fire station	4,762,840	4,762,840	-	4,762,840	-
Shipyards fire station #5	5,167,037	979,555	2,421,056	3,400,611	1,766,426
<b>Total public safety</b>	<b>22,749,890</b>	<b>7,157,567</b>	<b>3,042,616</b>	<b>10,200,183</b>	<b>12,549,707</b>
<b>Transportation:</b>					
Water Street/Riverfront ADA	136,899	128,524	161	128,685	8,214
Multi-modal facility study	1,764,570	979,380	-	979,380	785,190
ADA compliance	136,341	136,341	-	136,341	-
<b>Total transportation</b>	<b>2,037,810</b>	<b>1,244,245</b>	<b>161</b>	<b>1,244,406</b>	<b>793,404</b>

(Continued)

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**From Inception and Year Ended June 30, 2018**

	<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	\$ 5,864,443	\$ 34,564	\$ 5,899,007	\$ 725,938
Cultural and recreational:					
Building improvements	644,811	291,971	352,840	644,811	-
Parks Maintenance Facility	41,000	25,700	13,631	39,331	1,669
Building improvements-1102 Orange	123,750	104,809	-	104,809	18,941
ADA compliance	<u>117,682</u>	<u>117,682</u>	<u>-</u>	<u>117,682</u>	<u>-</u>
Total cultural and recreational	<u>927,243</u>	<u>540,162</u>	<u>366,471</u>	<u>906,633</u>	<u>20,610</u>
Total expenditures	<u>56,086,032</u>	<u>27,341,036</u>	<u>7,041,917</u>	<u>34,382,953</u>	<u>21,703,079</u>
Excess of expenditures over revenues	<u>(54,909,883)</u>	<u>(26,144,719)</u>	<u>(6,934,892)</u>	<u>(33,079,611)</u>	<u>21,830,272</u>
Other financing sources (uses):					
Operating transfers - in:					
General Fund	25,419,717	17,406,895	7,960,200	25,367,095	(52,622)
Debt Service Fund	2,628,369	1,354,428	1,273,941	2,628,369	-
Streets and Sidewalks Fund	2,121,762	2,045,023	76,738	2,121,761	(1)
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>30,671,717</u>	<u>21,308,215</u>	<u>9,310,879</u>	<u>30,619,094</u>	<u>(52,623)</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	23,276,344	11,090,799	-	11,090,799	(12,185,545)
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>54,909,883</u>	<u>33,361,313</u>	<u>9,310,879</u>	<u>42,672,192</u>	<u>(12,237,691)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 7,216,594</u>	<u>2,375,987</u>	<u>\$ 9,592,581</u>	<u>\$ 9,592,581</u>
Fund balance at beginning of year			<u>7,216,594</u>		
Fund balance at end of year			<u>\$ 9,592,581</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, 2018**

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
<b>Revenues:</b>					
Restricted intergovernmental	\$ 759,027	\$ 215,575	\$ 68,812	\$ 284,387	\$ (474,640)
Investment earnings	84,796	85,403	5,710	91,113	6,317
Total revenues	<u>843,823</u>	<u>300,978</u>	<u>74,522</u>	<u>375,500</u>	<u>(468,323)</u>
<b>Expenditures:</b>					
<b>General government:</b>					
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	11,983	127,184	37,620
Main firewall replacement	80,000	52,459	15,365	67,824	12,176
ADA compliance	348,423	346,206	-	346,206	2,217
Total general government	<u>1,138,420</u>	<u>591,739</u>	<u>27,348</u>	<u>619,087</u>	<u>519,333</u>
<b>Public safety:</b>					
OJP - Forensic Lab Information System	165,000	130,650	34,300	164,950	50
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	633,378	-	43,140	43,140	590,238
Total public safety	<u>1,774,327</u>	<u>1,105,724</u>	<u>77,440</u>	<u>1,183,164</u>	<u>591,163</u>
<b>Transportation:</b>					
Eastwood Road path	7,786	-	-	-	7,786
Pedestrian/bike improvements	548	548	-	548	-
Total transportation	<u>8,334</u>	<u>548</u>	<u>-</u>	<u>548</u>	<u>7,786</u>
Total expenditures	<u>2,921,081</u>	<u>1,698,011</u>	<u>104,788</u>	<u>1,802,799</u>	<u>1,118,282</u>
Excess of expenditures over revenues	(2,077,258)	(1,397,033)	(30,266)	(1,427,299)	649,959
<b>Other financing sources:</b>					
<b>Operating transfers - in:</b>					
General Fund	2,077,258	2,093,481	-	2,093,481	16,223
Net change in fund balance	<u>\$ -</u>	<u>\$ 696,448</u>	(30,266)	<u>\$ 666,182</u>	<u>\$ 666,182</u>
Fund balance at beginning of year			696,448		
Fund balance at end of year			<u>\$ 666,182</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, 2018  
With Comparative Actual Amounts for Year Ended June 30, 2017**

	2018		Variance Positive (Negative)	2017 Actual
	Budget	Actual		
Revenues:				
Ad valorem taxes				
Current year	\$ 13,892,510	\$ 14,080,728	\$ 188,218	\$ 9,522,750
Prior years	-	37,620	37,620	47,271
Total ad valorem taxes	13,892,510	14,118,348	225,838	9,570,021
Restricted intergovernmental revenues	330,177	331,241	1,064	336,240
Investment earnings	112,756	362,145	249,389	59,116
Total revenues	14,335,443	14,811,734	476,291	9,965,377
Expenditures:				
Debt service:				
Principal retirement		8,733,620		7,255,370
Interest and other charges		5,372,883		4,940,024
Total expenditures	14,756,338	14,106,503	649,835	12,195,394
Excess (deficiency) of revenues over (under) expenditures	(420,895)	705,231	1,126,126	(2,230,017)
Other financing sources (uses):				
Operating transfer-in:				
General Fund	9,334,832	9,334,832	-	9,334,832
Operating transfers-out:				
General Fund	-	-	-	(874,875)
Streets and Sidewalks Fund	(2,436,392)	(2,436,392)	-	(650,910)
Parks and Recreation Fund	(4,257,500)	(4,257,500)	-	(1,020,000)
Building Improvements Fund	(1,273,941)	(1,273,941)	-	(1,000,628)
Parking Facilities Fund	(402,471)	(402,471)	-	(190,000)
Parking Facilities Capital Projects Fund	(543,633)	(543,633)	-	(550,386)
Total operating transfers-out	(8,913,937)	(8,913,937)	-	(4,286,799)
Total other financing sources	420,895	420,895	-	5,048,033
Net change in fund balance	\$ -	1,126,126	\$ 1,126,126	2,818,016
Fund balance at beginning of year		15,202,516		12,384,500
Fund balance at end of year		\$ 16,328,642		\$ 15,202,516

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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, 2018  
With Comparative Actual Amounts for Year Ended June 30, 2017**

	2018		Variance Positive (Negative)	2017 Actual
	Budget	Actual		
Revenues:				
Operating revenues:				
Charges for services:				
Refuse collection	\$ 8,946,230	\$ 9,204,712	\$ 258,482	\$ 9,132,294
Recycling	31,327	37,899	6,572	35,632
Fines and forfeitures	-	2,600	2,600	400
Other operating revenues	5,000	19,756	14,756	14,242
Total operating revenues	<u>8,982,557</u>	<u>9,264,967</u>	<u>282,410</u>	<u>9,182,568</u>
Nonoperating revenues:				
Restricted intergovernmental	70,558	77,899	7,341	389,129
Investment earnings	26,147	52,311	26,164	21,946
Total nonoperating revenues	<u>96,705</u>	<u>130,210</u>	<u>33,505</u>	<u>411,075</u>
Total revenues	<u>9,079,262</u>	<u>9,395,177</u>	<u>315,915</u>	<u>9,593,643</u>
Expenditures:				
Operating expenditures:				
Administration		461,990		505,855
Customer refuse		3,521,879		3,509,298
Recycling		576,917		514,987
Yard waste		1,718,120		1,692,388
Downtown collection		915,344		630,310
Bulk/metal collections		522,690		564,592
Other operating expenditures		727,395		727,680
Total operating expenditures	<u>9,082,235</u>	<u>8,444,335</u>	<u>637,900</u>	<u>8,145,110</u>
Nonoperating expenditures:				
Interest and other charges		1,824		4,256
Principal payments on other long-term obligations		190,000		190,000
Total nonoperating expenditures	<u>191,824</u>	<u>191,824</u>	<u>-</u>	<u>194,256</u>
Total expenditures	<u>9,274,059</u>	<u>8,636,159</u>	<u>637,900</u>	<u>8,339,366</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(194,797)</u>	<u>759,018</u>	<u>953,815</u>	<u>1,254,277</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, 2018  
With Comparative Actual Amounts for Year Ended June 30, 2017**

	2018		Variance	2017
	Budget	Actual	Positive (Negative)	Actual
Other financing sources (uses):				
Operating transfer - in:				
General Fund	\$ 29,866	\$ 29,866	\$ -	\$ 29,866
Operating transfer - out:				
Special Purpose Fund	(21,000)	(20,670)	330	(6,000)
Appropriated fund balance	<u>185,931</u>	<u>-</u>	<u>(185,931)</u>	<u>-</u>
Total other financing sources	<u>194,797</u>	<u>9,196</u>	<u>(185,601)</u>	<u>23,866</u>
Net change in fund balance	<u>\$ -</u>	768,214	<u>\$ 768,214</u>	1,278,143
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Deferred inflows of resources for accounts receivable		(1,128)		4,240
Vacation and sick leave accrual		34,208		(16,872)
Other postemployment benefits expense		(76,993)		(43,896)
Deferred outflows of resources for contributions made to pension plan in current fiscal year		198,544		193,665
Pension expense		(220,241)		(248,195)
Depreciation		(8,085)		(5,304)
Capital asset expenditures		18,027		9,190
Investment earnings accrual		2,868		-
Interest expense accrual		203		202
Principal payments on other long-term obligations		<u>190,000</u>		<u>190,000</u>
Change in net position		<u>\$ 905,617</u>		<u>\$ 1,361,173</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2018  
With Comparative Actual Amounts for Year Ended June 30, 2017**

	2018		Variance Positive (Negative)	2017 Actual
	Budget	Actual		
Revenues:				
Operating revenues:				
Charges for services:				
Utility fees	\$ 8,487,789	\$ 8,868,778	\$ 380,989	\$ 8,237,941
City streets	2,649,015	2,649,015	-	2,441,004
Fines and forfeitures	-	-	-	-
Other operating revenues	<u>84,000</u>	<u>125,468</u>	<u>41,468</u>	<u>103,995</u>
Total operating revenues	<u>11,220,804</u>	<u>11,643,261</u>	<u>422,457</u>	<u>10,782,940</u>
Nonoperating revenues:				
Restricted intergovernmental	-	-	-	59,891
Investment earnings	<u>61,758</u>	<u>114,248</u>	<u>52,490</u>	<u>54,060</u>
Total nonoperating revenue	<u>61,758</u>	<u>114,248</u>	<u>52,490</u>	<u>113,951</u>
Total revenues	<u>11,282,562</u>	<u>11,757,509</u>	<u>474,947</u>	<u>10,896,891</u>
Expenditures:				
Operating expenditures:				
Engineering		932,957		863,540
Operations		3,790,369		3,437,900
Other operating expenditures		<u>987,425</u>		<u>954,619</u>
Total operating expenditures	<u>6,489,633</u>	<u>5,710,751</u>	<u>778,882</u>	<u>5,256,059</u>
Nonoperating expenditures:				
Interest and fiscal charges		977,583		1,006,321
Principal payments on bonds		<u>855,000</u>		<u>830,000</u>
Total nonoperating expenditures	<u>1,840,783</u>	<u>1,832,583</u>	<u>8,200</u>	<u>1,836,321</u>
Total expenditures	<u>8,330,416</u>	<u>7,543,334</u>	<u>787,082</u>	<u>7,092,380</u>
Excess of revenues over expenditures	<u>2,952,146</u>	<u>4,214,175</u>	<u>1,262,029</u>	<u>3,804,511</u>
Other financing sources (uses):				
Operating transfers out:				
Storm Water Capital Projects Fund	(7,488,045)	(7,488,045)	-	(2,093,900)
Appropriated fund balance	<u>4,535,899</u>	<u>-</u>	<u>(4,535,899)</u>	<u>-</u>
Total other financing uses	<u>(2,952,146)</u>	<u>(7,488,045)</u>	<u>(4,535,899)</u>	<u>(2,093,900)</u>
Net change in fund balance	<u>\$ -</u>	<u>(3,273,870)</u>	<u>\$ (3,273,870)</u>	<u>1,710,611</u>



**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2018  
With Comparative Actual Amounts for Year Ended June 30, 2017**

	2018		Variance Positive (Negative)	2017 Actual
	Budget	Actual		
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Vacation and sick leave accrual		\$ (11,095)		\$ (25,241)
Other postemployment benefits expense		(63,291)		(28,902)
Deferred outflow of resources for contributions made to pension plan in current fiscal year		168,912		150,509
Pension expense		(171,161)		(203,475)
Change in inventory		(61,777)		79,350
Capital asset expenditures		(3,975)		22,727
Depreciation		(1,071,361)		(1,042,640)
Amortization		(615)		(615)
Other noncapital expenses - Storm Water Capital Projects Fund		(89,895)		(17,282)
Operating transfer - Storm Water Capital Projects Fund		7,488,045		2,093,900
Investment earnings accrual		11,233		-
Investment earnings - Storm Water Capital Projects Fund		99,231		38,222
Principal payments on revenue bonds		775,000		750,000
Principal payments on installment obligations		80,000		80,000
Interest expense adjustments		5,533		175,234
Other		7,500		-
Change in net position		<u>\$ 3,888,414</u>		<u>\$ 3,782,398</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, 2018**

	Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
Investment earnings	\$ 31,379	\$ 852,054	\$ 99,231	\$ 951,285	\$ 919,906
Restricted intergovernmental	208,688	87,813	-	87,813	(120,875)
<b>Total revenues</b>	<b>240,067</b>	<b>939,867</b>	<b>99,231</b>	<b>1,039,098</b>	<b>799,031</b>
<b>Expenditures:</b>					
Water Street storm water improvements	644,000	224,806	168,228	393,034	250,966
Storm water inventory mapping	877,920	672,625	49,230	721,855	156,065
Lincoln outfall	372,874	351,591	-	351,591	21,283
Bradley Creek/Michelle Drive	5,168,481	5,044,927	-	5,044,927	123,554
Doctors branch bank stabilization	1,073,273	1,063,967	-	1,063,967	9,306
Wisteria/Clearbrook area	5,501,680	3,508,105	25,273	3,533,378	1,968,302
Greenville Avenue/White Avenue	1,213,500	175,278	28,697	203,975	1,009,525
Brookshire/Beasley drainage	3,917,766	1,122,200	274,017	1,396,217	2,521,549
Old McCumbers drainage improvements	75,000	21,392	-	21,392	53,608
Clear Run branch improvements	7,300,000	449,479	25,836	475,315	6,824,685
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	6,000	-	5,450	5,450	550
Pine Valley Road drainage rehabilitation	434,702	194,316	157,487	351,803	82,899
North/South 17th Street storm water improvements	73,742	-	39,915	39,915	33,827
Beech Street culvert replacement	145,204	103	141,222	141,325	3,879
Storm drainage rehabilitation	4,845,853	1,915,602	459,109	2,374,711	2,471,142
River Road culvert replacement	133,400	-	107,792	107,792	25,608
Brenda Drive drainage	522,287	489,197	-	489,197	33,090
<b>Total expenditures</b>	<b>33,545,904</b>	<b>15,469,525</b>	<b>1,482,256</b>	<b>16,951,781</b>	<b>16,594,123</b>
<b>Excess of expenditures over revenues</b>	<b>(33,305,837)</b>	<b>(14,529,658)</b>	<b>(1,383,025)</b>	<b>(15,912,683)</b>	<b>17,393,154</b>
<b>Other financing sources (uses):</b>					
<b>Operating transfers - in:</b>					
Storm Water Management Fund	20,502,315	13,037,213	7,488,045	20,525,258	22,943
<b>Operating transfers - out:</b>					
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)	-
<b>Total operating transfers - out</b>	<b>(878,102)</b>	<b>(878,102)</b>	<b>-</b>	<b>(878,102)</b>	<b>-</b>

**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, 2018**

	<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	\$ 12,913,149	\$ 11,953,561	\$ -	\$ 11,953,561	\$ (959,588)
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>33,305,837</u>	<u>24,881,146</u>	<u>7,488,045</u>	<u>32,369,191</u>	<u>(936,646)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 10,351,488</u>	<u>\$ 6,105,020</u>	<u>\$ 16,456,508</u>	<u>\$ 16,456,508</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2018  
With Comparative Actual Amounts for Year Ended June 30, 2017**

	2018			
	Budget	Actual	Variance Positive (Negative)	2017 Actual
Revenues:				
Operating revenues:				
Charges for services:				
Parking fees	\$ 2,796,428	\$ 2,949,496	\$ 153,068	\$ 2,954,575
Parking violations	<u>457,266</u>	<u>463,081</u>	<u>5,815</u>	<u>413,212</u>
Total operating revenues	3,253,694	3,412,577	158,883	3,367,787
Nonoperating revenues:				
Interest earned	<u>19,264</u>	<u>33,524</u>	<u>14,260</u>	<u>15,696</u>
Total revenues	<u>3,272,958</u>	<u>3,446,101</u>	<u>173,143</u>	<u>3,383,483</u>
Expenditures:				
Operating expenditures:				
Street parking		1,002,086		1,000,780
Water Street deck		12,541		90,549
Second Street deck		281,196		326,666
Market Street deck		410,716		417,570
Second Street lot		248,792		236,878
Hannah Block lot		<u>14,871</u>		<u>15,118</u>
Total operating expenditures	<u>2,368,302</u>	<u>1,970,202</u>	<u>398,100</u>	<u>2,087,561</u>
Nonoperating expenditures:				
Interest and fiscal charges		232,290		251,683
Principal payments on installment obligations		<u>844,437</u>		<u>847,687</u>
Total nonoperating expenditures	<u>1,076,727</u>	<u>1,076,727</u>	<u>-</u>	<u>1,099,370</u>
Total expenditures	<u>3,445,029</u>	<u>3,046,929</u>	<u>398,100</u>	<u>3,186,931</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(172,071)</u>	<u>399,172</u>	<u>571,243</u>	<u>196,552</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2018  
With Comparative Actual Amounts for Year Ended June 30, 2017**

	2018		Variance	
	Budget	Actual	Positive (Negative)	2017 Actual
Other financing sources (uses):				
Operating transfers - in:				
Debt Service Fund	\$ 543,633	\$ 543,633	\$ -	\$ 550,386
Operating transfers - out:				
Parking Facilities Capital Projects Fund	(438,150)	(438,150)	-	(650,000)
Appropriated fund balance	<u>66,588</u>	<u>-</u>	<u>(66,588)</u>	<u>-</u>
Total other financing sources (uses)	<u>172,071</u>	<u>105,483</u>	<u>(66,588)</u>	<u>(99,614)</u>
 Net change in fund balance	 <u>\$ -</u>	 504,655	 <u>\$ 504,655</u>	 96,938
 Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Vacation and sick leave accrual		(642)		12,110
Deferred inflows of resources for accounts receivable		(4,358)		-
Other postemployment benefits expense		(1,409)		(3,068)
Pension expense		(9,684)		(10,242)
Deferred outflows of resources for contributions made to pension plan in current fiscal year		9,089		8,516
Depreciation		(629,506)		(647,432)
Other noncapital expenses - Parking Facilities Capital Projects Fund		(742,815)		(6,127)
Investment earnings accrual		3,239		-
Interest expense adjustment		6,096		62,146
Investment earnings - Parking Facilities Capital Projects Fund		14,406		3,448
Sale of air rights - Parking Facilities Capital Projects Fund		1,015,338		-
Operating transfer - Parking Facilities Capital Projects Fund		840,621		840,000
Principal payments on installment obligations		844,437		847,687
Interest expense accrual		(3,206)		1,657
Disposal of capital assets		<u>(902,948)</u>		<u>(5,718)</u>
Change in net position		<u>\$ 943,313</u>		<u>\$ 1,199,915</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, 2018**

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
<b>Revenues:</b>					
Investment earnings	\$ -	\$ 18,343	\$ 14,406	\$ 32,749	\$ 32,749
Sale of air rights	1,015,338	-	1,015,338	1,015,338	-
<b>Total revenues</b>	<b>1,015,338</b>	<b>18,343</b>	<b>1,029,744</b>	<b>1,048,087</b>	<b>32,749</b>
<b>Expenditures:</b>					
Hanna block parking lot	1,005,844	978,269	27,283	1,005,552	292
Second Street deck repair	1,037,150	343,130	13,850	356,980	680,170
Market Street parking deck lights	195,000	-	84,114	84,114	110,886
Parking facility equipment	144,383	144,383	-	144,383	-
Deck camera replacements	289,156	168,612	32,320	200,932	88,224
PARCS equipment replacement	486,327	-	-	-	486,327
Smart meters - phase II	300,000	-	85,444	85,444	214,556
Water Street parking deck	30,696,135	4,949,640	2,368,163	7,317,803	23,378,332
<b>Total expenditures</b>	<b>34,153,995</b>	<b>6,584,034</b>	<b>2,611,174</b>	<b>9,195,208</b>	<b>24,958,787</b>
<b>Excess of expenditures over revenues</b>	<b>(33,138,657)</b>	<b>(6,565,691)</b>	<b>(1,581,430)</b>	<b>(8,147,121)</b>	<b>24,991,536</b>
<b>Other financing sources:</b>					
<b>Operating transfers - in:</b>					
Debt Service Fund	1,261,571	859,100	402,471	1,261,571	-
Parking Facilities Fund	3,521,847	3,083,697	438,150	3,521,847	-
<b>Total operating transfers - in</b>	<b>4,783,418</b>	<b>3,942,797</b>	<b>840,621</b>	<b>4,783,418</b>	<b>-</b>
Issuance of installment obligations	55,239	-	-	-	(55,239)
Issuance of other long-term obligations	28,300,000	2,500,000	2,710,000	5,210,000	(23,090,000)
<b>Total other financing sources</b>	<b>33,138,657</b>	<b>6,442,797</b>	<b>3,550,621</b>	<b>9,993,418</b>	<b>(23,145,239)</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ (122,894)</b>	<b>\$ 1,969,191</b>	<b>\$ 1,846,297</b>	<b>\$ 1,846,297</b>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Golf Fund**

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

**Year Ended June 30, 2018**

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

	2018			2017
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Operating revenues:				
Fees and coupons	\$ 962,022	\$ 833,368	\$ (128,654)	\$ 796,972
Cart rentals	265,661	243,969	(21,692)	243,146
Concessions	165,500	162,575	(2,925)	163,266
Other operating revenues	<u>51,396</u>	<u>56,431</u>	<u>5,035</u>	<u>21,025</u>
Total operating revenues	1,444,579	1,296,343	(148,236)	1,224,409
Nonoperating revenues:				
Interest earned	<u>2,772</u>	<u>3,379</u>	<u>607</u>	<u>1,854</u>
Total revenues	<u>1,447,351</u>	<u>1,299,722</u>	<u>(147,629)</u>	<u>1,226,263</u>
Expenditures:				
Operating expenditures:				
Golf course		1,191,213		1,166,168
Other operating expenditures		<u>128,068</u>		<u>128,068</u>
Total operating expenditures	<u>1,497,351</u>	<u>1,319,281</u>	<u>178,070</u>	<u>1,294,236</u>
Excess of expenditures over revenues	<u>(50,000)</u>	<u>(19,559)</u>	<u>30,441</u>	<u>(67,973)</u>
Other financing sources:				
Appropriated fund balance	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(19,559)</u>	<u>\$ (19,559)</u>	<u>(67,973)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Deferred inflows of resources for accounts receivable		684		1,322
Investment earnings accrual		167		-
Vacation and sick leave accrual		(9,459)		14,199
Other postemployment benefits expense		(14,242)		(54,617)
Deferred outflows of resources for contributions made to pension plan in current fiscal year		32,016		29,809
Pension Expense		(33,899)		(42,874)
Change in inventory		6,442		(1,973)
Depreciation		(105,656)		(108,995)
Capital contributions from governmental funds		<u>-</u>		<u>6,934</u>
Change in net position		<u>\$ (143,506)</u>		<u>\$ (224,168)</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**From Inception and Year Ended June 30, 2018**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Totals to Date</u>	<u>Variance Positive (Negative)</u>
Expenditures:					
Golf course improvements	\$ 1,000,000	\$ -	\$ 59,420	\$ 59,420	\$ 940,580
Other financing sources:					
Operating transfers - in:					
Debt Service Fund	200,000	-	-	-	(200,000)
Issuance of Bonds	800,000	-	-	-	(800,000)
Total operating transfers - in	1,000,000	-	-	-	(1,000,000)
Net change in fund balance	\$ -	\$ -	\$ (59,420)	\$ (59,420)	\$ (59,420)



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**INTERNAL SERVICE FUNDS TAB (FRONT)**

**INTERNAL SERVICE FUNDS TAB (BACK)**

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**June 30, 2018**

	<u>Equipment, Maintenance and Replacement Fund</u>	<u>Technology Replacement Fund</u>	<u>Total Internal Service Funds</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 10,770,142	\$ 732,520	\$ 11,502,662
Accounts receivable, net	1,330	-	1,330
Other receivables	10,011	681	10,692
Inventory of materials and supplies	32,036	-	32,036
Prepays	<u>1,041,070</u>	<u>-</u>	<u>1,041,070</u>
Total current assets	<u>11,854,589</u>	<u>733,201</u>	<u>12,587,790</u>
Noncurrent assets:			
Capital assets:			
Intangible software	19,000	-	19,000
Furniture, fixtures, machinery and equipment	23,927,517	-	23,927,517
Less accumulated depreciation	<u>(18,464,015)</u>	<u>-</u>	<u>(18,464,015)</u>
Total capital assets, net of accumulated depreciation	<u>5,482,502</u>	<u>-</u>	<u>5,482,502</u>
Total assets	<u>17,337,091</u>	<u>733,201</u>	<u>18,070,292</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Other postemployment benefits deferrals	499	-	499
Pension deferrals	65,365	-	65,365
Contributions to pension plan in current fiscal year	<u>44,087</u>	<u>-</u>	<u>44,087</u>
Total deferred outflows of resources	<u>109,951</u>	<u>-</u>	<u>109,951</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	216,755	75,425	292,180
Accrued liabilities	49,648	-	49,648
Current portion of long-term liabilities:			
Other long-term obligations	410,000	-	410,000
Accrued vacation and sick leave	<u>60,896</u>	<u>-</u>	<u>60,896</u>
Total current liabilities	<u>737,299</u>	<u>75,425</u>	<u>812,724</u>
Noncurrent liabilities:			
Other long-term obligations	1,230,000	-	1,230,000
Accrued vacation and sick leave	27,341	-	27,341
Net other postemployment benefits liability	392,201	-	392,201
Net pension liability	<u>152,388</u>	<u>-</u>	<u>152,388</u>
Total noncurrent liabilities	<u>1,801,930</u>	<u>-</u>	<u>1,801,930</u>
Total liabilities	<u>2,539,229</u>	<u>75,425</u>	<u>2,614,654</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Other postemployment benefits deferrals	12,767	-	12,767
Pension deferrals	<u>9,823</u>	<u>-</u>	<u>9,823</u>
Total deferred inflows of resources	<u>22,590</u>	<u>-</u>	<u>22,590</u>
<b>NET POSITION</b>			
Net investment in capital assets	3,842,502	-	3,842,502
Unrestricted	<u>11,042,721</u>	<u>657,776</u>	<u>11,700,497</u>
Total net position	<u>\$ 14,885,223</u>	<u>\$ 657,776</u>	<u>\$ 15,542,999</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2018**

	Equipment, Maintenance and Replacement Fund	Technology Replacement Fund	Total Internal Service Funds
Operating revenues:			
Charges for services	\$ 2,034,825	\$ -	\$ 2,034,825
Charges for equipment replacement	3,756,855	612,964	4,369,819
Other operating revenues	<u>68,361</u>	<u>-</u>	<u>68,361</u>
Total operating revenues	<u>5,860,041</u>	<u>612,964</u>	<u>6,473,005</u>
Operating expenses:			
Salaries, employee benefits and other personnel costs	823,287	-	823,287
Materials and fuels consumed	24,754	-	24,754
Services	874,079	-	874,079
Utilities	6,202	-	6,202
Depreciation	2,268,212	-	2,268,212
Other operating expenses	<u>568,829</u>	<u>1,324,449</u>	<u>1,893,278</u>
Total operating expenses	<u>4,565,363</u>	<u>1,324,449</u>	<u>5,889,812</u>
Operating income (loss)	<u>1,294,678</u>	<u>(711,485)</u>	<u>583,193</u>
Nonoperating revenues (expenses):			
Investment earnings	89,299	4,709	94,008
Interest and other charges	(28,249)	-	(28,249)
Gain (loss) on disposal of capital assets	<u>80,160</u>	<u>(106,552)</u>	<u>(26,392)</u>
Total nonoperating revenues	<u>141,210</u>	<u>(101,843)</u>	<u>39,367</u>
Income (loss) before capital contributions and transfers	1,435,888	(813,328)	622,560
Capital contributions	27,494	-	27,494
Transfers from other funds	<u>-</u>	<u>333,926</u>	<u>333,926</u>
Change in net position	<u>1,463,382</u>	<u>(479,402)</u>	<u>983,980</u>
Net position at beginning of year as previously stated	13,549,238	1,137,178	14,686,416
Restatement for accounting change (Note 8)	<u>(127,397)</u>	<u>-</u>	<u>(127,397)</u>
Net position at beginning of year as restated	<u>13,421,841</u>	<u>1,137,178</u>	<u>14,559,019</u>
Net position at end of year	<u>\$ 14,885,223</u>	<u>\$ 657,776</u>	<u>\$ 15,542,999</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2018**

	Equipment, Maintenance and Replacement Fund	Technology Replacement Fund	Total Internal Service Funds
Cash flows from operating activities:			
Receipts from customers and users	\$ 354,189	\$ -	\$ 354,189
Receipts from interfund services provided	5,523,124	612,964	6,136,088
Payments to suppliers	(2,517,455)	(1,397,334)	(3,914,789)
Payments to or on behalf of employees	(792,757)	-	(792,757)
Payments for interfund services used	<u>(4,693)</u>	<u>-</u>	<u>(4,693)</u>
Net cash provided by (used in) operating activities	<u>2,562,408</u>	<u>(784,370)</u>	<u>1,778,038</u>
Cash flows from noncapital financing activities:			
Transfers from other funds	<u>-</u>	<u>333,926</u>	<u>333,926</u>
Net cash provided by noncapital financing activities	<u>-</u>	<u>333,926</u>	<u>333,926</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(1,758,792)	(106,552)	(1,865,344)
Principal payments on other long-term obligations	(410,000)	-	(410,000)
Interest and other charges	(30,381)	-	(30,381)
Proceeds from sale of capital assets	<u>137,976</u>	<u>-</u>	<u>137,976</u>
Net cash used in capital and related financing activities	<u>(2,061,197)</u>	<u>(106,552)</u>	<u>(2,167,749)</u>
Cash flows from investing activities:			
Investment earnings	<u>80,536</u>	<u>4,185</u>	<u>84,721</u>
Net increase (decrease) in cash and cash equivalents	581,747	(552,811)	28,936
Cash and cash equivalents at beginning of year	<u>10,188,395</u>	<u>1,285,331</u>	<u>11,473,726</u>
Cash and cash equivalents at end of year	<u>\$ 10,770,142</u>	<u>\$ 732,520</u>	<u>\$ 11,502,662</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2018**

	<u>Equipment, Maintenance and Replacement Fund</u>	<u>Technology Replacement Fund</u>	<u>Total Internal Service Funds</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 1,294,678	\$ (711,485)	\$ 583,193
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	2,268,212	-	2,268,212
Changes in assets and liabilities:			
Accounts receivable	17,272	-	17,272
Inventory of materials and supplies	(12,500)	-	(12,500)
Prepays	(1,035,000)	-	(1,035,000)
Deferred outflows of resources for pensions	54,361	-	54,361
Deferred outflows of resources for other postemployment benefits	(499)	-	(499)
Net pension liability	(52,247)	-	(52,247)
Deferred inflows of resources for pensions	(2,349)	-	(2,349)
Deferred inflows of resources for other postemployment benefits	12,767	-	12,767
Accounts payable and accrued liabilities	5,314	(72,885)	(67,571)
Accrued vacation and sick leave	13,232	-	13,232
Net other postemployment benefits liability	<u>(833)</u>	<u>-</u>	<u>(833)</u>
Net cash provided by (used in) operating activities	<u>\$ 2,562,408</u>	<u>\$ (784,370)</u>	<u>\$ 1,778,038</u>
Noncash investing, capital and financing activities:			
Capital assets acquired on account	\$ (175,752)	\$ -	\$ (175,752)
Capital contributions from governmental funds	27,494	-	27,494
Donation of capital assets to governmental funds	<u>(37,844)</u>	<u>(106,552)</u>	<u>(144,396)</u>
Net effect of noncash activities	<u>\$ (186,102)</u>	<u>\$ (106,552)</u>	<u>\$ (292,654)</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, 2018**

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

	2018		Variance Positive (Negative)	2017 Actual
	Budget	Actual		
Revenues:				
Operating revenues:				
Charges for services	\$ 1,946,831	\$ 2,034,912	\$ 88,081	\$ 2,120,312
Charges for equipment replacement	3,722,222	3,756,855	34,633	3,598,521
Other operating revenues	-	58,270	58,270	99,763
Total operating revenues	<u>5,669,053</u>	<u>5,850,037</u>	<u>180,984</u>	<u>5,818,596</u>
Nonoperating revenues:				
Investment earnings	36,294	84,452	48,158	40,320
Sale of capital assets	5,915	148,067	142,152	54,269
Total nonoperating revenues	<u>42,209</u>	<u>232,519</u>	<u>190,310</u>	<u>94,589</u>
Total revenues	<u>5,711,262</u>	<u>6,082,556</u>	<u>371,294</u>	<u>5,913,185</u>
Expenditures:				
Operating expenditures:				
Garage operations		1,997,796		1,725,416
Capital and noncapital equipment		1,870,463		2,539,212
Total operating expenditures	<u>8,333,810</u>	<u>3,868,259</u>	<u>4,465,551</u>	<u>4,264,628</u>
Nonoperating expenditures:				
Interest and other charges		30,381		36,777
Principal payments on other long-term obligations		410,000		410,000
Total nonoperating expenditures	<u>440,381</u>	<u>440,381</u>	<u>-</u>	<u>446,777</u>
Total expenditures	<u>8,774,191</u>	<u>4,308,640</u>	<u>4,465,551</u>	<u>4,711,405</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,062,929)</u>	<u>1,773,916</u>	<u>4,836,845</u>	<u>1,201,780</u>
Other financing sources:				
Appropriated fund balance	<u>3,062,929</u>	<u>-</u>	<u>(3,062,929)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>1,773,916</u>	<u>\$ 1,773,916</u>	<u>1,201,780</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, 2018**

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

	2018		Variance Positive (Negative)	2017 Actual
	Budget	Actual		
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Vacation and sick leave accrual		\$ (13,232)		\$ 12,938
Other postemployment benefits expense		(11,435)		30,608
Deferred outflows of resources for contributions made to pension plan in current fiscal year		44,087		38,561
Pension Expense		(43,852)		(55,032)
Change in inventory		12,500		(152,503)
Capital asset expenditures		1,583,040		2,234,590
Depreciation		(2,268,212)		(2,147,426)
Investment earnings accrual		4,847		-
Principal payments on other long-term obligations		410,000		410,000
Interest expense accrual		2,132		2,132
Disposal of capital assets		(19,972)		-
Capital contributions from governmental funds		27,494		190,406
Donation of capital assets to governmental funds		(37,844)		(598,000)
Outside services		(87)		(12,154)
Change in net position		<u>\$ 1,463,382</u>		<u>\$ 1,155,900</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2018  
With Comparative Actual Amounts for Year Ended June 30, 2017**

	2018		Variance	2017
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Operating revenues:				
Charges for equipment replacement	\$ 601,364	\$ 612,964	\$ 11,600	\$ 437,525
Nonoperating revenues:				
Investment earnings	-	4,379	4,379	4,276
Total revenues	<u>601,364</u>	<u>617,343</u>	<u>15,979</u>	<u>441,801</u>
Expenditures:				
Operating expenditures:				
Information technology operations		689,292		570,725
Capital and noncapital equipment		<u>741,709</u>		<u>597,361</u>
Total expenditures	<u>1,498,090</u>	<u>1,431,001</u>	<u>67,089</u>	<u>1,168,086</u>
Excess of expenditures over revenues	<u>(896,726)</u>	<u>(813,658)</u>	<u>83,068</u>	<u>(726,285)</u>
Other financing sources:				
Operating transfer-in:				
General Fund	333,926	333,926	-	372,595
Appropriated fund balance	<u>562,800</u>	-	<u>(562,800)</u>	-
Total other financing sources	<u>896,726</u>	<u>333,926</u>	<u>(562,800)</u>	<u>372,595</u>
Net change in fund balance	<u>\$ -</u>	<u>(479,732)</u>	<u>\$ (479,732)</u>	<u>(353,690)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Capital asset expenditures		106,552		44,816
Investment earnings accrual		330		-
Donations of capital assets to governmental funds		<u>(106,552)</u>		<u>(44,816)</u>
Change in net position		<u>\$ (479,402)</u>		<u>\$ (353,690)</u>

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**FINANCIAL DATA TAB (FRONT)**

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

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**June, 30 2018**

Governmental funds capital assets:	
Land	\$ 59,514,974
Easements	14,398,491
Improvements other than buildings	63,657,543
Buildings, plant and structures	143,171,905
Furniture, fixtures, machinery and equipment	25,027,609
Computer software	1,697,191
Streets and drainage	243,006,571
Construction in progress	<u>10,756,094</u>
Total governmental funds capital assets	<u>\$ 561,230,378</u>
Investment in governmental funds capital assets by source:	
Prior years for which detail is not available	\$ 16,880,675
General Fund	16,140,244
Special Purpose Fund	6,054,788
Capital Project Funds	364,358,586
Accepted dedications	<u>157,796,085</u>
Total governmental funds capital assets	<u>\$ 561,230,378</u>

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

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**June, 30 2018**

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>30,366,938</u>
Total general government	<u>6,962,659</u>	<u>10,026</u>	<u>3,960,992</u>	<u>30,366,938</u>
Public safety:				
Police	2,016,744	-	-	23,076,918
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>44,865,447</u>
Transportation:				
Traffic engineering	37,638	-	-	45,758
Transportation planning	-	-	-	-
Streets and drainage	<u>33,918,858</u>	<u>14,344,215</u>	<u>7,153,333</u>	<u>104,500</u>
Total transportation	<u>33,956,496</u>	<u>14,344,215</u>	<u>7,153,333</u>	<u>150,258</u>
Cultural and recreational:				
Parks and recreation	<u>7,268,877</u>	<u>44,250</u>	<u>52,038,939</u>	<u>19,568,758</u>
Economic and physical development	<u>5,521,807</u>	-	<u>25,000</u>	<u>48,220,504</u>
Total governmental funds capital assets	<u>\$ 59,514,974</u>	<u>\$ 14,398,491</u>	<u>\$ 63,657,543</u>	<u>\$ 143,171,905</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	1,496,687	1,010,799	-	462,631	2,970,117
Development Services	175,624	13,120	-	-	188,744
General government	<u>752,962</u>	<u>-</u>	<u>-</u>	<u>219,323</u>	<u>42,272,900</u>
Total general government	<u>2,634,978</u>	<u>1,023,919</u>	<u>-</u>	<u>681,954</u>	<u>45,641,466</u>
Public safety:					
Police	5,196,620	341,054	-	705,372	31,336,708
Fire	<u>15,509,073</u>	<u>-</u>	<u>-</u>	<u>2,883,794</u>	<u>44,449,066</u>
Total public safety	<u>20,705,693</u>	<u>341,054</u>	<u>-</u>	<u>3,589,166</u>	<u>75,785,774</u>
Transportation:					
Traffic engineering	251,341	19,721	-	-	354,458
Transportation Planning	-	13,576	-	-	13,576
Streets and drainage	<u>356,785</u>	<u>218,773</u>	<u>241,712,485</u>	<u>4,582,562</u>	<u>302,391,511</u>
Total transportation	<u>608,126</u>	<u>252,070</u>	<u>241,712,485</u>	<u>4,582,562</u>	<u>302,759,545</u>
Cultural and recreational:					
Parks and recreation	<u>757,439</u>	<u>33,404</u>	<u>1,294,086</u>	<u>1,902,412</u>	<u>82,908,165</u>
Economic and physical development	<u>321,373</u>	<u>46,744</u>	<u>-</u>	<u>-</u>	<u>54,135,428</u>
Total governmental funds capital assets	<u>\$ 25,027,609</u>	<u>\$ 1,697,191</u>	<u>\$ 243,006,571</u>	<u>\$ 10,756,094</u>	<u>\$ 561,230,378</u>



**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June, 30 2018**

Function and Activity	July 1, 2017	Additions	Deductions
<b>General government:</b>			
City Manager	\$ 179,351	\$ -	\$ -
Finance	30,354	-	-
Information Technology Services	2,314,021	549,544	-
Development Services	188,744	-	-
General government buildings	43,559,746	43,918	(1,330,764)
Total general government	<u>46,272,216</u>	<u>593,462</u>	<u>(1,330,764)</u>
<b>Public safety:</b>			
Police	32,951,150	752,270	(2,339,218)
Fire	41,867,070	2,577,967	(33,815)
Total public safety	<u>74,818,220</u>	<u>3,330,237</u>	<u>(2,373,033)</u>
<b>Transportation:</b>			
Traffic engineering	337,816	16,642	-
Transportation planning	13,576	-	-
Streets and drainage	293,454,392	8,904,337	-
Total transportation	<u>293,805,784</u>	<u>8,920,979</u>	<u>-</u>
<b>Cultural and recreational:</b>			
Parks and recreation	80,744,418	2,211,095	(14,566)
<b>Economic and physical development</b>			
	<u>54,089,782</u>	<u>61,619</u>	<u>-</u>
<b>Total governmental funds capital assets</b>	<u>\$ 549,730,420</u>	<u>\$ 15,117,392</u>	<u>\$ (3,718,363)</u>

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

Function and Activity	<u>Transfers</u>	<u>June 30, 2018</u>
General government:		
City Manager	\$ -	\$ 179,351
Finance	-	30,354
Information Technology Services	106,552	2,970,117
Development Services	-	188,744
General government buildings	-	42,272,900
Total general government	<u>106,552</u>	<u>45,641,466</u>
Public safety:		
Police	(27,494)	31,336,708
Fire	37,844	44,449,066
Total public safety	<u>10,350</u>	<u>75,785,774</u>
Transportation:		
Traffic engineering	-	354,458
Transportation planning	-	13,576
Streets and drainage	32,782	302,391,511
Total transportation	<u>32,782</u>	<u>302,759,545</u>
Cultural and recreational:		
Parks and recreation	<u>(32,782)</u>	<u>82,908,165</u>
Economic and physical development	<u>(15,973)</u>	<u>54,135,428</u>
Total governmental funds capital assets	<u>\$ 100,929</u>	<u>\$ 561,230,378</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**June 30, 2018**

Fiscal Year	Uncollected Balance July 1, 2017	Additions	Collections and Credits	Uncollected Balance June 30, 2018
2017-2018	\$ -	\$ 72,487,354	\$ 71,879,009	\$ 608,345
2016-2017	624,785	-	215,725	409,060
2015-2016	431,654	-	68,525	363,129
prior years	<u>1,529,753</u>	<u>-</u>	<u>214,553</u>	<u>1,315,200</u>
	2,586,192	72,487,354	72,377,812	2,695,734
Less allowance for uncollectible taxes	<u>(1,403,413)</u>	<u>(103,136)</u>	<u>-</u>	<u>(1,506,549)</u>
Totals <sup>(1)</sup>	<u>\$ 1,182,779</u>	<u>\$ 72,384,218</u>	<u>\$ 72,377,812</u>	<u>\$ 1,189,185</u>

Reconciliation of collections and credits:

New Hanover County tax office

remittances:

Taxes - ad valorem - current year - General Fund & Debt Service Fund \$ 72,160,566

Taxes - ad valorem - penalties and interest - General Fund 189,534

Total remittances 72,350,100

Other adjustments <sup>(2)</sup> 217,246

Less penalties and interest (189,534)

Total collections and credits \$ 72,377,812

(1) Total ad valorem tax receivable includes only those taxes levied on a unit-wide basis and therefore, does not include the Municipal Service District.

(2) The source of this data, the New Hanover County Tax Office, has undergone a software conversion. At June 30, 2018, 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**

**Analysis of Current Tax Levy**

**For the Fiscal Year Ended June 30, 2018**

	City - Wide			Total Levy	
	Property	Rate	Total	Property	Registered
	Valuation			Levy	
				Registered	Registered
				Motor	Motor
				Vehicles	Vehicles
Original levy: <sup>(1)</sup>					
Property taxed at current year's rate	\$14,864,587,096	\$ 0.4834	\$71,855,414	\$68,111,145	\$3,744,269
Motor vehicles taxed at prior year's rate	203,818,339	0.4850	988,519	-	988,519
second prior year's rate	560,810	0.4850	2,720	-	2,720
Penalties	-		121,757	121,757	-
<b>Total</b>	<b>15,068,966,245</b>		<b>72,968,410</b>	<b>68,232,902</b>	<b>4,735,508</b>
Discoveries: <sup>(2)</sup>					
Current year taxes	-		188,215	188,215	-
<b>Total</b>	<b>-</b>		<b>73,156,625</b>	<b>68,421,117</b>	<b>4,735,508</b>
Abatements: <sup>(2)</sup>	-		-	-	-
Other adjustments <sup>(2)</sup>	(128,597,348)		(\$669,271)	(669,271)	-
<b>Total property valuation</b>	<b><u>\$14,940,368,897</u></b>				
Net levy			72,487,354	67,751,846	4,735,508
Uncollected taxes at June 30, 2018			608,345	608,345	-
Current year's taxes collected			<u>\$ 71,879,009</u>	<u>\$ 67,143,501</u>	<u>\$ 4,735,508</u>
Current levy collection percentage			<u>99.16%</u>	<u>99.10%</u>	<u>100.00%</u>

(1) Total levy includes only those taxes levied on a unit-wide basis and therefore, does not include the Municipal Service District.

(2) The source of this data, the New Hanover County Tax Office, has undergone a software conversion. At June 30, 2018, 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, 2018**

Receipts prior years	<u>\$ 33,712,683</u>
Receipts:	
July, 2017	444,912
August, 2017	386,310
September, 2017	285,603
October, 2017	314,679
November, 2017	223,743
December, 2017	178,752
January, 2018	168,388
February, 2018	209,109
March, 2018	298,273
April, 2018	398,454
May, 2018	413,213
June, 2018	<u>458,642</u>
Receipts current year	<u>3,780,078</u>
Receipts to date	<u><u>\$ 37,492,761</u></u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**From Inception and Year Ended June 30, 2018**

Disbursements prior years	<u>\$ 29,986,944</u>
Disbursements:	
Operating costs - Convention Center	96,578
Marketing	426,415
Debt service	3,490,389
Fiscal agent fees	<u>5,800</u>
Disbursements current year	<u>4,019,182</u>
Disbursements to date	<u><u>\$ 34,006,126</u></u>

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

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**STATISTICAL SECTION TAB (FRONT)**



**STATISTICAL SECTION TAB (BACK)**

## STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the readers understand how the city’s financial performance and well-being have changed over time.	192 - 205
Revenue Capacity These schedules contain information to help the reader assess the city’s most significant local revenue source, the property tax.	206 - 209
Debt Capacity These schedules present information to help the reader assess the affordability of the city’s current levels of outstanding debt and the city’s ability to issue additional debt in the future.	210 - 216
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the city’s financial activities take place.	217
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the city’s financial report relates to the services the city provides and the activities it performs.	218 - 223

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			
	2009	2010	2011	2012
<b>Governmental activities:</b>				
Net investment in capital assets (2)	\$ 187,569,283	\$ 188,091,906	\$ 196,686,945	\$ 194,247,449
Restricted	22,617,510	25,903,793	38,931,386	36,203,247
Unrestricted (3), (4), (5), (6)	<u>47,802,268</u>	<u>49,951,959</u>	<u>38,394,250</u>	<u>41,790,077</u>
<b>Total governmental activities net assets</b>	<u>\$ 257,989,061</u>	<u>\$ 263,947,658</u>	<u>\$ 274,012,581</u>	<u>\$ 272,240,773</u>
<b>Business-type activities:</b>				
Net investment in capital assets (1), (2)	\$ 18,275,937	\$ 20,982,210	\$ 22,487,707	\$ 30,255,544
Restricted (1)	2,368,253	2,378,156	2,378,156	2,368,578
Unrestricted (1), (3), (6)	<u>16,220,463</u>	<u>15,406,764</u>	<u>14,927,863</u>	<u>11,040,383</u>
<b>Total business-type activities net assets</b>	<u>\$ 36,864,653</u>	<u>\$ 38,767,130</u>	<u>\$ 39,793,726</u>	<u>\$ 43,664,505</u>
<b>Primary government:</b>				
Net investment in capital assets	\$ 205,845,220	\$ 209,074,116	\$ 219,174,652	\$ 224,502,993
Restricted	24,985,763	28,281,949	41,309,542	38,571,825
Unrestricted	<u>64,022,731</u>	<u>65,358,723</u>	<u>53,322,113</u>	<u>52,830,460</u>
<b>Total primary government net assets</b>	<u>\$ 294,853,714</u>	<u>\$ 302,714,788</u>	<u>\$ 313,806,307</u>	<u>\$ 315,905,278</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 Law Enforcement Officer's Special Separation Allowance 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.
- (6) Unrestricted governmental and business-type activities net position is restated in fiscal year 2017 to record the City's net other postemployment benefits liability, pursuant to GASB Statement No. 75.

**TABLE 1**

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 200,558,434	\$ 212,542,837	\$ 208,606,209	\$ 220,482,002	\$ 222,453,072	222,365,472
35,729,753	40,472,965	39,505,449	40,527,283	41,349,356	42,500,030
43,041,191	32,846,564	42,766,980	53,837,868	49,108,721	36,410,461
<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>	<u>\$ 301,275,963</u>
\$ 28,826,675	\$ 31,426,724	\$ 29,662,351	\$ 30,970,797	\$ 33,518,870	32,935,755
2,104,545	2,005,412	1,938,140	1,549,898	1,455,998	1,055,998
14,151,447	14,894,628	19,539,071	23,497,622	27,162,767	31,660,796
<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>	<u>\$ 65,652,549</u>
\$ 229,385,109	\$ 243,969,561	\$ 238,268,560	\$ 251,452,799	\$ 255,971,942	\$ 255,301,227
37,834,298	42,478,377	41,443,589	42,077,181	42,805,354	43,556,028
57,192,638	47,741,192	62,306,051	77,335,490	76,271,488	68,071,257
<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>	<u>\$ 366,928,512</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Changes in Net Position**

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

	Fiscal Year			
	2009	2010	2011	2012
<b>Expenses</b>				
Governmental activities:				
General government	\$ 17,979,039	\$ 17,913,454	\$ 18,442,793	\$ 20,114,233
Public safety	43,127,730	46,623,265	42,201,402	44,197,292
Transportation	9,834,553	11,223,125	12,744,479	14,764,044
Economic and physical development	4,367,773	2,128,078	5,843,970	6,200,611
Environmental protection	-	-	500	-
Cultural and recreational	8,226,690	10,418,701	7,727,790	9,049,044
Transit system	1,149,733	1,522,702	1,427,915	1,242,136
Interest and other charges	10,206,138	9,462,791	9,994,715	9,974,724
Total governmental activities expenses	<u>94,891,656</u>	<u>99,292,116</u>	<u>98,383,564</u>	<u>105,542,084</u>
Business-type activities:				
Solid waste management	7,929,943	7,510,722	7,595,390	8,348,911
Storm water management	5,766,847	5,939,703	6,022,115	6,943,112
Parking facilities	2,468,358	2,394,835	2,319,874	2,694,467
Golf	1,108,490	1,136,189	1,107,126	1,285,853
Total business-type activities expenses	<u>17,273,638</u>	<u>16,981,449</u>	<u>17,044,505</u>	<u>19,272,343</u>
Total primary government expenses	<u>\$ 112,165,294</u>	<u>\$ 116,273,565</u>	<u>\$ 115,428,069</u>	<u>\$ 124,814,427</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 2,172,178	\$ 2,588,922	\$ 2,691,275	\$ 2,928,020
Public safety	1,036,796	911,408	1,386,725	1,317,184
Transportation	907,676	726,216	1,311,696	1,841,929
Economic and physical development	64,364	336,894	1,096,703	1,798,487
Environmental protection	-	6,622	19,429	58,679
Cultural and recreational	561,479	629,547	611,597	669,215
Operating grants and contributions	8,242,549	8,587,862	7,744,008	9,455,773
Capital grants and contributions	4,423,055	17,861,814	13,272,496	5,868,811
Total governmental activities program revenues	<u>17,408,097</u>	<u>31,649,285</u>	<u>28,133,929</u>	<u>23,938,098</u>
Business-type activities:				
Charges for services:				
Solid waste management	7,814,331	8,163,730	8,113,378	8,272,400
Storm water management	6,219,759	6,775,129	7,114,617	7,815,701
Parking facilities	2,606,508	2,274,661	2,035,573	2,577,363
Golf	1,093,880	1,119,498	1,169,854	1,227,520

**TABLE 2**

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 19,005,283	\$ 19,631,088	\$ 20,942,970	\$ 21,981,320	\$ 24,897,698	\$ 26,388,276
43,916,157	46,131,851	45,301,661	48,796,835	51,805,339	52,304,423
13,431,747	13,850,270	14,623,301	15,483,263	17,757,240	16,938,651
6,045,907	6,196,637	7,758,498	6,890,269	6,918,462	7,249,221
-	-	6,229	17,854	-	-
9,398,082	9,465,475	9,992,088	10,187,498	11,290,134	11,401,557
1,296,849	1,285,000	1,678,074	1,523,022	2,799,556	1,437,257
9,008,791	8,399,202	7,868,677	8,773,139	7,169,163	7,569,643
<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>	<u>123,289,028</u>
9,576,553	10,433,131	9,689,997	8,800,178	8,260,576	8,500,496
6,718,269	6,788,592	7,195,516	6,909,622	7,152,715	7,989,010
2,695,420	2,802,364	3,143,322	2,925,836	2,927,402	4,477,517
<u>1,294,985</u>	<u>1,293,363</u>	<u>1,331,375</u>	<u>1,365,365</u>	<u>1,458,687</u>	<u>1,444,079</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>22,411,102</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>	<u>\$ 145,700,130</u>
\$ 3,466,422	\$ 3,961,251	\$ 3,757,329	\$ 1,614,695	\$ 1,424,614	\$ 1,341,845
1,369,009	1,078,557	991,754	936,090	1,028,767	1,011,421
1,396,371	1,469,697	1,522,176	1,645,916	1,770,500	1,733,382
2,865,612	3,252,606	3,307,837	3,860,193	3,821,324	4,206,857
18,147	11,886	10,497	26,446	44,500	95,078
725,220	777,142	858,460	883,347	846,872	857,897
9,487,283	7,113,819	8,368,567	7,553,003	8,803,433	6,479,533
5,392,585	5,128,944	2,260,265	15,403,679	3,779,344	1,253,284
<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>	<u>16,979,297</u>
8,385,641	8,433,430	8,803,224	8,996,252	9,168,326	9,245,211
8,372,383	8,810,446	9,441,985	9,928,041	10,678,945	11,517,793
3,105,607	3,156,906	3,253,754	3,399,380	3,367,787	3,408,219
1,129,265	852,982	874,778	1,247,303	1,204,706	1,240,596

**CITY OF WILMINGTON, NORTH CAROLINA**

**Changes in Net Position (Continued)**

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

	Fiscal Year			
	2009	2010	2011	2012
<b>Program Revenues (continued)</b>				
Business-type activities (continued):				
Operating grants and contributions	\$ -	\$ -	\$ -	\$ 72,977
Capital grants and contributions	601,799	343,665	110,232	451,260
Total business-type activities program revenues	<u>\$ 18,336,277</u>	<u>\$ 18,676,683</u>	<u>\$ 18,543,654</u>	<u>\$ 20,417,221</u>
Total primary government program revenues	<u>\$ 35,744,374</u>	<u>\$ 50,325,968</u>	<u>\$ 46,677,583</u>	<u>\$ 44,355,319</u>
Net (expense)/revenue				
Governmental activities	\$ (77,483,559)	\$ (67,642,831)	\$ (70,249,635)	\$ (81,603,986)
Business-type activities	<u>1,062,639</u>	<u>1,695,234</u>	<u>1,499,149</u>	<u>1,144,878</u>
Total primary government net expense	<u>\$ (76,420,920)</u>	<u>\$ (65,947,597)</u>	<u>\$ (68,750,486)</u>	<u>\$ (80,459,108)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes:				
Ad valorem taxes	\$ 46,423,441	\$ 46,827,896	\$ 52,445,946	\$ 52,713,699
Room occupancy tax	2,196,974	2,087,618	2,274,826	2,470,357
Local option sales tax	14,187,461	13,655,742	14,409,320	16,543,702
Franchise tax	6,053,968	6,480,873	6,303,686	5,993,214
Video programming sales tax	1,498,944	1,519,216	1,470,975	1,425,834
Rental vehicle tax	126,483	163,536	190,568	209,722
Unrestricted grants and contributions	1,513,778	1,209,643	1,539,418	1,778,549
Investment earnings	2,627,407	700,500	385,103	368,432
Net decrease in fair value of investments	-	-	-	-
Miscellaneous	800,487	906,404	658,109	969,485
Special item: Conveyance of assets and liabilities to the Cape Fear Public Utility Authority, net (1)	(983,665)	-	-	-
Transfers from (to) other funds	-	50,000	636,607	(2,640,816)
Total governmental activities	<u>74,445,278</u>	<u>73,601,428</u>	<u>80,314,558</u>	<u>79,832,178</u>
Business-type activities:				
Unrestricted grants and contributions	46,887	69,493	69,282	-
Investment earnings	491,543	187,750	94,772	81,825
Net decrease in fair value of investments	-	-	-	-
Miscellaneous	5,285	-	-	3,260
Special item: Cape Fear Public Utility Authority (1)	(166,183,586)	-	-	-
Transfers from (to) other funds	-	(50,000)	(636,607)	2,640,816
Total business-type activities	<u>(165,639,871)</u>	<u>207,243</u>	<u>(472,553)</u>	<u>2,725,901</u>
Total primary government	<u>\$ (91,194,593)</u>	<u>\$ 73,808,671</u>	<u>\$ 79,842,005</u>	<u>\$ 82,558,079</u>

**TABLE 2**

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 161,026	\$ 97,018	\$ 106,836	\$ 73,830	\$ 449,020	\$ 77,899
137,394	49,500	774,874	405,208	-	1,015,338
<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>\$ 26,505,056</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>	<u>\$ 43,484,353</u>
\$ (77,382,167)	\$ (82,165,621)	\$ (87,094,613)	\$ (81,729,831)	\$ (101,118,238)	\$ (106,309,731)
1,006,089	82,832	1,895,241	4,049,013	5,069,404	4,093,954
<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>	<u>\$ (102,215,777)</u>
\$ 57,152,307	\$ 58,981,967	\$ 60,524,844	\$ 65,339,216	\$ 66,670,221	\$ 72,729,763
2,582,709	2,771,391	3,080,208	3,337,377	3,824,615	3,780,078
17,384,331	19,168,840	21,216,765	22,990,436	24,371,379	24,689,205
5,985,128	6,120,923	8,174,142	8,392,055	8,251,577	8,280,297
1,404,639	1,397,010	1,442,808	1,390,363	1,408,749	1,374,281
233,079	224,043	267,219	298,745	313,471	296,213
1,804,127	1,943,781	1,949,695	2,078,287	2,314,364	2,179,507
342,649	346,850	263,771	336,799	506,832	1,459,258
(429,320)	-	-	-	-	-
612,071	589,940	1,794,794	970,198	791,188	783,117
-	-	-	-	-	-
<u>(729,380)</u>	<u>(2,846,136)</u>	<u>(279,647)</u>	<u>(535,736)</u>	<u>(771,186)</u>	<u>(955,300)</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>	<u>114,616,419</u>
-	-	-	-	-	-
85,108	90,641	69,492	93,856	135,225	334,606
(117,037)	-	-	-	-	-
-	224,488	1,364,753	200,150	143,503	209,978
-	-	-	-	-	-
<u>729,380</u>	<u>2,846,136</u>	<u>279,647</u>	<u>535,736</u>	<u>771,186</u>	<u>955,300</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>1,499,884</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>	<u>\$ 116,116,303</u>



**CITY OF WILMINGTON, NORTH CAROLINA**

**Changes in Net Position (Continued)**

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

	Fiscal Year			
	2009	2010	2011	2012
<b>Change in Net Position</b>				
Governmental activities (2), (3), (4), (5), (6)	\$ (3,038,281)	\$ 5,958,597	\$ 10,064,923	\$ (1,771,808)
Business-type activities (2), (3), (6)	<u>(164,577,232)</u>	<u>1,902,477</u>	<u>1,026,596</u>	<u>3,870,779</u>
Total primary government	<u>\$ (167,615,513)</u>	<u>\$ 7,861,074</u>	<u>\$ 11,091,519</u>	<u>\$ 2,098,971</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 Law Enforcement Officer's Special Separation Allowance 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.
- (6) In fiscal year 2018, pursuant to the implementation of GASB Statement No. 75, the City's beginning net other postemployment benefits liability totaling \$22,020,798 was recognized as an adjustment to beginning net position in the current year. Of this amount, \$19,941,874 related to governmental activities and \$2,078,924 related to business-type activities.

**TABLE 2**

Fiscal Year					
<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 8,960,173	\$ 6,532,988	\$ 11,339,986	\$ 22,867,909	\$ 6,562,972	\$ 8,306,688
<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>5,593,838</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>	<u>\$ 13,900,526</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Fund Balances of Governmental Funds**

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

	Fiscal Year			
	2009	2010	2011	2012
General fund				
Reserved	\$ 7,391,627	\$ 9,196,737		
Unreserved	18,648,976	16,554,604		
Total general fund	<u>\$ 26,040,603</u>	<u>\$ 25,751,341</u>		
All other governmental funds				
Reserved (1)	\$ 96,461,401	\$ 89,486,186		
Unreserved (deficit), reported in				
Capital projects funds	(5,764,939)	(4,434,729)		
Special revenue funds	(1,204,827)	(1,577,463)		
Total all other governmental funds	<u>\$ 89,491,635</u>	<u>\$ 83,473,994</u>		
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	17,353,940	23,791,938	29,245,251	31,383,688
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
Assigned	-	-	-	-
Unassigned deficit	(2,568,803)	(2,143,278)	(7,526,870)	(3,235,662)
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 year 2009 to recognize the full amount of proceeds in fiscal year 2008 related to an interlocal agreement with New Hanover County for parks development bonds.
- (2) Committed fund balance is restated in fiscal year 2015 to present the assets of the Law Enforcement Officers' Special Separation Allowance, formerly presented as a pension trust fund, as part of the General Fund, pursuant to GASB Statement No. 73.

**TABLE 3**

Fiscal Year

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<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 1,538,800	\$ 1,507,848	\$ 1,491,417	\$ 1,335,687
12,008,976	12,717,909	12,895,809	13,637,741
88,073	1,066,118	1,332,296	1,430,717
2,090,966	6,744,343	8,960,200	12,215,840
<u>39,880,339</u>	<u>39,322,702</u>	<u>34,473,018</u>	<u>27,831,068</u>
<u>\$ 55,607,154</u>	<u>\$ 61,358,920</u>	<u>\$ 59,152,740</u>	<u>\$ 56,451,053</u>
\$ 13,533	\$ 11,344	\$ 63,349	\$ 77,325
40,316,562	41,923,582	51,622,940	63,116,382
19,142,750	17,542,590	20,318,880	18,472,671
-	-	-	8,500,000
<u>(1,451,305)</u>	<u>(686,906)</u>	<u>(721,702)</u>	<u>(2,403,053)</u>
<u>\$ 58,021,540</u>	<u>\$ 58,790,610</u>	<u>\$ 71,283,467</u>	<u>\$ 87,763,325</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Changes in Fund Balances of Governmental Funds**

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

	Fiscal Year			
	2009	2010	2011	2012
<b>Revenues</b>				
Taxes:				
Ad valorem taxes (1)	\$ 46,438,613	\$ 46,815,757	\$ 52,304,940	\$ 52,869,871
Room occupancy tax	2,196,974	2,087,618	2,274,826	2,470,357
Local option sales tax	14,187,461	13,655,742	14,409,320	16,543,702
Franchise tax	6,053,968	6,480,873	6,303,686	5,993,214
Video programming sales tax	1,498,944	1,519,216	1,470,975	1,425,834
Rental vehicle tax	126,483	163,536	190,568	209,722
Unrestricted intergovernmental	1,304,492	973,523	1,340,967	1,585,367
Restricted intergovernmental	12,895,964	17,581,934	16,539,325	17,215,569
Licenses and permits	2,359,711	2,360,546	2,510,282	2,534,736
Sales and services	2,035,533	2,013,273	3,409,479	4,888,935
Fines and forfeits	71,255	60,202	106,791	175,075
Investment earnings	2,446,210	632,785	351,602	334,754
Net decrease in fair value of investments	-	-	-	-
Donations	-	245,372	438,751	278,042
Miscellaneous	1,343,945	1,585,967	1,464,191	1,699,959
<b>Total revenues</b>	<u>92,959,553</u>	<u>96,176,344</u>	<u>103,115,703</u>	<u>108,225,137</u>
<b>Expenditures</b>				
General government	18,091,033	16,724,587	16,972,610	19,378,427
Public safety	42,766,280	39,865,899	38,386,732	43,736,654
Transportation	17,345,355	17,143,064	15,463,714	15,706,490
Economic and physical development	21,464,273	21,098,597	9,376,853	5,222,736
Environmental protection	-	-	500	-
Cultural and recreational	11,332,882	16,787,662	12,923,013	9,829,260
Transit system	1,149,733	1,522,702	1,427,915	1,242,136
Debt service				
Principal retirement	8,608,348	9,811,333	10,434,615	10,529,457
Interest and other charges	9,416,233	9,244,469	9,857,124	10,211,066
<b>Total expenditures</b>	<u>130,174,137</u>	<u>132,198,313</u>	<u>114,843,076</u>	<u>115,856,226</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(37,214,584)</u>	<u>(36,021,969)</u>	<u>(11,727,373)</u>	<u>(7,631,089)</u>

**TABLE 4**

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 57,193,858	\$ 59,403,121	\$ 60,530,615	\$ 65,195,129	\$ 66,565,824	\$ 72,719,264
2,582,709	2,771,391	3,080,208	3,337,377	3,824,615	3,780,078
17,384,331	19,168,840	21,216,765	22,990,436	24,371,379	24,689,205
5,985,128	6,120,923	8,174,142	8,392,055	8,251,577	8,280,297
1,404,639	1,397,010	1,442,808	1,390,363	1,408,749	1,374,281
233,079	224,043	267,219	298,745	313,471	296,213
1,627,624	1,771,881	1,782,895	1,917,812	2,036,486	2,030,182
17,940,589	13,062,264	12,852,324	9,294,002	9,599,088	6,873,658
2,808,334	3,092,735	2,962,469	739,925	691,594	666,089
5,358,905	5,394,557	6,119,686	6,310,273	6,311,529	7,317,144
142,141	253,712	206,164	208,172	170,291	183,557
286,621	337,943	237,956	306,476	462,236	1,325,685
(384,493)	-	-	-	-	-
623,174	74,273	374,911	2,850,402	321,736	57,285
1,432,588	1,510,756	2,232,889	1,897,323	1,931,162	1,829,057
<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>	<u>131,421,995</u>
17,345,766	21,834,095	19,231,860	21,022,781	23,550,837	25,031,197
41,719,713	42,382,161	46,861,709	48,728,194	50,644,028	51,920,607
18,240,703	17,109,467	15,486,218	16,259,346	18,541,367	19,894,256
4,846,784	4,705,182	6,401,630	5,821,479	7,640,212	6,058,398
-	-	30,000	-	-	-
9,536,408	10,484,545	10,390,225	9,387,653	9,958,608	10,567,078
1,296,849	1,285,000	1,678,074	1,523,022	1,379,556	1,437,257
12,531,308	12,915,558	12,183,558	9,865,621	8,710,370	10,248,620
9,256,345	8,893,071	8,348,321	9,142,250	7,079,902	7,354,834
<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>132,512,247</u>
<u>(154,649)</u>	<u>(5,025,630)</u>	<u>869,456</u>	<u>3,378,144</u>	<u>(1,245,143)</u>	<u>(1,090,252)</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			
	2009	2010	2011	2012
<b>Other financing sources (uses)</b>				
Transfers from other funds	\$ 16,405,136	\$ 14,648,058	\$ 13,781,205	\$ 13,688,174
Transfers to other funds	(16,405,136)	(14,598,058)	(13,136,626)	(14,171,174)
Issuance of bonds	14,605,000	-	-	-
Issuance of refunding bonds	-	-	8,660,000	-
Issuance of installment obligations	-	23,870,000	3,120,000	-
Issuance of refunding installment obligations	-	8,910,000	-	24,673,750
Issuance of other long-term obligations (2)	-	5,065,807	-	-
Premium on bonds	121,181	-	366,839	-
Premium on refunding bonds	-	-	130,992	-
Premium on refunding installment obligations	-	-	-	3,044,534
Premium on installment obligations	-	177,422	-	-
Premium on other long-term obligations	-	411,685	-	-
Discount on installment obligations	-	-	-	-
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)	-	(12,976,827)
Payment to defeased other long-term obligation escrow agent	-	-	-	-
Payment to refund outstanding other long-term obligations	-	-	-	(14,022,484)
<b>Total other financing sources (uses)</b>	<u>14,726,181</u>	<u>29,652,464</u>	<u>9,716,285</u>	<u>235,973</u>
<b>Net change in fund balances (3)</b>	<u>\$ (22,488,403)</u>	<u>\$ (6,369,505)</u>	<u>\$ (2,011,088)</u>	<u>\$ (7,395,116)</u>
Debt service as a percentage of noncapital expenditures	19.4%	19.3%	20.9%	20.2%

**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 year 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					
2013	2014	2015	2016	2017	2018
\$ 12,440,785	\$ 23,093,276	\$ 14,766,335	\$ 16,159,158	\$ 23,004,926	26,812,830
(13,672,844)	(26,419,412)	(15,524,249)	(17,178,498)	(24,141,773)	(28,102,056)
-	3,050,000	-	2,925,000	-	15,300,000
-	-	-	6,650,000	-	-
-	-	18,562,657	-	11,835,000	-
-	-	23,195,000	48,940,000	-	-
-	-	-	-	-	-
-	59,359	-	50,259	-	956,434
-	-	-	1,286,956	-	-
-	-	2,400,578	5,942,920	-	-
-	-	1,230,241	-	735,310	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	(7,831,032)	-	-
-	-	-	(54,381,288)	-	-
-	-	(25,267,632)	-	-	-
-	-	-	(605,613)	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(1,232,059)	(216,777)	19,362,930	1,957,862	11,433,463	14,967,208
\$ (1,386,708)	\$ (5,242,407)	\$ 20,232,386	\$ 5,336,006	\$ 10,188,320	\$ 13,876,956
21.7%	21.1%	19.0%	16.9%	13.7%	14.9%



**TABLE 5**

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Last Ten Fiscal Years**

<u>Fiscal Year Ended June 30</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Public Service Companies</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Assessed Taxable Value as a Percentage of Actual Value</u>
2009	\$ 12,271,215,860	\$ 1,528,093,049	\$ 153,314,021	\$ 13,952,622,930	\$ 0.3325	100 %
2010	12,471,675,092	1,440,865,238	149,960,983	14,062,501,313	0.3325	100
2011	12,565,723,884	1,385,359,953	141,944,441	14,093,028,278	0.3700	100
2012	12,639,603,074	1,464,781,289	143,265,912	14,247,650,275	0.3700	100
2013	11,125,165,816	1,485,306,622	145,138,176	12,755,610,614 <sup>(1)</sup>	0.4500	100
2014	11,226,688,818	1,802,866,972 <sup>(2)</sup>	137,249,826	13,166,805,616	0.4500	100
2015	11,361,218,431	1,660,382,686	130,003,476	13,151,604,593	0.4600	100
2016	11,586,636,726	1,690,135,456	162,132,117	13,438,904,299	0.4850	100
2017	11,740,731,169	1,789,601,995	157,903,065	13,688,236,229	0.4850	100
2018	12,863,094,528	1,913,844,363	163,430,006	14,940,368,897	0.4834	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			
2009	\$ 0.3325	\$ -	\$ -	\$ 0.3325	\$ 0.4525	\$ 0.7850
2010	0.3325	-	-	0.3325	0.4525	0.7850
2011	0.3700	-	-	0.3700	0.4655	0.8355
2012	0.3700	-	-	0.3700	0.4655	0.8355
2013	0.4000	0.0453 <sup>(1)</sup>	0.0047 <sup>(1)</sup>	0.4500	0.5540	1.0040
2014	0.4000	0.0453	0.0047	0.4500	0.5540	1.0040
2015	0.4100	0.0453	0.0047	0.4600	0.5540	1.0140
2016	0.4150	0.0613	0.0087	0.4850	0.5740	1.0590
2017	0.4150	0.0613	0.0087	0.4850	0.6230	1.1080
2018	0.3887	0.0826	0.0121	0.4834	0.5700	1.0534

**Source:** New Hanover County Tax Office

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

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

**TABLE 7**

**CITY OF WILMINGTON, NORTH CAROLINA**

**Top Ten Taxpayers**

**Current Year and Nine Years Ago**

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Corning Inc.	\$ 245,557,759	1	1.64 %	\$ 195,438,384	1	1.40 %
Lsref3 Bravo	100,518,300	2	0.67	-		-
River Ventures LLC	74,933,400	3	0.50	25,939,121	7	0.19
Mayfaire Town Center LP	66,508,814	4	0.45	34,199,668	6	0.25
Duke Energy Progress Inc (CP&L)	59,417,843	5	0.40	63,125,623	3	0.45
Centro Independence LLC (mall)	55,037,100	6	0.37	48,459,567	5	0.35
Alcami	49,673,423	7	0.33	20,615,535	10	0.15
Carolina Bay Properties of Wilm INC	40,900,770	8	0.27	-		-
Wilmington Independent Living	40,233,344	9	0.27	-		-
NNP IV Cape Fear River LLC	39,830,454	10	0.27	-		-
UDRT of North Carolina LLC	-		-	66,567,697	2	0.48
BellSouth Tel Co.	-		-	50,383,340	4	0.36
Piedmont Natural Gas Co.Inc.	-		-	24,069,475	8	0.17
PPD	-		-	24,015,363	9	0.17
	<u>\$ 772,611,207</u>		<u>5.17 %</u>	<u>\$ 552,813,773</u>		<u>3.97 %</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
2009	\$ 46,343,406	\$ 45,631,444	98.46 %	\$ 609,587	\$ 46,241,031	99.78 %
2010	46,849,408	46,128,218	98.46	606,186	46,734,404	99.75
2011	52,346,928	51,575,699	98.53	637,257	52,212,956	99.74
2012	52,949,958	52,020,321	98.24	768,089	52,788,410	99.69
2013	57,290,274	56,262,465	98.21	814,477	57,076,942	99.63
2014	59,345,505	58,401,236	98.41	659,611	59,060,847	99.52
2015	60,699,959	59,873,924	98.64	521,725	60,395,649	99.50
2016	65,268,084	64,538,131	98.88	366,824	64,904,955	99.44
2017	66,617,502	65,992,717	99.06	215,725	66,208,442	99.39
2018	72,487,354	71,879,009	99.16	-	71,879,009	99.16

**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			
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	4.39	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
2018 (3)	36,733,135	139,866,424	12,974,755	-	23,678,759	5,515,476	2,710,000	221,478,549	N/A	1,828

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

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

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

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

## CITY OF WILMINGTON, NORTH CAROLINA

## Ratios of General Bond Debt Outstanding

## Last Ten Fiscal Years

Fiscal Year Ended June 30,	General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property <sup>(1)</sup>	Per Capita <sup>(2)</sup>
2009	\$ 39,355,000 <sup>(3)</sup>	0.28 %	\$ 388
2010	33,865,000	0.24	331
2011	37,890,000	0.27	355
2012	33,565,000	0.24	310
2013	28,990,000	0.23	264
2014	27,240,000	0.21	244
2015	22,850,000	0.17	201
2016 <sup>(4)</sup>	24,828,722	0.18	215
2017 <sup>(4)</sup>	22,591,838	0.17	193
2018 <sup>(4)</sup>	36,733,135	0.25	303

**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, 2018

Jurisdiction	Debt Outstanding	Estimated Percentage Applicable <sup>(1)</sup>	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes:			
New Hanover County	\$ 388,102,850	44.29 %	\$ 171,890,752
City of Wilmington direct debt			<u>178,239,559</u> <sup>(2)</sup>
Total direct and overlapping debt			<u>\$ 350,130,311</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 \$11,334,755, the amount of the City's obligation to the County at June 30, 2018, net of related premiums.

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**CITY OF WILMINGTON, NORTH CAROLINA**

**Legal Debt Margin Information**

**Last Ten Fiscal Years**

	Fiscal Year			
	2009	2010	2011	2012
Debt limit	\$1,116,209,834	\$1,125,000,105	\$ 1,127,442,262	\$ 1,139,812,022
Total net debt applicable to debt limit	<u>191,154,049</u>	<u>211,184,824</u>	<u>211,089,818</u>	<u>200,567,750</u>
Legal debt margin	<u>\$ 925,055,785</u>	<u>\$ 913,815,281</u>	<u>\$ 916,352,444</u>	<u>\$ 939,244,272</u>
Total net debt applicable to the debt limit as a percentage of the debt limit	17.13%	18.77%	18.72%	17.60%
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	17.25%	17.28%	16.24%

**Legal Debt Margin Calculation for Fiscal Year 2018**

Total assessed valuation at June 30, 2018	<u>\$ 14,940,368,897</u>
Debt limit: 8% of total assessed value	\$ 1,195,229,512
Amount of debt applicable to debt limit:	
General obligation bonds	\$ 34,175,000
Authorized but unissued general obligation bonds	59,165,000
Other debt (excluding revenue bonds)	<u>147,371,469</u>
Gross debt	240,711,469
Less deductions allowed by law:	
Authorized but unissued general obligation bonds	<u>59,165,000</u>
Total net debt applicable to debt limit	<u>181,546,469</u>
Legal debt margin	<u>\$ 1,013,683,043</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					
2013	2014	2015	2016	2017	2018
\$1,020,448,849	\$1,053,344,449	\$1,052,128,367	\$1,075,112,344	\$1,095,058,898	\$1,195,229,512
<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>181,546,469</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>	<u>\$1,013,683,043</u>
19.00%	17.67%	18.64%	16.16%	16.01%	15.19%
17.58%	16.38%	17.44%	N/A	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 <sup>(1)</sup>	Less Operating Expenses <sup>(2)</sup>	Net Available Revenue	Debt Service <sup>(3)</sup>		Coverage
				Principal	Interest	
2009	\$ 6,549,226	\$ 4,883,353	\$ 1,665,873	\$ 425,000	\$ 629,656	1.58
2010	6,899,956	4,690,638	2,209,318	440,000	611,594	2.10
2011	7,172,876	4,778,757	2,394,119	465,000	592,894	2.26
2012	7,862,372	5,708,977	2,153,395	480,000	573,131	2.04
2013	8,356,458	5,440,283	2,916,175	500,000	552,731	2.77
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
2018	11,851,414	5,944,984	5,906,430	810,000	917,294	3.42

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

<sup>(1)</sup> Gross revenues include all fees, other charges and investment income.

<sup>(2)</sup> Operating expenses do not include interest, depreciation and amortization expenses.

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

## CITY OF WILMINGTON, NORTH CAROLINA

## Demographic and Economic Statistics

## Last Ten Fiscal Years

Fiscal Year Ended June 30	Population <sup>(1)</sup>	Personal Income (amounts expressed in thousands)	Per Capita Income <sup>(2)</sup>	Median Age <sup>(3)</sup>	School Enrollment <sup>(4)</sup>	Unemployment Ratio <sup>(5)</sup>
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	5.5
2015	113,910	4,611,874	40,487	37.9	12,725	5.5
2016	115,498	4,881,176	42,262	38.1	12,771	5.1
2017	117,255	N/A	N/A	38.2	12,824	4.4
2018	121,150	N/A	N/A	38.5	12,505	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	2018			2009		
	Employees	Rank	Percentage of Total County Employment (1)	Employees	Rank	Percentage of Total County Employment (1)
New Hanover Health Network*	6,880	1	5.91 %	4,887	1	4.61 %
New Hanover County Schools**	3,831	2	3.29	4,129	2	3.90
University of North Carolina (Wilmington)*	2,154	3	1.85	1,809	4	1.71
General Electric Nuclear Fuel/Aircraft***	1,790	4	1.54	3,000	3	2.83
New Hanover County**	1,756	5	1.51	1,673	6	1.58
Pharmaceutical Products Development*	1,500	6	1.29	1,800	5	1.70
Cape Fear Community College*	1,328	7	1.14	1,256	7	1.19
Verizon Wireless*	1,278	8	1.10	1,200	8	1.13
Wal-mart**	1,080	9	0.93	1,000	10	0.94
City of Wilmington*	1,067	10	0.92	1,114	9	1.05
Total	<u>22,664</u>		<u>19.45 %</u>	<u>21,868</u>		<u>20.64 %</u>

**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, Walmart Stores, Inc.

**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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government	159	146	146	145	146	147	160	163	170	172
Public Safety										
Police										
Sworn personnel	262	249	250	250	266	266	273	273	278	278
Civilians	58	57	56	56	58	59	63	73	76	78
Fire										
Sworn personnel	216	212	210	210	210	210	210	208	211	210
Civilians	8	8	10	10	10	10	10	11	13	13
Code enforcement	11	9	8	8	8	8	5	5	6	6
Transportation	63	54	54	54	56	57	58	58	58	59
Economic and Physical Development	13	9	9	8	8	8	8	8	8	8
Cultural and Recreational	83	75	75	74	74	74	75	88	92	93
Solid Waste	93	92	88	88	83	83	83	83	75	75
Storm Water Management	59	59	59	59	60	60	60	60	60	60
Parking Facilities	2	2	2	2	2	2	2	2	2	2
Golf Course	9	9	9	11	11	11	11	14	13	13
Total	<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> (1)	<u>1,062</u>	<u>1,067</u>

**Source:** City Budget Office.

**Notes:**

(1) 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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Calls dispatched	180,194	170,552	182,124	177,042	173,980	176,195	178,865	200,474	185,576	186,668
Part I crimes	6,576	6,902	6,146	6,556	6,094	6,024	5,880	5,840 (1)	4,985	4,674
Fire										
Actual fires	459	547	557	517	497	492	453	492	485	494
Fire department responses	9,221	9,404	9,750	10,574	10,548	12,386	12,545	13,310	14,025	13,482
Fire inspections completed	4,676	4,996	5,776	4,786	4,680	5,964	5,082	4,400	5,336	4,855
Streets and Sidewalks Maintenance										
Miles of streets resurfaced	4	4	2	4	8	22	11	15	11	16
Solid Waste										
Tons of residential refuse	25,855	24,505	28,834	23,808	22,475	22,120	22,661	22,955	24,265	27,030
Tons of recyclables	4,785	5,402	5,253	5,643	6,109	5,853	6,096	7,059	6,998	7,232
Storm Water										
Number of customers	28,229	29,212	29,218	29,208	29,238	29,354	29,378	31,273	36,890	37,633
ERUs	87,760	89,357	92,174	92,027	92,113	92,345	92,650	92,650	94,577	95,193
Golf Course										
Total number of regular rounds	49,527	49,621	48,514	49,866	45,460	32,605 (2)	26,126 (2)	34,678	34,642	35,849

**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		
	2009	2010	2011
Police			
Stations / facilities	2	2	2
Patrol units	289	282	285
Fire			
Fire stations	11	11	11
Transportation			
Streets (miles)	387	393	397
Streetlights (2)	516	511	569
Cultural and Recreational			
Parks	36	36	36
Parks acreage	409	409	409
Athletic and recreation facilities	13	14	15
Athletic and recreation facilities acreage	206	295	298
Solid Waste			
Collection trucks	55	50	50
Storm Water			
Storm sewers (miles)	387	393	397
Parking			
Parking Decks	2	2	3
Fleet			
Vehicles (excluding patrol units)	237	282	269

**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						
2012	2013	2014	2015	2016	2017	2018
2	2	2	2	2	2	2
271	270	283	285	271	286	311
11	11	11	11	10	10	10
398	398	399	399	400	403	404
548	686	688	690	716	740	761
36	37	39	39	39	39	39
409	411	418	418	418	418	418
16	16	16	16	16	16	16
326	326	326	326	326	326	326
54	52	56	46	46	46	47
398	398	455 (1)	455	472	474	475
3	4	4	4	4	4	3
247	226	242	237	215	215	226

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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, 2018, 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, 2018.

The City's basic financial statements include the operations of Cape Fear Public Transportation Authority, a discretely presented component unit of the City. Our audit, described below, does not include the operations of Cape Fear Public Transportation Authority because this component unit separately engaged us to perform an audit in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

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

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

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

#### **Compliance and Other Matters**

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

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

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

*RSM US LLP*

Wilmington, North Carolina  
November 30, 2018



RSM US LLP

**Report on Compliance With Requirements Applicable to the Major Federal Program And Internal Control Over Compliance; In Accordance with OMB 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 Federal Program**

We have audited City of Wilmington, North Carolina's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on the City's major federal program for the year ended June 30, 2018. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The City's basic financial statements include the operations of Cape Fear Public Transportation Authority, a discretely presented component unit of the City, which received \$4,507,619 in federal awards during the year ended June 30, 2018. 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 and State statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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, OMB Uniform Guidance and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.



We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

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

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2018.

### **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2018-001. Our opinion on the major federal program is not modified with respect to this matter.

The City's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2018-001, that we consider to be a significant deficiency.

The City's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

*RSM US LLP*

Wilmington, North Carolina  
November 30, 2018



RSM US LLP

**Report On Compliance For the Major State Program; Report on Internal Control Over Compliance;  
In accordance with OMB 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, 2018. 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 \$1,467,412 in State awards during the year ended June 30, 2018. 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 state statutes, regulations, and the terms and conditions of its state awards 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, 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, 2018.

### **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  
November 30, 2018



City of Wilmington, North Carolina

Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2018

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I - Summary of Auditor's Results (Continued)

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

\$ 750,000

Auditee qualified as low-risk auditee?

X Yes        No

State Awards

Internal control over major State programs:

Material weakness(es) identified?

       Yes   X   No

Significant deficiency(ies) identified?

       Yes   X   None reported

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

Unmodified

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

       Yes   X   No

Identification of major State program:

Powell Bill

**City of Wilmington, North Carolina**

**Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2018**

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**II – Financial Statement Findings**

None reported.

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

U.S. Department of Housing and Urban Development  
Community Development Block Grants CFDA #14.218

**Finding 2018-001  
Significant Deficiency and Noncompliance**

**Criteria:** 24 CFR 570.200(g)(1) states “For origin year 2015 grants and subsequent grants, no more than 20% of any origin year grant shall be expended for planning and program administrative costs, as defined in 570.205 and 570.206, respectively. Expenditures of program income for planning and program administrative costs are excluded from this calculation.”

**Condition/Context:** The entitlement and program income amounts used in the 20% test were calculated incorrectly. This resulted in the 20% threshold being exceeded in the initial draft report. A budget amendment was made to reclassify activity delivery costs from administration costs in order to meet the 20% threshold in the final report. As a result of the 2018 finding and the courses of action that were taken in order to remedy the calculation, including the City’s discussion with the U.S. Department of Housing and Urban Development, the City received correspondence dated October 17, 2018 indicating that the City overdraw Community Development Block Grant administrative funds in fiscal years ending June 30, 2017 and 2016, respectively, resulting in prior year noncompliance.

**Cause:** The City was unaware of the regulation change.

**Effect:** The City could have overdrawn Community Development Block Grant administrative funds.

**Questioned Cost:** None

**Recommendation:** We recommend a checklist of applicable requirements for the 20% threshold calculation. Management should also implement a formal review of the inputs and calculation for accuracy.

**Management Response:** See management’s corrective action plan.

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

None reported.



**Finance Department**  
Accounting & Treasury Services  
305 Chestnut Street, 5<sup>th</sup> Floor  
PO Box 1810  
Wilmington, NC 28402-1810



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910 254-0906 fax  
wilmingtonnc.gov  
Dial 711 TTY/Voice

**City of Wilmington, North Carolina  
Corrective Action Plan  
For the Year Ended June 30, 2018**

**Finding: 2018-001**

Name of contact person: Jennifer Maready, Finance Director

Corrective Action Taken: To correct the noncompliance finding with HUD for origin years 2015 and 2016, the City will return the overdrawn federal funds with non-federal funds (general fund). This is on the Council agenda for December 4, 2018 for approval. Once the federal funds are returned, the City will repay the non-federal funds with program income as approved by HUD making the City's general funds whole.

Also as directed by HUD, the City will update our policies and procedures to reflect the regulation changes. These changes will be reviewed by HUD as requested.

In addition, the City will implement a review by management of the calculation for administrative use of federal funds to ensure the 20% limit is not exceeded by origin year. This review will be done annually before June 30 by the Finance Director or designee.

Proposed Completion Date: This will be completed by June 30, 2019.

\_\_\_\_\_  
Tony Caudle  
Deputy City Manager

\_\_\_\_\_  
Jennifer R. Maready  
Finance Director





**Finance Department**  
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305 Chestnut Street, 5<sup>th</sup> Floor  
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**City of Wilmington, North Carolina  
Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2018**

No findings were reported in the year ended June 30, 2017.

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2018**

Grantor/Pass-through Grantor/Program Title	Federal CFDA or State DOT Number	Grant Award Number	WBS Number	Federal Expenditures	State Expenditures	Pass-Through to Subrecipient	Local Expenditures
<b>Federal Awards:</b>							
<u>U.S. Department of Housing and Urban Development</u>							
Office of Community Planning & Development:							
Direct Programs:							
Community Development Block Grants:							
Community Development Block Grants	14.218	B-15-MC-370010	-	\$ 67,492	\$ -	\$ -	\$ -
Community Development Block Grants	14.218	B-16-MC-370010	-	210,853	-	30,269	-
Community Development Block Grants	14.218	B-17-MC-370010	-	<u>578,665</u>	<u>-</u>	<u>150,000</u>	<u>11,509</u>
Total Community Development Block Grants				<u>857,010</u>	<u>-</u>	<u>180,269</u>	<u>11,509</u>
Home Investment Partnerships Program:							
Home Investment Partnerships Program	14.239	M-09-MC-37-0207	-	26,842	-	26,842	-
Home Investment Partnerships Program	14.239	M-11-MC-37-0207	-	41,722	-	39,806	-
Home Investment Partnerships Program	14.239	M-13-MC-37-0207	-	67,552	-	-	-
Home Investment Partnerships Program	14.239	M-14-MC-37-0207	-	140,040	-	140,040	-
Home Investment Partnerships Program	14.239	M-15-MC-37-0207	-	61,299	-	5,864	-
Home Investment Partnerships Program	14.239	M-16-MC-37-0207	-	25,762	-	25,762	-
Home Investment Partnerships Program	14.239	M-17-MC-37-0207	-	<u>49,494</u>	<u>-</u>	<u>-</u>	<u>13,921</u>
Total Home Investment Partnerships Program				<u>412,711</u>	<u>-</u>	<u>238,314</u>	<u>13,921</u>
Total U.S. Department of Housing and Urban Development				<u>1,269,721</u>	<u>-</u>	<u>418,583</u>	<u>25,430</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2018**

Grantor/Pass-through Grantor/Program Title	Federal CFDA or State DOT Number	Grant Award Number	WBS Number	Federal Expenditures	State Expenditures	Pass-Through to Subrecipient	Local Expenditures
<b>Federal Awards (continued):</b>							
<u>U.S. Department of Transportation</u>							
Federal Transit Administration:							
Pass-through N.C. Department of Transportation:							
Metropolitan Transportation Planning:							
Transportation Planning	20.505	18-08-016	36230.27.17.6	\$ 50,883	\$ -	\$ 56,000	\$ 6,364
Transportation Planning	20.505	18-08-016	36230.27.17.6	-	6,359	-	-
Total Metropolitan Transportation Planning				<u>50,883</u>	<u>6,359</u>	<u>56,000</u>	<u>6,364</u>
Federal Highway Administration:							
Pass-through N.C. Department of Transportation:							
Highway Planning and Construction Cluster:							
Cross City Trail	20.205	U-5534 B	44096.1.3; 3.3	57,012	-	-	12,515
Wrightsville/Greenville Improvement	20.205	U-5534 C	44096.1.F4; .2.F4; .3.F4	17,727	-	-	4,270
Park Avenue Multiuse Path	20.205	U-5534 F	44096.1.F7; .2.F7; .3.F7	149	-	-	-
Hooker Road Multiuse Path	20.205	U-5534 G	44096.1.F8; .2.F8; .3.F8	278	-	-	-
Hinton Avenue Multiuse Path	20.205	U-5534 H	44096.1.F9; .2.F9; .3.F9	317	-	-	-
Holly Tree / College Crosswalk	20.205	U-5534 Q	44096.1.F18; .2.F18; .3.F18	12,184	-	-	2,996
Military Cutoff Multiuse Path at Eastwood	20.205	U-5527 A	50077.1.FD2; .2.FD2; .3.FD2	71	-	-	-
5th Avenue & Wooster	20.205	U-5527 B	50077.1.FD3; .2.FD3; .3.FD3	71	-	-	-
Shipyards Bus Pullout	20.205	U-5534 N	44096.1.F15; .2.F15; .3.F15	11,323	-	-	2,133
Signal Pre-empt Emergency Vehicle	20.205	U-5534 T	44096.1.22; .3.22	34,512	-	-	8,628
Transportation Planning	20.205	7500022251	47615.1.18	225,542	-	-	56,385
Transportation Planning	20.205	7500022251	47616.1.6	254,950	-	-	63,738
Total Highway Planning and Construction Cluster				<u>614,136</u>	<u>-</u>	<u>-</u>	<u>150,665</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2018**

Grantor/Pass-through Grantor/Program Title	Federal CFDA or State DOT Number	Grant Award Number	WBS Number	Federal Expenditures	State Expenditures	Pass-Through to Subrecipient	Local Expenditures
<b>Federal Awards (continued):</b>							
<u>U.S. Department of Transportation (continued)</u>							
National Highway Traffic Safety Administration:							
Pass-through Governor's Highway							
Safety Program:							
National Priority Safety Programs							
Regional Crime Laboratory	20.616	M5BAC-17-15-01	-	\$ 42,995	\$ -	\$ -	\$ -
Regional Crime Laboratory	20.616	M5BAC-18-15-04	-	<u>59,568</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total National Priority Safety Programs				<u>102,563</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Transportation				<u>767,582</u>	<u>6,359</u>	<u>56,000</u>	<u>157,029</u>
<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	-	<u>91,322</u>	<u>-</u>	<u>91,322</u>	<u>-</u>
Second Chance Act Reentry Initiative:							
Second Chance Reentry-Co-Occurring	16.812	2014-RX-BX-0012	-	<u>12,169</u>	<u>-</u>	<u>12,169</u>	<u>-</u>
Substance Abuse & Mental Health							
Disorders (RESET)							

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2018**

Grantor/Pass-through Grantor/Program Title	Federal CFDA or State DOT Number	Grant Award Number	WBS Number	Federal Expenditures	State Expenditures	Pass-Through to Subrecipient	Local Expenditures
<b>Federal Awards (continued):</b>							
<u>U.S. Department of Justice (continued)</u>							
Paul Coverdell Forensic Sciences Improvement Grant Program Forensic Lab Information System	16.742	2015-CD-BX-0040	-	\$ 34,300	\$ -	\$ -	\$ -
Criminal Division: Equitable Sharing Program-Federal Forfeiture	16.922	-	-	149,524	-	-	-
Total U.S. Department of Justice				287,315	-	103,491	-
<u>Environmental Protective Agency</u>							
Office of Solid Waste and Emergency Response: Direct Program: Brownfields Program	66.818	BF-00D26614-0	-	9,259	-	-	-
<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	-	3,439	-	-	603
Total Federal Awards				2,337,316	6,359	578,074	183,062

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2018**

Grantor/Pass-through Grantor/Program Title	Federal CFDA or State DOT Number	Grant Award Number	WBS Number	Federal Expenditures	State Expenditures	Pass-Through to Subrecipient	Local Expenditures
<b>State Awards:</b>							
<u>N.C. Department of Environment and Natural Resources</u>							
N.C. Parks & Rec Trust Fund							
Empie Tennis Complex	-	873	-	\$ -	\$ 735	\$ -	\$ 735
Division of Environment and Natural Resources:							
Community Waste Reduction / Recycling	-	7208	-	-	20,670	-	20,670
Total N.C. Department of Environment and Natural Resources				-	21,405	-	21,405
<u>N.C. Department of Transportation</u>							
Powell Bill Funds	DOT - 4	Agmt 6136	32570	-	2,958,848	-	1,859
Municipal Agreement - Schedules C and D	-	-	36247.3.3	-	427,922	-	-
Transit Development Program	DOT - 11	18-RS-126	36225.7.8.1	-	41,827	-	41,828
Economic Development Agreement	-	Agmt 4693	42534	-	129,233	-	-
Resurfacing Agreement	-	Agmt 5204	3CR.20651.162	-	254,868	-	-
Small Construction Agreement	-	Agmt 5416	44342	-	8	-	-
Small Construction Agreement	-	Agmt 4197	43819	-	52,851	-	-
Total N.C. Department of Transportation				-	3,865,557	-	43,687
Total State Awards				-	3,886,962	-	65,092
Total Federal and State Awards				\$ 2,337,316	\$ 3,893,321	\$ 578,074	\$ 248,154

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, 2018

### 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, 2018:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount</u>
Community Development Block Grants	14.218	\$ 180,269
Home Investment Partnerships Program	14.239	\$ 238,314
Criminal & Juvenile Justice & Mental Health	16.745	\$ 91,322
Second Chance Reentry-Co-Occurring	16.812	\$ 12,169
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.