



Annual Comprehensive
FINANCIAL REPORT
City of Wilmington, North Carolina
For the Fiscal Year Ended June 30, 2021



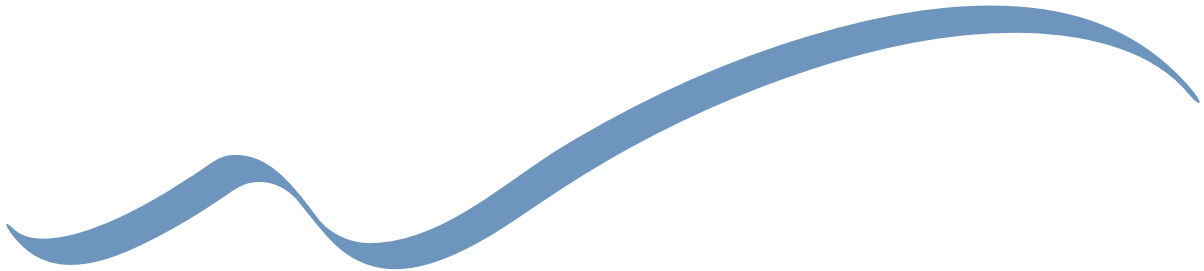
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Annual Comprehensive **FINANCIAL REPORT**

City of Wilmington, North Carolina

For the Fiscal Year Ended June 30, 2021



Prepared by the Finance Department



W CITY OF
WILMINGTON
NORTH CAROLINA

INTRODUCTORY SECTION TAB (FRONT)

INTRODUCTORY SECTION TAB (BACK)

CITY OF WILMINGTON, NORTH CAROLINA

Annual Comprehensive Financial Report

Year Ended June 30, 2021

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City Council

Bill Saffo, Mayor
Margaret Haynes, Mayor Pro-Tem
Neil Anderson
Clifford D. Barnett, Sr.
Charles H. Rivenbark
Kevin Spears
Luke Waddell

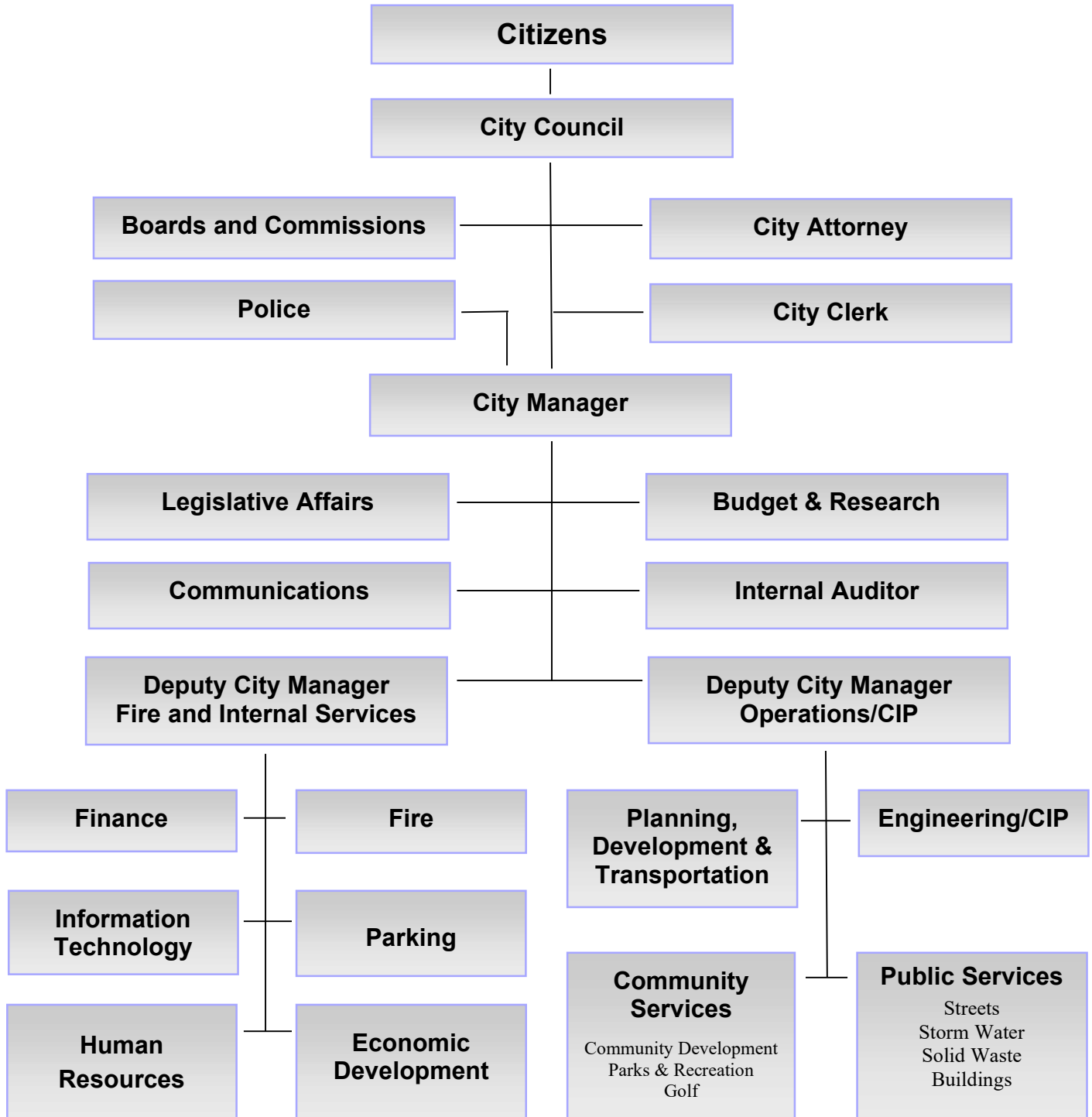
City Manager

Anthony N. Caudle

Finance Director

Jennifer R. Maready





December 20, 2021



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 Annual Comprehensive Financial Report of the City of Wilmington, North Carolina for the fiscal year ended June 30, 2021. 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 Annual Comprehensive 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 PBMares 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, 2021 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, 2021 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

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 115,465 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 recycling, trash 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

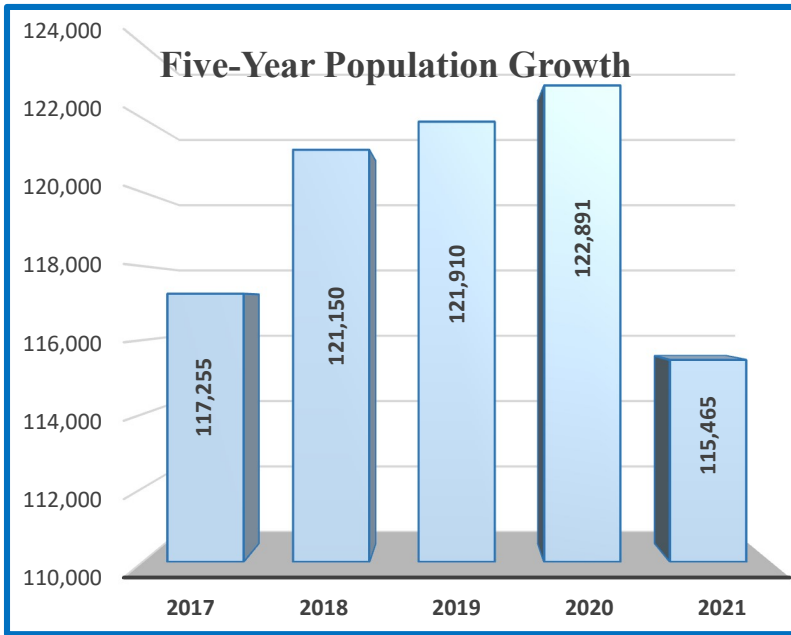
The City serves as the economic, cultural, and services hub for southeastern North Carolina. The historic attractions, mild climate, water related activities, and business opportunities have made the region one of the fastest growing areas in the nation. The Port City continued to receive accolades from various publications throughout the year.

- In its *Best Performing Cities 2021* report, the Milken Institute ranked the Wilmington MSA 37th in the US, moving up 8 spots from its 2020 ranking.
- Wilmington placed 30th out of the 200 largest metropolitan areas in the US on Forbes magazine's 2021 *Best Places for Business and Careers*.
- Southern Living Magazine voted Wilmington 10th on their list of the 2021 *South's Best Cities on the rise*.
- CNN Money Magazine ranked Wilmington 7th overall *Best Real Estate Market* to invest in 2021.
- USA Today's 2021 reader's choice travel award contest named the City of Wilmington's Riverwalk as the 2nd best in the nation.
- Niche.com a neighborhood and school research website, ranked Wilmington 34th in 2021 for cities with the best public schools and the 46th best city to retire in America.

Wilmington North Carolina was ranked number one in the United States for inbound moves in the calendar year 2020 and North Carolina as a state was ranked sixth. There continues to be a trend of people moving from large, crowded cities to the comfort of a city like Wilmington instead. This population influx will have a positive effect on the growth of the City's economy for the foreseeable future.

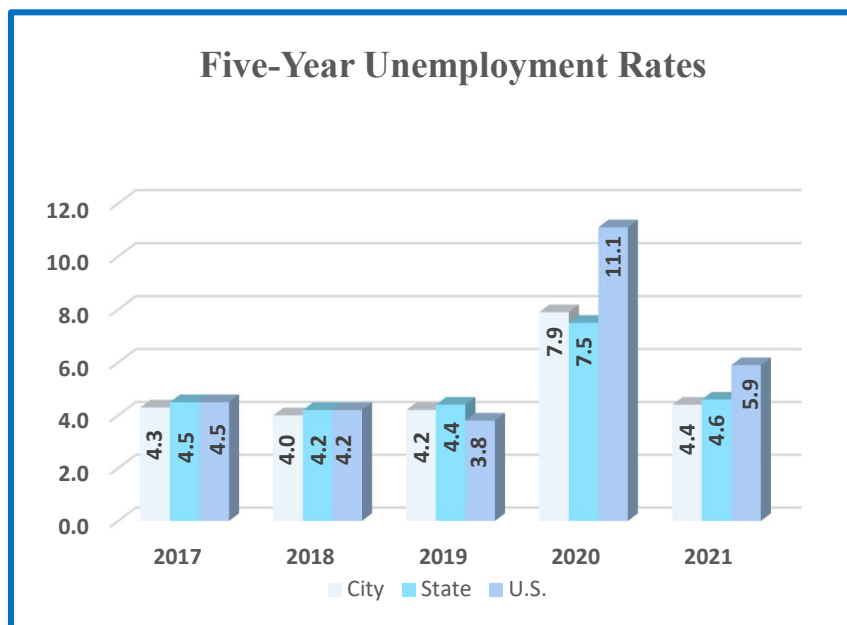
The City of Wilmington was also ranked as one of the top five "Cleanest Cities" in the country for air quality per the American Lung Association's 2021 annual *State of the Air* report. The Association prepares an annual "report card" on air quality Americans are exposed to. This marks the fifth consecutive year the City has been ranked in the top 10.

The City of Wilmington looks to turn the economy around in 2021 due to the worldwide Covid-19 pandemic. The Hospitality, Retail & Service industries saw severe losses in 2020 due to Tourism decline and closures. The City along with New Hanover County have allocated \$4.5 million in small business economic aid to keep our local businesses operating. This funding was allocated through the Federal Government's American Rescue Plan.



The City's population has increased 52.25% since 2000. In 2020, the first U.S. Population Census in 10 years was taken giving a more accurate figure for 2021 resulting in a downward correction from the population estimates of the recent prior years.

Except for the Covid-19 pandemic in 2020, 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

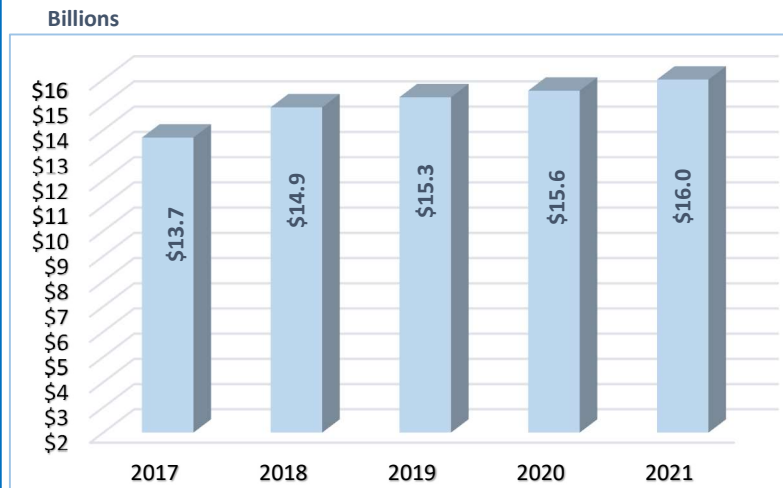
Taxpayer	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
Corning Inc.	\$ 229,982,837	1.44 %
Bedrock Holdings LLC	79,194,800	0.50
River Ventures LLC	74,924,600	0.47
Mayfaire Town Center LP	69,712,271	0.44
Duke Energy Progress Inc	67,961,363	0.43
Live Oak Bank Company	64,647,375	0.40
RSE Independence LLC	47,747,600	0.30
Carolina Bay Properties of Wilm LLC	45,340,528	0.28
Wilmington Independent Living LLC	45,181,338	0.28
SCP-EW River Place LLC	41,600,000	0.26
	<u>\$ 766,292,712</u>	<u>4.80 %</u>

Source: New Hanover County Tax Office

No single taxpayer comprises more than 1.44% 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 the City continues to see positive growth in values. Property in New Hanover County is appraised at least every 4 years. Last appraised in 2017 (effective FY18) and in 2021 (effective FY 22).

Five-Year Assessed Values



LOCAL ECONOMY

Top Ten Employers

Employer	Sector	Employees	Percentage of Total County Employment (1)
New Hanover Health Network*	Health Care	7,477	6.29 %
New Hanover County Schools**	Education	3,663	3.08
University of North Carolina (Wilmington)*	Education	2,479	2.08
New Hanover County**	Government	1,843	1.55
Pharmaceutical Products Development*	Pharmaceuticals	1,800	1.51
General Electric Nuclear Fuel/Aircraft***	Uranium Enrichment & Nuclear Fuel	1,626	1.37
Cape Fear Community College*	Education	1,096	0.92
City of Wilmington*	Government	1,090	0.92
Coming Inc.*	Optical Fiber	1,000	0.84
Wal-Mart**	Retail	973	0.82
Total		23,047	19.38 %

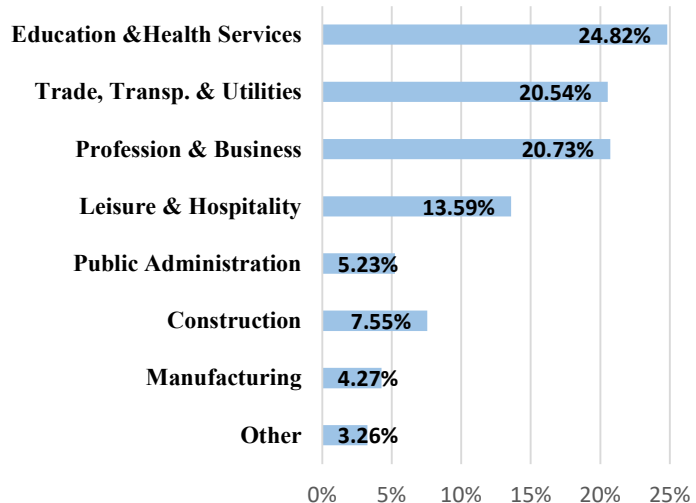
Sources: Greater Wilmington Business Journal, New Hanover County, New Hanover County Board of Education, and GE Aviation and GE Hitachi Nuclear Energy, PPD, Cape Fear Community College, Walmart Stores, Inc.

- * 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.

No industry or employer dominates the local economy. The 10 largest employers continue to show the diversity of the City's economy by representing 7 different sectors. Education and Government represent the only 2 sectors provided by more than one employer.

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, and Castle Branch.**

Components of Employment



*Taken from the Employment Security Commission of North Carolina
 **Data is the average for 2020

MANUFACTURING AND BUSINESS SERVICES

General Electric's ("GE") global headquarters for nuclear fuel (GE Hitachi Nuclear Energy or "GEH") is located in the County, outside of the City. 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 one



of the world's leading providers of advanced reactors and nuclear services. In October 2018, GE's Power division split into two divisions: GE Gas Power and GE Power Portfolio. The GE Power Portfolio is made up of GE's steam, grid solutions and power conversion businesses as well as GEH. GE Gas Power combined the company's gas product and services groups. In February of 2021, GEH announced the formation of GEH SMR technologies Canada Ltd. to support the deployment of the BWRX-300 Small Module Reactor in Canada. This has created 30 new positions in Wilmington as well as 80 new jobs in Canada. In July 2021, GEH entered into a long-term contract extension with the Leibstadt Nuclear Power Plant, the most powerful nuclear plant in Switzerland, to provide a full portfolio of outage and inspection services through 2030.

Global Nuclear Fuel Americas ("GNF") operates a plant in the County, outside of the City, where it manufactures light-water nuclear reactor fuel. GNF is powered by three corporate giants: GE Energy, Toshiba and Hitachi. In July 2021, Cameco, GE Hitachi Nuclear Energy (GEH) and Global Nuclear Fuel-Americas (GNF-A) entered a Memorandum of Understanding to explore several areas of cooperation to advance the commercialization and deployment of BWRX-300 small modular reactors (SMRs) in Canada and around the world. By leveraging the existing ESBWR design certification, utilizing the licensed and proven GNF2 fuel design, and incorporating proven components and supply chain expertise, GEH believes the BWRX-300 can become the lowest-risk, most cost-competitive and quickest to market SMR.

GE Aviation, a global leader in jet engine and aircraft system production, is located in the County,



outside of the City. The facility uses precision manufacturing to make rotating components that go into the core of nearly all of GE Aviation's jet engines, including the CFM LEAP and the GE9X. The CFM LEAP engine, which powers Boeing's 737 MAX series

and the Airbus A320 jetliner, is produced by CFM International, a joint venture between GE Aviation and Safran Aircraft Engines. The CFM LEAP entered service in 2016 and is the fastest-selling jet engine for GE.



Live Oak Bank, headquartered in the City, currently occupies a two story, 89,000 square foot facility on a 10.66-acre parcel within the Tiburon Office Park development, which also includes 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 approximately 560 cars. Live Oak Bank has 600 employees and will be the title

sponsor of the new Riverfront Park Amphitheater.

MegaCorp Logistics is one of the top 42 brokerage firms in the U.S. based on Transport Topics top 100 rankings in 2021. They were also named by Inc. Magazine as one of the best places to work in 2020. Headquartered in Wilmington since 2009, MegaCorp specializes in full and less-than-truckload shipments throughout North America.

Castle Branch, Inc., provides background screening, drug testing, employment verification, vendor credentialing and other services to its growing global client base. The company has expanded and now employs 400 full-time employees at its Wilmington headquarters.



N2 Publishing has been voted 8 times by Inc. Magazine to the 5,000 list of fastest growing private companies. It was founded in the City in 2004 and publishes neighborhood magazines. It now has 950 publications with more than 30,000 advertisers nationwide and employs 193 people. Forbes Magazine ranked N2 as the 15th best workplace in 2021 for women in the United States.

nCino Bank (nCino) founded in 2012, was originally a wholly owned subsidiary of Live Oak Bancshares, the holding company owner of Live Oak Bank. nCino developed a comprehensive



cloud-based bank operating system for the banking industry. nCino was spun off in 2014 and went public in July 2020 raising \$250 million. nCino works with over 1,100 financial institutions including Santander, TD Bank and Truist Financial. They have offices in five countries and employ over 900 people worldwide. An expansion at their existing campus, including a new 90,000 square-foot office building and a 642-space 5 level parking deck, is currently under construction. City Council recently voted

to enter an agreement with nCino for a \$1.3 million title sponsorship of the new sports complex currently under construction. The complex will be known as nCino Sports Park for the 17 year duration of the sponsorship.

Apiture is another financial technology firm founded in 2017 as a joint venture between Live Oak Bank and First Data Corporation. The company designs and develops mobile and online banking software for the banking industry. Apiture works with over 400 banks and credit unions and has over 180 employees.

LIFE SCIENCES

Multiple companies in the life sciences industry have either started here or relocated to Wilmington in recent years.

Pharmaceutical Product Development, Inc.

(“PPD”) was started in the Port City. Their world headquarters are 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. In February 2020, the company went public, raising \$1.62 billion. It was one of the largest IPO’s of the year. PPD was ranked the 32nd best employer in North Carolina by Forbes magazine for 2020. PPD was named 2021 research company of the year for the second consecutive year at the PharmaTimes Competition in London England. PPD has over 30,000 employees worldwide.



Quality Chemical Laboratories (QCL)

was started in 1998 by a retired UNCW professor. QCL is a Current Good Manufacturing Practice compliant scientific testing lab, providing services to support small and large molecule drug products, drug substances, in-process materials and raw materials in all phases of research, development and commercialization. The company has five facilities in the City and is the process of expanding its main building nearly doubling its footprint by early 2022.



Alcami is a fully-integrated end-to-end contract development and manufacturing organization (CDMO) that began in Wilmington in 1983. The company has been through multiple mergers and acquisitions, most recently acquiring TriPharm Services in January of 2020. The acquisition will expand its sterile fill-finish capacities. The company has five locations

across the country employing over 900 employees. In 2021, Alcami will invest \$2 million to expand its oral solid development and manufacturing capabilities in Wilmington.

Pharmgate Animal Health relocated to Wilmington in 2015 and specializes in the development and marketing of medicines to control disease in livestock and poultry. The company has four global research and development sites and four manufacturing sites around the world.

Vantaca established in 2016, provides software through its cloud based platform for homeowner associations and community management organizations. The company’s system automates workflows and accounting functions and streamlines communications while facilitating financial operations in real time. It has been announced that Vantaca will double its workforce by adding 104 new jobs as part of a \$4.9 million expansion in Wilmington starting late in 2021.



Multiple other contract research organizations have recently expanded to the City including: IQVIA, INC Research, Modoc Research, Chiltern, Novella Clinical and Wilmington Pharmaceuticals.

UNCW Marine Biology Program (“MARBIONC”) 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 Intracoastal Waterway of Masonboro Inlet, the Crest Research Park offers a convenient 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 **Marine Bio-Technologies Center of Innovation (MBCOI)** provides a central location for information, collaboration and commercialization of marine biotechnologies. 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.

COMMERCIAL AND RETAIL

Mayfaire Town Center located on 400 Acres along Military Cutoff Road, is a large-scale mixed-use project that includes a wide range of shopping and entertainment destinations. Mayfaire includes a large number of residential units, including apartments, condos, and single-family homes. Mayfaire also includes a large office space component and is home to nCino Bank. Overall, the town center includes nearly 600,000 square-feet of retail space, 500,000 square-feet of office space, 510 multi-family units, 106 single-family lots, and two hotels. Phase III, consisting of approximately 68,000 square feet of retail opened in February 2020. Shops included in this phase are an H&M retail store and Palmetto Moon.

Galleria is a mixed-use development consisting of residential, commercial, and office uses anticipated to be developed on the site. On September 16, 2020, the Wilmington Subdivision Review Board approved a preliminary plan for the streets and utilities associated with the future project. Construction plans for these improvements have been released for construction.

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 total of 220 single-family home sites have been approved and approximately 131,000 square feet of office and commercial use, along with a 40,000 square foot medical office facility currently leased by New Hanover Regional Medical Center have been constructed. A multifamily development consisting of a total of 286 residential units, pool, and open space was completed in the spring of 2013. Carolina Bay at Autumn Hall, which consist of 51 condominium units, was completed in 2013. Phase II of Carolina at Autumn Hall, a continuing care retirement community with 122 multi-family units and a 100 bed assisted living facility has been completed. The next phase of development was released for construction in 2019 and included 19,000 square feet of office space, 26,000 square feet of retail and restaurant space, and 106 residential units. Roadway improvements for Eastwood Road, which are required for the future build-out of the project, are currently under construction and nearly complete. A new bank building located at the entrance to Autumn Hall has been released for construction.



The Pointe at Barclay is a multi-phase commercial development located at the corner of Independence Boulevard and S. 17th Street. Six buildings have been constructed to date and three additional commercial buildings have been released for construction. Construction of a two-story, 21,200 square foot office building, which will be part of a larger office complex, has recently been completed. Construction plans for a 4-story hotel with 104 rooms have been released for construction.

Independence Mall is a multi-phase redevelopment of the existing mall located at the corner of Oleander Drive and Independence Boulevard. Phase I includes a 29,000 square foot grocery store and 137,000 square feet of retail and restaurant space. This redevelopment project is currently under construction and nearing completion. The infill development of an existing out-parcel for an 8,800 square-foot restaurant (Walk On's) is currently under construction.

Bitty and Beau's Coffee originally opened in 2016 and was inspired by the family's two youngest children. The shop employs workers with intellectual and developmental disabilities. Featured on the Rachel Ray Show, Good Morning America, CNN, The Harry Show, Dr.Oz, HLN, People magazine, and Southern Living magazine, Bitty and Beau's Coffee has become a popular destination for locals and tourists. The coffee shop ships coffee all over the world and it is the coffee of choice for the Rachel Ray Show. Along with the flagship store in Wilmington, there are currently Bitty and Beau's shops in 10 other states and the District of Columbia currently employing over 200 people. Additionally,



there are two employee owned stores located inside PPD and nCino offices in Wilmington. The family has dedicated their lives to making the world a better place for their children and others living with disabilities.

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. This project is now under construction.

Wilmington Pawville is an 11,000 square foot veterinary and boarding facility located at 3532 Carolina Beach Road. Besides dog and cat boarding, they offer grooming, dog daycare training, self-serve dog wash, and a boutique.

Fairfield Mixed-use Buildings 3 & 4 is a commercial development located at 4625 Fairview Drive and includes two 2-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 City's Technical Review Committee.

Aloft Coastline Hotel is a 7-story, 125-room hotel being constructed adjacent to and over the Coastline Convention Center located at 501 Nutt Street. The project is currently under construction.

Courtyard at Midtown is a commercial development located at 3701 Shipyard Boulevard that includes two 3-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 has been released for construction.

Bradley Creek Station is a 3-story, 76,000 square foot building that includes medical and professional office space, retail space, and restaurant space. The project, located at 5809 Oleander Drive, has recently been completed.

Friends School of Wilmington is a private school with a maximum of 250 students located at 350 Peiffer Avenue. The project is currently under construction.

Fins Car Wash is an automated carwash located at 3430 S. College Road. The project has recently been completed.

Hourglass Studios is a 2-story, 13,000 square foot recording studio located at 613 Surry Street. The project has been released for construction.

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

Garris Road Storage is a self-storage development consisting of a 3-story, 102,000 square foot climate-controlled building and 16,000 square feet of office/flex space. The project has recently been completed.

Cape Fear Solar Systems is a multi-phased development project that includes a 5-story, 75-foot tall office building and a 14,994 square-foot warehouse where solar system kits will be stored and placed on trailers for delivery. Additional phases will include a net-zero exhibition home, solar powered car charging stations, and multi-family residential buildings. The project is currently under construction.

Ardmore is a mixed-use project that includes one building with 1,700 square-feet of commercial space on the ground floor and 25 residential units above. The project has been released for construction.

Atlantic Marine Canal Street is a mixed-use project that includes two buildings with a total of 10,400 square feet of space that include a mixed office space and residential apartments. The project has been released for construction.

Center Point is a large-scale mixed-use development located near the intersection of Eastwood and Military Cutoff roads. The project includes 370 apartments, a 220 room hotel, 102,300 square feet of office space, and 121,000 square feet of retail and restaurant space. The project is currently under review by the City's Technical Review Committee.

Flats at Hanover Center is a mixed-use development located at 3500 Park Avenue behind the Hanover Center shopping center. The project includes 262 apartment units and 2,400 square-feet of retail space. The project is currently under review by the City's Technical Review Committee.

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 many attractions that bring folks to visit the Port City. 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 a room occupancy tax, the TDA serves as an umbrella organization representing all the services available to a visitor within the area. The North Carolina Division of Travel and Tourism has estimated that in 2020, travel and tourism generated an economic impact of \$598 million in New Hanover County, a decrease of 22.6% from 2019 due to the global pandemic. An estimated 5,455 jobs in the region were supported by tourism, generating \$186.5 million in payroll last year. Despite the decline in spending, New Hanover County ranked 7th in visitor spending among North Carolina's 100 counties in 2020.



FILM

Film and television productions continue to be a vibrant sector in North Carolina's economy, especially for Wilmington. 2021 has been a record setting year for the film industry in both Wilmington and North Carolina as a whole. Production companies are expected to generate more than \$750 million of direct in-state expenses, which is a state record topping the previous 2012 record of \$373 million. 25,000 jobs were created by productions for film professionals. Wilmington will receive a disproportionately large share of this benefit being one of the top filming locations in the State. Hallmark and Lifetime movies have become a staple of local activity in 2021 as well as filming of the Netflix series *Florida Man* and



Fox's *Our Kind of People*. The City has been home to over 400 productions, including box office hits like *Iron Man 3*, *I Know What You Did Last Summer* and *Tammy* to name a few as well as the recently released *Halloween Kills*.

Being a top filming destination for production companies is due in large part to **EUE/Screen Gems Studios**. The company operates one of the world's largest sound stages here in the City. With 10 stages providing 150,000 square feet of column-free shooting space as well as a 3,600 square foot special effects water tank, it is the largest film and television lot east of California. The studio offers wardrobe facilities, production offices with modern communications, construction shops, and prop/set decoration warehouses. They are also one of the largest suppliers of lighting, electric and grip rentals in the Southeast. Wilmington has been dubbed "Hollywood East" because of the studio's presence as well as a local labor force well-trained in film production.



RESIDENTIAL

River Lights 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. Thirteen subdivisions with a total of 1,471 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, and 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. A 250-unit, two-building apartment development (Middleburg Apartments), located in the MX-zoned portion of RiverLights, is currently under construction. On December 1, 2020,

City Council approved a rezoning of a 120-acre tract within Riverlights (MX3) for a new mixed use development to include a mix of residential, office, and commercial uses. A 279-unit residential cottage project (Cottages at Riverlights) and a 286-unit apartment project (Argento) are currently under construction.

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, 108 townhomes, and 146 single-family lots. Plans for the development of a 176-unit apartment complex, 62 townhomes, and 146 single-family lots have been released for construction. A 206-unit apartment development (Riverwood Apartments) is currently under construction.

City Block Apartments is a 112-unit, 5-story apartment building located at 814 N. 3rd Street, which was constructed in 2013. A second phase of this project includes a 56-unit, 5-story addition and has been released for construction.

Oleander Commons is a mixed-use, redevelopment project located at 5355 Oleander Drive (former Cinema 6 site). The project includes 223 apartment units and 5,000 square feet of commercial space. The project is currently under construction.

Studio 17 Apartments is a 3-story, 32-unit apartment development located at 514 S. 17th Street. The project is currently under construction.

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. This project has recently been completed.



Summerwalk is a 26.25 acre residential and commercial development located at the intersection of Greenville Loop Road and Oleander Drive. Phase 1 of the project, which includes approximately 20.46 acres, is zoned to allow 123 dwelling units (19 single family detached housing units and 104 townhome units). Phase 2, which includes approximately 5.79 acres, is zoned to allow for 62,400 square feet of retail and office space. Construction of Phase 1 of this development is now complete.

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 infrastructure improvements have been completed and new homes are 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 project has recently been completed.

The Mini Pearl is a 33-unit apartment building located at 724 S. 5th Street, adjacent to *The Pearl*. The project is currently under construction.

Airlie at Wrightsville Sound is a 49-lot single family development located at 315 Airlie Road. The infrastructure improvements have been completed and new homes are currently under construction.

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. This project has recently been completed.



Dawson Street Lofts is a 48-unit residential building located at 865 Dawson Street. The project is part of a larger redevelopment project of a Wilmington Housing Authority property. The project is currently under construction.

Arboretum Village is a 98-unit townhome development located at 294 Military Cutoff Road. The project has recently been completed.

Ansley Park is an infill development located at the old fair grounds site on Carolina Beach Road (4456 Fairview Drive), which is currently zoned MX, Mixed-use District. The first phase of the project includes 276 apartments located in 10 buildings. The project is currently under construction.

East & Mason is a 168-lot residential development that includes a mix of townhomes and single-family lots. The preliminary plan for the development was approved by the Subdivision Review Board in December of 2019. The project is currently under construction.

The Modern is a mixed-use project with eight residential units and 3,400 square-feet of commercial space. The project has been released for construction.

The Varsity is a mixed-use project with 24 residential units and 6,175 square feet of commercial space. The project has been released for construction.

Switchyard is a 192-unit multi-family development. On September 8, 2020, the Wilmington City Council rezoned the property to MF-MH(CD), Multiple-Family Residential Medium-high Density (Conditional District). On August 19, the Wilmington Subdivision Review Board approved a preliminary plan for the construction of new public streets to serve the new project. Formal construction plans are currently under review by the City's Technical Review Committee.

College Acres Apartments is a multi-family development that includes nine duplex structures and five apartment buildings with 12 units in each for a total of 78 residential units. The project is currently under construction.

Eden Village is a 36-unit single-family courtyard style development. This community is specially designed to provide permanent homes for chronically homeless individuals, including patients of the local hospital, and to get them the services that they need to become self-supportive. The project has been released for construction.

Flats at Hanover Center is a mixed-use project adjacent to an existing shopping center that includes 264 residential units and 3,880 square-feet of retail space. Construction plans are currently under review.

Franklin Forest Phase 2 is an expansion of an existing 12-unit multi-family development that includes an additional 14 units. Construction plans are currently under review.

Wilmington Three Phase A is a 286-unit apartment project located at 3743 Independence Boulevard, adjacent to the Point at Barclay commercial development. The project is currently under construction.

Azalea Landing is a 426-unit apartment project located at 4000 Hunters Trail, just south of the Martin Luther King Jr. Parkway. Plans for this project are currently under review by the City's Technical Review Committee.

The Cottages at Bradley Creek is a 56-lot single-family residential development located at 321 Hooker Road. Construction plans for this project are currently under review by the City's Technical Review Committee.

Barclay Place Phase 2 is a 96-unit expansion of an existing residential development that includes both townhomes and apartments located at 2540 Costmary Lane. Construction plans for this project are currently under review by the City's Technical Review Committee.

HEALTHCARE

New Hanover Regional Medical Center (NHRMC) is the ninth largest hospital in North Carolina with 700 beds at its main campus. It 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. The hospital is home to the region's first Level III, Neonatal Intensive Care Unit (NICU), as well as a *da Vinci*® Surgical System, a state-of-the-art robotic platform for surgeons.



NHRMC serves as the primary teaching site for four graduate medical education programs in internal medicine, obstetrics and gynecology, general surgery and family medicine. The residency programs are affiliated with the University of North Carolina at Chapel Hill School of Medicine and administered by the South East Area Health Education Center. NHRMC is one of six institutions out of 700 eligible to be nominated recently for the Accreditation Council for Graduate Medical Education (ACGME) and Gold Foundation DeWitt “Bud” C. Baldwin Jr. Award. The Baldwin award recognizes institutions with accredited physician residency or fellowship programs that excel in fostering a respectful, supportive environment for medical education, delivery of patient care and personal and professional development. In October 2020, the New Hanover County Board of Commissioners approved the sale of the hospital to Novant Health which would net the County \$2 billion. \$1.25 billion will be invested in an independent endowment fund to benefit the County and its citizens. Novant Health and the County closed this transaction in February of 2021.

NHRMC has been recognized numerous times for its quality care. The Society of Thoracic Surgeon's rank their cardiac surgeons among the top 5% in the country. NHRMC's Betty H. Cameron Women's and Children's hospital has been named to Newsweek's 2021 list of best maternity care hospitals. In 2021, NHRMC earned national recognition from the American Heart Association with Gold Plus Awards for their implementation of quality improvement measures for strokes and heart failure in cardiovascular patients.

NHRMC Orthopedic Hospital performs more orthopedic procedures than any other hospital in the region, successfully completing 8,000 orthopedic procedures annually. They offer board-certified orthopedic and neurosurgeons, as well as nurses, hospitalists, physical therapists, and other clinicians highly trained or certified in orthopedic care.

Wilmington Health is the largest private, fully integrated, multi-specialty medical group practice in the area with over 20 locations (including Convenient Care and Urgent Care). Wilmington Health has provided premier healthcare to the residents of Southeastern North Carolina for over 40 years.

TRANSPORTATION

ROAD SYSTEM

Wilmington is served by Interstates 40, 140, U.S. highways 17, 117, 74, 76, 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.

MASS TRANSIT



Cape Fear Public Transportation Authority – (Wave Transit), is a jointly managed authority between the City of Wilmington (City) and New Hanover County (NHC). The authority is reported as a component unit of the City and is governed by a nine-member board (or a member’s designee). The members of the board are designated to be the NHC Manger, the City Manager, a NHC Deputy Attorney, the City Attorney, the NHC Finance Director, the City Finance Director, the Executive Director of the Wilmington Urban Area Metropolitan Planning Organization and 2 members, one appointed by NHC and one by the City. In December of 2020, Wave Transit announced the hiring of their new executive director Marie Parker formerly the general manager and 21 year employee of the GoRaleigh transit system.

A private management firm oversees the daily operations of the authority, managing a system of ten routes, UNCW Shuttle service, as well as the historic downtown trolley. For the year ended June 30, 2021, these services were provided under a contract with First Transit, Inc. In July 2021,

Wave Transit entered a 5-year management contract with Transdev North America, to manage operations and maintenance oversight for the transportation authority. Wave provides transportation services to over a million passengers annually. In January 2020, the Authority opened a new downtown transfer station, providing customers a safer, more convenient, and accessible experience when utilizing public transportation.



STATE PORT

The **Port of Wilmington** is one of two deep water harbors in the State and is located along the eastern bank of the Cape Fear River. It is designated as a Foreign Trade Zone 214 and ranks as one of the top 25 ports in the country, having moved 131,380 TEUs (20-foot equivalent units), in 2020.

The port has had an aggressive capital improvement plan over the past few years to position itself for future growth and to accommodate today's larger container vessels. Past projects include adding three neo-Panamax cranes, increasing the channel depth to 42 feet and completing phase two of its turning basin expansion. These projects along with others allowed the Port to welcome the largest container



ship in its history, the MV Hyundai Hope, a 14,000 TEUs vessel in May 2020. Other improvements in development include the container terminal master plan which will increase the ports annual throughput capacity to more than 1 million TEU's.

The Port in the past year has also added additional refrigerated container plugs, increasing their capacity from 235 to 775, a \$14 million investment. With the expansion of the refrigerated container yard, the port increased its total shipped by 13% over 2019 for refrigerated container volume having moved 12,839 containers through the port during 2020. Refrigerated cargoes have increased by 267% from 2015 to 2020.

The port is located within 700 miles of more than 70% of America's industrial base. Recent and ongoing improvements to regional and national highway networks make surface transportation supporting the Port of Wilmington superior to neighboring ports. 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 \$14 Billion to the State's economy with goods moving through.

GROUND BASED FREIGHT

CSX Rail Transport Group provides boxcar, tanker and general rail cargo services to the area. CSX in partnership with the Port also operates the Queen City Express, a direct freight rail



service running daily between the Port and intermodal terminal in Charlotte. This service facilitates the efficient, cost-effective movement of goods between the global marketplace and is one of the most significant economic centers in the southeastern United States. A new Rocky Mount intermodal terminal costing \$160 million is scheduled to open in the fall of 2021. It is expected to bring

up to 1,500 jobs and \$400 million to the State's economy.

AIRPORT

The **Wilmington International Airport (ILM)** is a component unit of New Hanover County and is operated by the New Hanover County Airport Authority. The Airport is the 4th largest in the State. Coming off an unprecedented year due to Covid-19 in 2020, the Airport served 477,300 passengers, a decrease of 56% from 2019. In 2021, the airport received \$19.8 million in Cares Act



funding to pay employees, make debt payments and cover operating expenses. Two commercial airlines; American Airlines/US Airways and Delta provide regular jet and commuter service, offering direct (non-stop) service to four major cities: Atlanta, Charlotte, New York and Philadelphia and one-stop connections to hundreds of destinations both domestic and international. The Airport is a U.S. Customs and Border Protection

General Aviation International Clearance Facility. The 13,500 square foot facility processes commercial and general aviation public passengers entering and exiting the United States. The NCDOT Division of Aviation report estimated ILM's economic impact at \$2.25 billion and 16,385 jobs.

The airport is undergoing a \$60 million expansion and renovation project. Construction has entered its final phase, with a completion date set for December 2022. The Federal Aviation Administration has awarded ILM a \$16.4 million grant. Once completed, the ILM terminal will grow by 75%, adding 4 new gates, expanded concessions and restaurant space, and enhanced baggage claim area. This expansion will give ILM the capacity to meet the travel needs of our fast-growing region while providing a refreshed look, modern convenience and more space for customers in the post-pandemic world.



EDUCATION

The University of North Carolina at Wilmington (UNCW), founded in 1947 as Wilmington College, was the 6th university designated in the University of North Carolina System (UNC) in 1969. The only public university in southeastern North Carolina, it has expanded from three buildings in 1961 to more than 90 today.



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 56 majors, 36 master's degrees, and 4 Doctoral programs. UNCW is funded with State appropriations and receives federal funds for research and financial aid programs. UNCW had a fall 2020 enrollment of 17,915 full-time-equivalent undergraduate and graduate students.

UNCW ranks 95th among Top Public National Universities and 8th in Best Online Bachelor's Program Nationally in 2021, according to *U.S. News & World Report*. It was one of only four UNC system schools featured in the *Fiske Guide to Colleges 2021*, which highlights the nation's best and most interesting colleges and universities.

The university manages the nation's only underwater ocean laboratory, Aquarius, owned by the United States National Oceanic and Atmospheric Administration and located in the Florida Keys National Marine Sanctuary.

Cape Fear Community College (CFCC) was founded in 1958 and is the 6th largest community college within the North Carolina College system. It is accredited by the Commission of Colleges of the Southern Association of Colleges and Schools and enrolls over 23,000 students annually. CFCC's main campus is located in historic downtown Wilmington. The school 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 a few of CFCC's new workforce development programs. Their Small Business Center serves as a resource for free seminars and business counseling services for local entrepreneurs and small businesses.



ARTS & MUSEUMS

Cape Fear Museum established in 1898, is the oldest continuously operating museum of history in North Carolina. Visitors are greeted by a 20-foot-tall giant ground sloth skeleton when entering the museum. The entire family can enjoy a miniature re-creation of the second battle of Fort Fisher, a scale model of Wilmington's downtown civil war period waterfront and the Michael Jordan Discovery Gallery or an interactive science exhibit. 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. In 2015, the museum opened a community park to welcome visitors with engaging hands-on exhibits, gardens featuring native and adaptive plants, and educational programs while also serving as a place to enjoy and explore nature in the City.



The 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 as well as a catering kitchen, and

a museum gift shop. 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.

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



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



U.S.S. North Carolina (Battleship) is the centerpiece of the Wilmington Riverfront. A majestic symbol of this country's hard-earned naval victories in World War II and is the Memorial to the 10,000 North Carolinians of all the armed services who gave their lives during World War II. Commissioned in 1941, the 45,000-ton warship wields nine 16-inch turreted guns and carries nickel-steel hull armor 16 to 18 inches thick. The Battleship came to its present home in 1961. The public has access to more than nine decks including the crew's quarters, galley, sick bay, gun turrets, engine room, plotting rooms, radio central, the Admiral's Cabin, the bridge and combat central. 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. A hull repair project started in 2009 was completed in 2021, the first major repairs to the ship since the 1950's.



Thalian Hall is owned by the City and part of the City Hall. It is considered one of the most significant theatres in the United States and has been in continuous operation almost since it first opened in 1858. The City along with private donors funded renovations that were completed in 2010. Shows, events and films attract audiences totaling over 85,000 people. 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. Conde Nast Traveler named Thalian Hall one of the best movie theaters in America, noting it's flair for the dramatic revival and late Victorian architecture and frequent film festivals and acts on stage.

The **Arts Council of Wilmington and New Hanover County (Arts Council)** released 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 to 9 p.m. on the fourth Friday of each month, the self-guided tours have made downtown Wilmington a popular destination for art lovers. In 2021, The Arts Council and New Hanover County have installed 10 new sculptures as part of the popular Pedestrian Art public art program.

CFCC's **Wilson Center** is home to a 1500-seat performance hall, 108 seat studio theater, art and music studios and classrooms. 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. The Center includes 26 instructional spaces for CFCC students to develop and learn. The Center is a powerful investment in the arts for current and future students, and our community. It was announced in 2021 that CFCC received \$3.5 million in grants and



donations for a Wilson Center expansion. This expansion space would include a lounge for student or community organizations as well as a place for benefactors to have a place to drink or gather before shows and would be accessible from the lower lobby of the building. The addition would also include relocating ticket central to a more visible and accessible location and expansion of guest services, student offices and lobby support.

RECREATION



The city offers its citizens an array of recreational activities by providing 40 parks, athletic facilities, trails, golf courses, docks, a nature & event center, a fitness center, preschool activity center and performance venues. Programs offered include youth programs, nature programs, athletic programs, outdoor recreation, senior programs and special needs programming.

PARKS

With over 744 acres, city parks provide the community with an abundance of green space to enjoy the great outdoors. The facilities provide a variety of outdoor recreational activities. Many of the parks include playgrounds, nature trails, basketball and tennis courts as well as picnic tables and shelters. One of the City's largest parks is **Greenfield Lake Park**. The 190-acre park features a 4.5-mile trail around the lake. Canoes and paddleboats can be rented out to view the lake and bird watch. The park boasts the **Greenfield Grind Skatepark**, as well. This is a 9,000 square foot concrete skate park consisting of multi-bowls with a banked street course. The skatepark features a variety of hips, rails, and ledges. The park is open seven days a week offering both day and night skating, as well as BMX biking on Sundays. The **Fragrance Garden** is also located at Greenfield and is a popular location for weddings and other special events.



Olsen Park includes 5 softball fields, a multipurpose field, an outdoor volleyball court, concession building and picnic shelter. In addition, the park also has a Miracle Field that 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. This facility includes a family restroom building, a fully accessible viewing stand, and shelter area.

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.

The 60-acre **Halyburton Park** is 70% undeveloped. The majority of the preserve consists of gently rolling sandhills, a habitat which is rarely found in the coastal Carolinas. The park features a Nature & Events Center, a paved 1.3-mile path, nature trails, playground, picnic shelters. Programs offered include nature programs, school programs, fitness classes and special events. The Events Center and shelters are available for rental for private events.



ATHLETIC FACILITIES

Legion Stadium Sports Complex is home to the New Hanover High School football, soccer, lacrosse and baseball teams. Legion is also home to the **Wilmington Sharks**, one of nine teams in the Coastal Plain summer baseball league and the **Carolina Bengals**, a minor league football team. The complex has hosted many special events as well, such as the Pop Warner football Jamboree and playoffs, Hanover Kennel Club Dog Show, American Cancer Society's Relay for Life and Special Olympics Fall Games.

The **Althea Gibson Tennis Complex at Empie Park** has 24 lighted courts and a 1,500 square foot clubhouse with a lounge, meeting room, and snack counter. The facility plays host to several state championships including the USTA's NC Combo State Tennis Championship each November. Over 2,500 players come from all over North Carolina to compete in the tournament. The Althea Gibson Tennis Complex also offers year-round programs for youth, adults, seniors, wheelchair, and adaptive tennis clinics.



Two of the **City's swimming pools**, Legion Pool and Robert Strange Park Pool, are managed by the YMCA of Southeastern North Carolina. The YMCA offers swim lessons, water aerobics and safety and certification training. The City's third pool, the Earl Jackson Pool at Northside Park, is managed by NSEA Swim, a nonprofit organization that hosts a competitive swim team, swim lessons, and public swim with a focus on racial equity.

OTHER FACILITIES



The **Fit for Fun Center** is an interactive facility for parents and children ages five and under. An age-appropriate play environment is offered that encourages education, physical activity, social interaction and self-expression. In August there are special Water Works dates for the children to play in the sprinklers and cool off with ice pops.

The **Sherriedale Morgan Fitness Center** offers free weights, universal equipment, treadmills, stationary bikes, and Stair Masters, along with personal and group training and a variety of classes including monthly workshops. The goal is to provide affordable fitness options for the community.

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. As of July 1, 2021, the docks are available for day docking only and are free of charge with water and power available. The docks are within walking distance of area attractions, hotels, shopping, dining, theater, nightlife, laundry facilities, post office, banks and supplies.



The City has the **community centers**, MLK Community Center, Derick GS Davis Center @ Maides Park and the Hemenway Community Center. Both the MLK Community Center and the Davis Center have gymnasiums, meeting rooms and offer an array of programs for youths, adults and seniors. The Hemenway Center is managed by a non-profit group, Voyage of Wilmington, that focuses on an array of youth programs and resources for the community.

For more than half a century, the **Hannah Block Historic USO Building** has facilitated the coming together of generations, providing children with programs that challenge them creatively, and enhance the quality of life for residents throughout the region.

Located at 120 South Second Street in historic downtown Wilmington, the multi-use facility features five studios (including dance studios) that are available to nonprofit organizations for rehearsals of plays, musicals and recitals.



The studios are also used for classes in a variety of artistic disciplines. The building is home to the Orange Street Potters and the Hannah Block Second Street Stage, an

auditorium with a stage and technical loft used for rehearsals and performances. The facility includes a kitchen and may also be rented for corporate and private functions. It is operated by the Thalian Association Community Theater.

PERFORMANCE VENUES

Live Oak Bank Pavilion at Riverfront Park, which opened on July 4, 2021, is the city's newest addition to the growing music and performance scene. It is managed by Live Nation Worldwide and will host up to 20 events and 10 civic events per year. In its first months it has featured artists such as Widespread Panic, Lady A, Santana and Harry Connick Jr. It has a maximum capacity of 7,200. The pavilion is located in 6.8-acre Riverfront Park a park that features, open space, a playground and gardens.



Hugh Morton Amphitheater @ Greenfield Lake is an outdoor venue where patrons can enjoy live concerts and performances. The facility provides 900 seats with a maximum capacity of 1,200 and includes a covered stage, adjoining stage house with shower, dressing facilities, concessions, and restroom facilities. Some of the well-known artist to play the amphitheater include, Willie Nelson, Peter Frampton, and The Tedeschi Trucks Band. The venue has been managed by Live Nation Worldwide since July of 2020 and hosts up to 40 concerts and 10 civic events per year.



GOLF COURSES

Southeastern North Carolina is home to several top-rated golf courses. The City of Wilmington operates two courses. Opened in 2018, **Inland Greens** is a 33-acre park/golf course. It features a nine-hole par 3 golf course and passive park, which includes a 3/4-mile walking trail, bocce courts, a picnic shelter, and bike racks.



Designed by famed architect Donald Ross in 1926, the **Wilmington Municipal Golf Course (Muni)**, has provided the citizens of eastern North Carolina with a quality championship 18-hole golf course for close to hundred years. In 2014, Muni underwent a \$1.5 million restoration to return the course to its original Ross design. The course still ranks as 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*.

FESTIVALS & ANNUAL EVENTS

NORTH CAROLINA AZALEA FESTIVAL

Started in 1948, the North Carolina Azalea Festival is one of the oldest and largest festivals in the State. The festival is a weeklong celebration which takes place at the beginning of April each year. Due to the global pandemic, there was a postponement of the festival until the middle of August in 2021. An estimated 300,000 people attend generating \$5 million dollars for the local economy. It has been continually ranked as one of the Top 20 Festivals according to the Southeast Tourism Society. Better Homes and Gardens ranks the North Carolina Azalea Festival number 3 of the must-see spring garden festivals in the U.S.

RIVERFEST

Held annually in October in the City's historic downtown, Riverfest is a street fair celebrating local arts and crafts, foods, dance performances and fireworks. The festival was begun in 1979 and is considered one of the best fall festivals in the State. Due to the worldwide pandemic this festival was cancelled in 2020 as well as 2021 but is scheduled for a comeback in 2022!



The **Battleship Half Marathon and Battleship 5K**

have been held the past 20 years, on the second Sunday in November. Wilmington plays host to both races which start and finish at the Battleship North Carolina, right across the Cape Fear River from downtown Wilmington and are 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 event takes place in October, drawing approximately 2,300 racers and thousands of visitors from around the world.



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 names Cucalorus one of the top

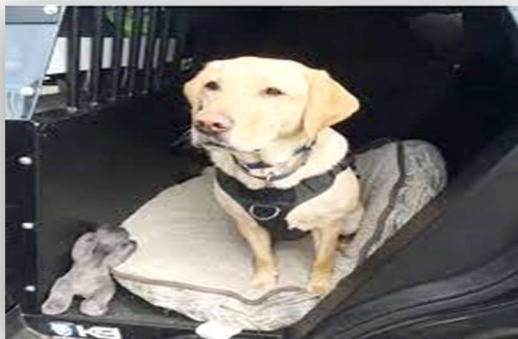
50 film festivals worth an entry fee in 2021.

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.

POLICE

The **Wilmington Police Department (WPD)** is headed by veteran Police Chief Donny Williams. The 330-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 120,000 residents and the thousands of motorists who visit the Port City daily.



In October of 2020, the WPD swore in three K9 dogs; one of them being the first ever WPD Explosive Detection Dog. Marian is a yellow lab who can detect bombs and firearms by scent. Marian and her handler, Officer Griffith underwent three months of training with ATF (Alcohol, Tobacco and Firearms) to train her on thousands of different combinations of explosive odors. Marian is currently assigned to the bomb squad.

The WPD has been very fortunate through the years when it comes to operating funds through grants, seizure money, and capital improvements projects to have some of the best equipment and training facilities in the State. However, during extended special operations and emergency events, our department noticed that additional specially trained personnel was greatly needed. With the launch of the “Cape Fear Regional Special Teams,” the WPD is now able to share equipment and training facilities with other departments while being able to utilize their specially trained personnel during times of need. Regional response includes Crisis Negotiation, SWAT (Special Weapons and Tactics), and the Bomb Squad response in the jurisdiction of any partner agency.



FIRE

The **Wilmington Fire Department (WFD)** was led by Fire Chief Buddy Martinette since 2008 until his well deserved retirement on September 11th 2021. The department is now led by Interim Fire Chief Steve Mason. The 223 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, and Community Risk Reduction. The Administrative Division includes the Office of the Chief, Accreditation, Human Resources, Public Information, the annual operating budget, Business Development and Facility Maintenance.



In calendar year 2020, the fire department responded to 9,425 calls for service. These responses included 4,623 emergency medical incidents and 504 fire related responses. The department is also home to three specialty teams, including a Haz-Mat Regional Response Team, Technical Rescue/Search and Rescue Team, and a Marine/Dive Team. Total losses due to fires equaled \$1.92 million, but the amount saved exceeded \$26.3 million. The department completed 65,480 hours of training and 5,225 inspections.



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 assists the Operations Division by involving fire personnel to reduce risks in their response area. The fire companies evaluate hazards in their areas and develop plans to address those risks. In 2020, nearly 390 smoke alarms were installed in homes

throughout the community and another 108 caregivers were trained on the proper installation of a child safety seat. 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. WFD estimates more than 8,280 public contacts were made in 2020. 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 daily. Construction of the City's newest fire station located in the River Lights community, is expected to begin in spring of 2022, costing approximately \$5.7 million.

LONG-TERM FINANCIAL PLANNING

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

The City adopts a Capital Improvement Program (CIP) that looks ahead to project and plan for capital needs addressing both project needs and financial strategy. Major areas covered by the CIP are transportation, parks, storm water utility, downtown infrastructure improvements and general public improvements. In Fiscal Year 2013, a five-year budget plan was adopted that established a 5 cents property tax set aside which funds 80% debt service and 20% pay-go (80/20 Plan) for \$41.1 million of tax-supported projects in the CIP. In FY 2015, the voters approved a \$44 million Streets and Sidewalks Bond Referendum with a 2 cents property tax set aside. In FY 2016, the voters approved a \$30.465 million General Obligation Bond Referendum for parks and recreation projects. In FY 2017, City Council authorized a \$25.8 million installment purchase contract with PNC Bank, National Association for the construction of the parking deck component of the Water Street parking deck redevelopment project. In FY 2018, City Council approved the 2nd 80/20 Plan to fund \$57.6 million of projects over a six-year period. In connection with the FY 2018 property tax revaluation, the existing dedicated tax rates for the 1st 80/20 Plan and the Streets and Sidewalks Bond were reduced to revenue neutral rates of 4.68 cents and 1.87 cents, respectively. To fund the additional initiatives, City Council included property tax set asides in the FY 2018 adopted budget of 1.8 cents for the Parks and Recreation Bonds, .94 cents for the Water Street parking deck redevelopment and .18 cents for the 2nd 80/20 Plan.

A key financial goal of the City for many years has been the maintenance of an unassigned General Fund balance of at least equal to or greater than 20% to 25% 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 2021 results that are built into the 2021-2022 operating budgets. Several 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 coastal location for conventions and meetings in North Carolina with a view of the Cape Fear River and the north end of Wilmington's historic downtown district. The Center's facility includes over 107,000 square feet of function space, an adjacent event lawn and a connected City of Wilmington parking deck. Significant features are the Center's dramatic interior design with red cedar walls and ceilings, reminiscent of the City's historic regional use in boat building.

The Center features enhanced specialty lighting as well as a maritime themed photo and art display, which reflects the historical local imagery and industry. The Center’s main service feature is the food & beverage operation: SAVOR...Wilmington Catering by ASM Global (formerly SMG).



Convention Center						2020 vs. 2021
Event Types	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	% Growth
Convention/TS/Conference	8	13	12	13	2	-84.6%
Public Shows	15	15	14	9	4	-55.6%
Meetings/Other	31	22	35	58	154	165.5%
Banquets	73	76	75	49	6	-87.8%
TOTALS	127	126	136	129	166	28.7%
Attendance	84,486	70,613	73,640	53,963	16,870	-68.7%
Total Room Nights	11,091	12,290	12,885	10,907	1,160	-89.4%
Repeat Users	85	94	101	74	10	-86.5%

Source: Wilmington Convention Center

- The Center hosted **166** events representing **16,870** in event attendance and **1,160** in hotel room nights during FY 2021. Total number of events decreased by 28.7% compared to FY 2020 mainly due to event cancellations related to COVID-19 restrictions.
- The majority of events in FY 2021 were City of Wilmington and New Hanover County meetings.

The Wilmington Convention Center is managed by ASM Global (formerly SMG and AEG Facilities) the world’s leading venue management and services company, connecting people through the power of live experiences.

PUBLIC-PRIVATE PARTNERSHIPS

River Place is an approximate 483,500 square foot vertical mixed-use development located in the heart of the City of Wilmington’s central business district. The development will include 171 residential units, commercial space, office space, a public park, and a 403 space parking deck. The project has been approved by the City and construction is nearing completion.

The Healing Place is a 200-bed group living facility intended for the treatment of opioid dependent individuals. A special use permit was approved by City Council for the use in February 2019. The project has been released for construction.

New Hanover County Government Center is a mixed-use project that includes a new 136,00 square-foot office building that will house New Hanover County’s government offices, a new public park area, and a mixed-use building that includes 283 residential units and 5,000 square-feet of retail space. The project has been released for construction.

AWARDS AND ACKNOWLEDGEMENTS

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 Annual Comprehensive Financial Report for the fiscal year ended June 30, 2020. The Certificate of Achievement is a prestigious national award recognizing achievement with the highest standards in government accounting and financial reporting.

To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Annual Comprehensive Financial Report whose contents conform to program standards. The Annual Comprehensive Financial Report 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, Denise Chambless, Katherine Dimopoulos, Regina Hopkins, Holly Bruhn, Dawn Coleman, Brian Johnson and Michael Pirsch for their efforts and contributions to the preparation of this report and to Heather Hosford 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
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in Financial
Reporting

Presented to

**City of Wilmington
North Carolina**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION TAB (FRONT)

FINANCIAL SECTION TAB (BACK)



INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Council
City of 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, the aggregate remaining fund information, and the budgetary comparison of the General Fund of City of Wilmington, North Carolina (the City), as of and for the year ended June 30, 2021, 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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 8 to the financial statements, effective July 1, 2020, the County adopted new accounting guidance promulgated in GASB statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 5 through 17, the pension and other postemployment benefits schedules, as listed in the table of contents, on pages 116 through 129, 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 basic financial statements 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 have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2021, 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 the 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.

PBMares, LLP

Morehead City, North Carolina
December 20, 2021



W CITY OF
WILMINGTON
NORTH CAROLINA

Management's Discussion and Analysis (unaudited)

As management of the City of Wilmington, North Carolina (the City) 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, 2021. 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.

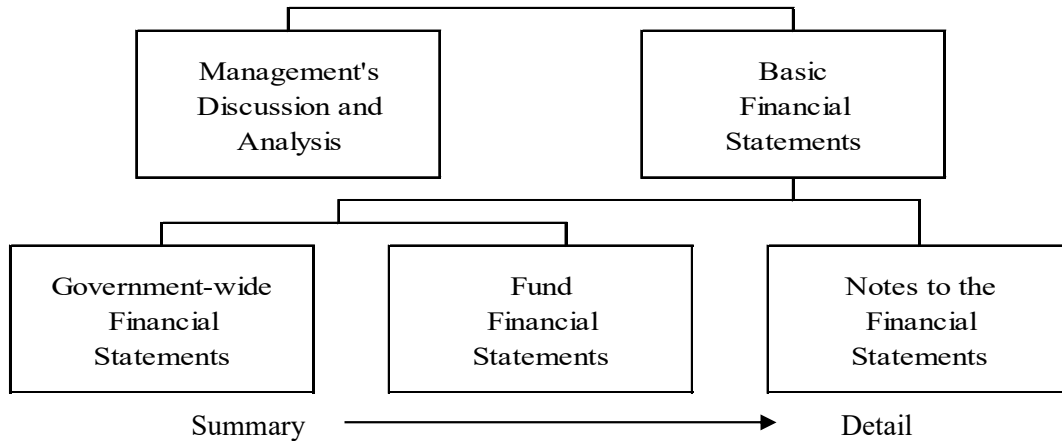
Financial Highlights

- The City experienced Hurricane Florence in September 2018 for which the recovery effort continues, as well as Hurricane Dorian in September 2019, and Hurricane Isaias in October 2020, then the COVID-19 pandemic began in March 2020. In fiscal year 2021, the City received \$5.5 million in reimbursements from FEMA for the three hurricanes and is awaiting \$8.7 million more for eligible recovery costs. In September 2020, the City received \$1,645,712 in coronavirus relief funding from New Hanover County as part of the CARES ACT to assist with responding to the pandemic. In June 2021, the City received the first payment of \$12,964,976 from the US Treasury as part of the American Rescue Plan Act (ARPA) allocation of \$25,929,952. The second payment will be received one year later. These funds are to be used to assist the City and our community in the recovery of the pandemic.
- 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 \$448,295,941 (*net position*).
- The government's total net position increased by \$19,819,177. Included in this amount are increases in the net position of governmental activities and business-type activities of \$14,863,185 and \$4,955,992 respectively.
- As of the close of the current fiscal year, the City of Wilmington's governmental funds combined ending fund balances increased \$38,102,675 from the prior year to a total of \$238,375,585. Approximately 20.1% of this amount, or \$47,888,641, 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 \$47,910,034 or 47.5% of total general fund expenditures and 41.9% 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 20-25% of the operating budget.
- The City of Wilmington's total long-term liabilities increased by \$38,985,717 or 10.5% during the current fiscal year. Total long-term liabilities increased for governmental activities by \$43,884,128 and decreased by \$4,898,411 for the business-type activities.
- 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, the **required supplementary information** section contains funding information about the City’s pension plans and postemployment healthcare plan. Next, **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 recycling and trash 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 21 - 23 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, recycling and trash 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 47 - 114 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 116 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.

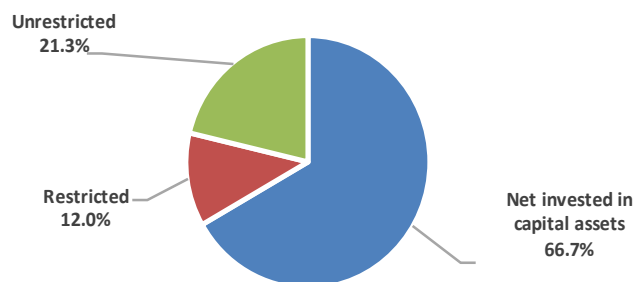
Government-Wide Financial Analysis

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 \$448,295,941 as of June 30, 2021. The City’s net position increased by \$19,819,177 for the fiscal year ended June 30, 2021. A significant portion of the City’s net position \$299,370,270 (66.7%) reflects the City’s net investment in capital assets (e.g. land, buildings, machinery, and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the City’s net position, \$53,633,149 (12%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$95,292,522 (21.3%) is unrestricted.

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

- **Governmental Activities:** The City received an increase in Sales tax revenue of \$4,141,822 that exceeded the prior year. The City also received FEMA reimbursement for Hurricane Florence, Hurricane Dorian, and Hurricane Isaias recovery in the amount of \$5.4 million. The largest decrease that accounted for the overall decrease in revenues from the prior year is related to the large amount of dedicated streets and easements from developers that the City received in the prior year valued at \$15.8 million. In addition to revenue decreases, the City also realized expense reductions primarily due to prolonged vacancies, high turnover and other service reductions in relation to the continuation of the pandemic.
- **Business-type Activities:** Overall revenues decreased from the prior by \$4,934,413 directly attributable to the reduction in FEMA reimbursements received this year in comparison to the large amount received in the prior year for storm drainage repairs, \$57 thousand compared to \$4.7 million. Charges for services were higher than the prior year by \$284,165 of revenues.

Total Net Position



**Net Position
Figure 2**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
ASSETS:						
Current and other assets	\$285,941,625	\$229,122,953	\$ 55,549,686	\$ 58,075,164	\$ 341,491,311	\$287,198,117
Capital assets	<u>453,158,035</u>	<u>432,900,041</u>	<u>84,989,978</u>	<u>82,013,754</u>	<u>538,148,013</u>	<u>514,913,795</u>
Total assets	<u>739,099,660</u>	<u>662,022,994</u>	<u>140,539,664</u>	<u>140,088,918</u>	<u>879,639,324</u>	<u>802,111,912</u>
DEFERRED OUTFLOWS OF RESOURCES						
	<u>29,128,228</u>	<u>23,997,727</u>	<u>3,083,010</u>	<u>2,750,397</u>	<u>32,211,238</u>	<u>26,748,124</u>
LIABILITIES:						
Long-term liabilities	355,176,558	311,292,430	56,145,770	61,044,181	411,322,328	372,336,611
Current and other liabilities	<u>31,544,637</u>	<u>16,172,916</u>	<u>4,441,268</u>	<u>4,835,138</u>	<u>35,985,905</u>	<u>21,008,054</u>
Total liabilities	<u>386,721,195</u>	<u>327,465,346</u>	<u>60,587,038</u>	<u>65,879,319</u>	<u>447,308,233</u>	<u>393,344,665</u>
DEFERRED INFLOWS OF RESOURCES						
	<u>14,342,156</u>	<u>6,254,023</u>	<u>1,904,232</u>	<u>784,584</u>	<u>16,246,388</u>	<u>7,038,607</u>
NET POSITION:						
Net investment in capital assets	260,026,675	244,648,339	39,343,595	32,725,013	299,370,270	277,373,352
Restricted	53,089,657	55,579,604	543,492	485,936	53,633,149	56,065,540
Unrestricted	<u>54,048,205</u>	<u>52,073,409</u>	<u>41,244,317</u>	<u>42,964,463</u>	<u>95,292,522</u>	<u>95,037,872</u>
Total net position	<u>\$367,164,537</u>	<u>\$352,301,352</u>	<u>\$ 81,131,404</u>	<u>\$ 76,175,412</u>	<u>\$ 448,295,941</u>	<u>\$428,476,764</u>

Changes in Net Position

Figure 3

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 5,718,377	\$ 9,434,553	\$ 27,057,821	\$ 26,773,656	\$ 32,776,198	\$ 36,208,209
Operating grants and contributions	16,898,636	17,634,226	149,607	5,528,043	17,048,243	23,162,269
Capital grants and contributions	2,439,909	17,674,759	563,624	-	3,003,533	17,674,759
General revenues:						
Property taxes	80,518,378	78,232,370	-	-	80,518,378	78,232,370
Other taxes	48,403,482	44,142,037	-	-	48,403,482	44,142,037
Investment earnings	177,171	1,827,459	62,751	570,681	239,922	2,398,140
Other	4,785,962	4,057,859	237,142	132,978	5,023,104	4,190,837
Total revenues	<u>158,941,915</u>	<u>173,003,263</u>	<u>28,070,945</u>	<u>33,005,358</u>	<u>187,012,860</u>	<u>206,008,621</u>
Expenses:						
General government	32,303,341	25,863,172	-	-	32,303,341	25,863,172
Public safety	58,555,020	58,668,628	-	-	58,555,020	58,668,628
Transportation	21,380,068	18,192,731	-	-	21,380,068	18,192,731
Economic and physical development	7,237,706	8,249,770	-	-	7,237,706	8,249,770
Culture and recreation	12,782,133	13,762,924	-	-	12,782,133	13,762,924
Transit system	1,555,018	1,696,925	-	-	1,555,018	1,696,925
Interest and other charges	7,852,939	6,970,781	-	-	7,852,939	6,970,781
Recycling and Trash Svcs	-	-	9,347,492	10,232,326	9,347,492	10,232,326
Storm water management	-	-	9,141,384	13,973,357	9,141,384	13,973,357
Parking facilities	-	-	5,364,931	4,162,438	5,364,931	4,162,438
Golf	-	-	1,673,651	1,652,780	1,673,651	1,652,780
Total expenses	<u>141,666,225</u>	<u>133,404,931</u>	<u>25,527,458</u>	<u>30,020,901</u>	<u>167,193,683</u>	<u>163,425,832</u>
Increase in net position before transfers	17,275,690	39,598,332	2,543,487	2,984,457	19,819,177	42,582,789
Transfers from (to) other funds	<u>(2,412,505)</u>	<u>(347,099)</u>	<u>2,412,505</u>	<u>347,099</u>	<u>-</u>	<u>-</u>
Increase in net position	<u>14,863,185</u>	<u>39,251,233</u>	<u>4,955,992</u>	<u>3,331,556</u>	<u>19,819,177</u>	<u>42,582,789</u>
Net position at beginning of year	<u>352,301,352</u>	<u>313,050,119</u>	<u>76,175,412</u>	<u>72,843,856</u>	<u>428,476,764</u>	<u>385,893,975</u>
Net position at end of year	<u>\$367,164,537</u>	<u>\$352,301,352</u>	<u>\$ 81,131,404</u>	<u>\$ 76,175,412</u>	<u>\$448,295,941</u>	<u>\$ 428,476,764</u>

Governmental activities. Governmental activities increased the City's net position by \$14,863,185. Key elements of this net increase are as follows:

- The increase in net position before transfers in the prior year was \$39,598,332 compared to this year of \$17,275,690, a decrease of \$22,322,642.
 - Revenues decreased by \$14,061,348 or 8.13% from the prior year. The current year decreases over prior year were predominantly due to a decrease in capital grants and contributions of \$15,234,850 related to the increase of dedicated streets and easements accepted by the City in the prior year for various developments throughout the City. Charges for services were lower this year related to the full year having reduced activities due to the pandemic. The City received an increase of \$2.2 million in property tax and \$4.1 million increase in sales tax revenues. Room occupancy tax revenue rebounded slightly from the prior year due to the impacts of COVID-19. The City also received federal funding with the CARES Act of \$1.6 million and ARPA of \$12.9 million in fiscal year 2021 to help respond to the negative impacts of the pandemic.
 - Expenses increased by \$8,261,294 or 6.2% over the prior year. The largest increases were \$6.4 million in General Government and \$3.2 million in Transportation due predominantly to the response and recovery efforts from Hurricane Isaias that made landfall in October 2020 as well as the continued recovery from the prior two storms. The City also had increased expenses related to various transportation type projects. Merit increases of 3% were provided to eligible staff. Expenses also increased in relation to the pandemic recovery efforts that CARES Act and ARPA funding was used towards.
- Transfers from (to) the Business-type Activities in the prior year were (\$347,099) compared to this year of (\$2,412,505) an increase of \$2,065,406.
 - In the current fiscal year, transfers were made from the debt service fund to the parking fund for \$1,948,790 to cover the Riverplace parking deck debt service and to the golf fund from the parks and recreation CP fund for \$965,000, for capital projects to be financed from pay-go pursuant to the 2016 Parks and Recreation Bond.
 - \$29,866 was transferred from the general fund to the recycling and trash services fund to continue working with the police department on neighborhood cleanup efforts.
 - \$219,955 were transfers into public improvement CP and special purpose funds as grant matches for an electric refuse truck, backyard composting bins, and for a waste reduction campaign
 - A net transfer of capital assets of \$311,196 were made to the fleet fund relative to the equipment purchases from stormwater and recycling and trash services funds that will be on lease from the fleet fund.

Business-type activities. Business activities increased the City's net position by \$4,955,992. Key elements of the increase are as follows:

- The increase in net position before transfers in the prior year was \$2,984,457 compared to this year of \$2,543,487, a decrease of \$440,970.
 - The increase in charges for service of \$284,165 is mainly from the golf fund as there was more activity during the year due to the pandemic and golf being an outdoor activity with few restrictions. The largest decrease in revenue is in operating grants and contributions related to prior year receipt of \$4.7 million in reimbursements from FEMA for damage to the City's storm drainage system caused by Hurricane Florence in September 2018. While recovery efforts continue in this year with another storm, Hurricane Isaias, only \$57 thousand was received in FY21 from FEMA.
 - Expenses decreased by \$4,493,443 or 15% from the prior year mainly due to the prior year storm drainage repairs resulting from damage caused from Hurricane Florence in September 2018.

- Transfers from (to) the Governmental Activities in the prior year were \$347,099 compared to this year of \$2,412,505, an increase of \$2,065,406.
 - In the current fiscal year, transfers were made from the debt service fund to the parking fund for \$1,948,790 to cover the Riverplace parking deck debt service and to the golf fund from the parks and recreation CP fund for \$965,000, for capital projects to be financed from pay-go pursuant to the 2016 Parks and Recreation Bond.
 - \$29,866 was transferred from the general fund to the recycling and trash services fund to continue working with the police department on neighborhood cleanup efforts.
 - \$219,955 were transfers out to public improvement CP and special purpose funds as grant matches for an electric refuse truck, backyard composting bins, and for a waste reduction campaign
 - A net transfer of capital assets of \$311,196 were made to the fleet fund relative to the equipment purchases from stormwater and recycling and trash services funds that will be on lease from the fleet fund.

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 \$47,910,034, an 8.2% increase over the prior year; while total fund balance was \$81,220,092, a 14.1% increase from the prior year. The City Council has determined that the City should maintain a minimum unassigned fund balance of 20-25% of the operating budget in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the City. This year, the City experienced an unforeseen need with Hurricane Isaias as well as the continued COVID-19 pandemic that continues to bring unknown impacts to the economy. With these events, the minimum level of unassigned fund balance was still achieved.

The City currently has an unassigned fund balance of 39% of the operating budget, while total fund balance represents 66.1% of the same amount. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures (not including transfers). Unassigned fund balance represents 47.5% of total General Fund expenditures, while total fund balance represents 80.5% of that same amount.

At June 30, 2021, the governmental funds of the City of Wilmington reported a combined fund balance of \$238,375,585, a 19% increase or \$38,102,675 more from the prior year. The General Fund, Special Purpose, Streets and Sidewalks Fund, Parks and Recreation Fund, Debt Service Fund, and non-major special revenue and capital project funds are included in this combined amount.

The General Fund realized a \$10 million increase due to the revenues coming in higher than budget and expenditures lower than budget. The increase in revenues came from reimbursements from FEMA of \$5.3 million for Hurricane Florence that made landfall in September 2018, Hurricane Dorian that made landfall in September 2019, and Hurricane Isaias that made landfall in October 2020. These reimbursements were not included in the amended budget. The City is still awaiting additional reimbursements amounting to \$8.7 million for these storms. Sales tax revenues and Property tax receipts were higher than budgeted due growth, online sales, stimulus funding, etc. The General Fund expenditures were \$8.6 million less than budgeted due to the continued impact from the pandemic and social issues which caused record position vacancies and higher than expected turnover experienced by several departments throughout the City. The reductions in expenditures include the continued impact from the pandemic as the City staff trainings were mostly held through video conference connections in place of in-person experiences. City operational expenses related to professional service contracts were also below budget, some related to delays in processes that reduced this need. The Streets and Sidewalks Fund saw an increase of \$31.6 million due to the debt issuance of \$36 million of transportation bonds and limited obligation bonds for street and sidewalk capital improvements. The Parks and Recreation Fund had a decrease of \$3.9 million due to a lower amount of issuance of debt than the prior year for the Parks

bond and limited obligation bond for various park and recreation improvements including the Sports Complex expected to be constructed in FY22. The Debt Service Fund had a decrease of \$1.3 million as the City refunded a 2012 limited obligation bond and 2011 general obligation bonds but also transferred more funding to capital projects in the current year. The non-major funds saw an increase of \$1.9 million due to the issuance of limited obligation bonds in the Buildings Improvements Fund for facility improvements as well as land purchase for the future parks maintenance facility.

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 in total by \$12,015,007 for the fiscal year. This increase was related to FEMA reimbursements of \$5,268,622 from the multiple major hurricanes the City has had to respond to since September 2018 as well as sales tax and ad valorem tax coming in higher than budget by \$5,933,204 and \$277,794 respectively. The City also received \$1,232,652 higher than estimated for ABC Revenues. The impact to the general fund revenues due to the pandemic were seen mostly in sales tax revenues as these were up 13.7% from the prior year due to the impact to the economy. Also, low interest rates continue to impact earnings from investments as well as a loss of fee revenue from a reduction of City services and activities. The City received lower than expected revenues from the State Utility franchise and telecommunication taxes as businesses continued to be closed or have reduced hours and having more remote working employees.

Expenditures (excluding transfers) in the General Fund were \$8,572,939 less than the \$109,351,480 amended budget. The City experienced levels below the authorized budget in salaries and benefits due to high turnover and record vacancies as well as other operational expenditures such as utilities and insurance coverages. The reductions in expenditures include the continued impact from the pandemic as the City staff trainings were mostly held through video conference connections in place of in-person experiences. City operational expenses related to professional service contracts were also below budget, some related to delays in processes that reduced this need.

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 Recycling and Trash Services Fund, Storm Water Management Fund and Parking Facilities Fund. Unrestricted net position of the Recycling and Trash Services Fund, Storm Water Management Fund and the Parking Facilities Fund at the end of the fiscal year amounted to \$4,672,385, \$28,755,198, and \$7,271,874, respectively. These balances are all lower than the prior year due to reduced expenditures related mostly to high turnover and operating reductions due to the pandemic. The unrestricted net position of the non-major Golf enterprise fund totaled \$544,860. This is a big increase over the prior year as the golf course was able to remain open throughout the pandemic and increased business as well being an outdoor activity. The Golf fund also received a transfer in of pay-go from the parks and recreation CP fund to make improvements to the course and amenities.

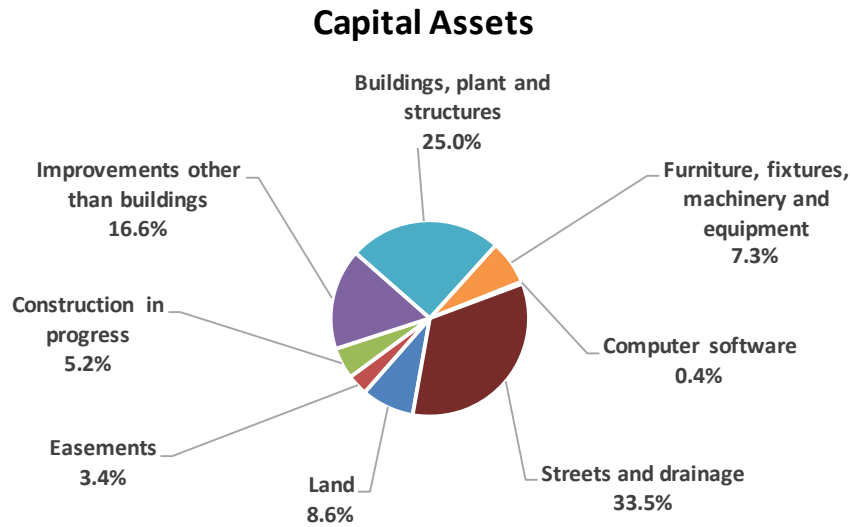
Capital Asset and Debt Administration

Capital assets. The City of Wilmington's investment in capital assets for its governmental and business-type activities as of June 30, 2021, was \$538,148,013 (net of accumulated depreciation). These assets include buildings, roads and bridges, drainage improvements, land, rights-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 \$20,339,643 in construction in progress for governmental activity capital assets (see Figure 4) represented the largest increase. Of this amount, \$19,573,236 is for the construction of the City's Riverwalk Park and Amphitheatre expected to be completed in early FY22. Additionally, streets and drainage increased by \$5,027,912 as the City made several street improvements as well as accepted streets from new developments.

- An increase of \$2,053,693 in buildings, plant and structures for business-type activities represented the largest increase related to the Water Street parking deck redevelopment project.



**Capital Assets
Figure 4**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 61,354,823	\$ 60,466,805	\$ 8,491,754	\$ 8,066,354	\$ 69,846,577	\$ 68,533,159
Easements	24,548,938	23,613,026	3,057,286	1,818,629	27,606,224	25,431,655
Construction in progress	38,268,644	17,929,001	4,121,217	3,378,524	42,389,861	21,307,525
Total non-depreciable assets	<u>124,172,405</u>	<u>102,008,832</u>	<u>15,670,257</u>	<u>13,263,507</u>	<u>139,842,662</u>	<u>115,272,339</u>
Improvements other than buildings	67,368,273	66,447,396	66,901,284	65,549,131	134,269,557	131,996,527
Buildings, plant and structures	163,510,852	159,890,166	39,729,163	37,675,470	203,240,015	197,565,636
Furniture, fixtures, machinery and equipment	56,558,272	55,222,440	2,392,801	2,109,467	58,951,073	57,331,907
Computer software	3,181,191	2,563,545	102,792	58,184	3,283,983	2,621,729
Streets and drainage	<u>272,239,603</u>	<u>267,211,691</u>	-	-	<u>272,239,603</u>	<u>267,211,691</u>
Total assets being depreciated	562,858,191	551,335,238	109,126,040	105,392,252	671,984,231	656,727,490
Accumulated depreciation	<u>(233,872,561)</u>	<u>(220,444,029)</u>	<u>(39,806,319)</u>	<u>(36,642,005)</u>	<u>(273,678,880)</u>	<u>(257,086,034)</u>
Total capital assets being depreciated, net	<u>328,985,630</u>	<u>330,891,209</u>	<u>69,319,721</u>	<u>68,750,247</u>	<u>398,305,351</u>	<u>399,641,456</u>
Total capital assets, net	<u>\$453,158,035</u>	<u>\$432,900,041</u>	<u>\$ 84,989,978</u>	<u>\$ 82,013,754</u>	<u>\$538,148,013</u>	<u>\$514,913,795</u>

Additional information on the City's capital assets can be found in note 4 on pages 68 - 71 of this report.

Long-term Debt. At June 30, 2021, the City does not have general obligation bonds authorized but unissued. The total bonded debt outstanding is \$103,115,000. Of the amount outstanding, \$85,060,000 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	
	2021	2020	2021	2020	2021	2020
General obligation bonds	\$ 85,060,000	\$ 45,890,000	\$ -	\$ -	\$ 85,060,000	\$ 45,890,000
Revenue bonds	-	-	18,055,000	20,485,000	18,055,000	20,485,000
Total	\$ 85,060,000	\$ 45,890,000	\$ 18,055,000	\$ 20,485,000	\$ 103,115,000	\$ 66,375,000

The City of Wilmington's total bonded debt increased by \$36,740,000 during the past fiscal year. At June 30, 2021, 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 \$1,278,487,950.

The City's total debt increased by \$33,780,470 (13.5%) during the past fiscal year. The addition of debt was offset by principal retirements for the year ended June 30, 2021 totaling \$32,179,530. Included in this amount are reductions due to the refunding of the Limited Obligation Bonds, Series 2012 and the refunding of the General Obligation Bonds, Series 2011A and 2011C.

Total Debt Outstanding
Figure 6

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
General obligation bonds	\$ 85,060,000	\$ 45,890,000	\$ -	\$ -	\$ 85,060,000	\$ 45,890,000
Revenue bonds	-	-	18,055,000	20,485,000	18,055,000	20,485,000
Installment Obligations	145,288,950	145,385,250	28,516,050	30,099,750	173,805,000	175,485,000
Other Long term obligations	7,738,646	9,018,176	-	-	7,738,646	9,018,176
Total	\$238,087,596	\$200,293,426	\$ 46,571,050	\$ 50,584,750	\$284,658,646	\$250,878,176

Additional information on the City of Wilmington's long-term debt can be found in note 4 on pages 91 - 105 of this report.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the conservative growth projections:

- As we continue to recover from the pandemic, the City of Wilmington's unemployment rate was 4.4% at June 30, 2021 and was just below the State average of 4.6% and below the national average of 5.9%. Prior to COVID-19, the unemployment rate as of February 2020 was 3.5% for Wilmington compared to 3.6% for the State and 3.5% for the Nation.
- Sales tax receipts (county-wide) ended the year up by 14.51% over the prior fiscal year and the City of Wilmington's distribution saw a 13.68% increase which was affected by changes in projected property levies that affect the distribution method as well as the full year impact from COVID-19. Local sales tax revenues for FY22 are estimated at \$32,485,457 reflecting a 14.7% increase over FY21 adopted levels and a 7.9% increase over the FY20 actuals. Sales Tax represents 26% of the total General Fund revenues. The NC League of Municipalities estimates projected FY22 local sales tax distributions will be 3.1% over FY21'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 but given the pandemic and unknown impacts locally, the forecast is estimated at a 7.9% growth estimate.
- Despite the tremendous impact that the pandemic has had in everyday lives, the City has fared better than most other jurisdictions across the country. This is in part to the solid economic foundation that has been developed and strengthened over many decades, such as a residential real estate market that is incredibly strong in Wilmington. The City has seen a surge of second homeowners relocating temporarily from areas with higher rates of Covid cases and brought their spending to our area. We are seeing record sales tax collections resulting from the movement of people as well as increases in online sales.

All of these factors were included in preparing the City of Wilmington's budget for the 2022 fiscal year.

Budget Highlights for the Fiscal Year Ending June 30, 2022

Governmental Activities. The FY22 budget reflects a real property reappraisal year. New Hanover County is on a four-year reappraisal cycle. The reappraisal resulted in a 35.8% increase in assessed values which resulted with the City adjusting the ad valorem tax rate, reducing it to \$0.3808 from the FY21 rate at \$0.4984 per \$100 assessed valuation. The value of one penny of the tax rate is equivalent to approximately \$2,144,867 based on a 99.5% collection rate for Property and a 100% collection rate for Motor Vehicles. Of the \$0.3808, \$0.0713 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 5th year of the 2nd 80/20 Debt Service CIP, a 6-year plan.

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 adopted budget continues the tax rate of \$0.0547 per \$100 assessed value, for both real and personal property, based on the total district's property values totaling \$836.7 million. The assessed values have increased by \$213.13 million over FY21. Expected ad valorem revenues totaling \$453,619 have been budgeted for FY22.

The FY22 General Fund budget appropriates \$8.8 million of fund balance for multiple one-time equipment and service purchases as well as providing \$3.5 million towards streets rehabilitation and \$3.5 million to be allocated to the City's Rail realignment project. The budget also reflects \$3.5 million of fund balance to be committed for affordable housing efforts. The budgeted expenditures, excluding transfers, increased by \$5.3 million or 5.1% to \$109,062,598 from the adopted FY2021 budget. The city-wide FY22 adopted budget reflects a net increase of 15.55 positions. Each position request directly associates with the strategic plan and overall mission of the core values of the city.

The FY22 budget includes the addition of a Diversity, Equity and Inclusion division as well as increasing the minimum wage to \$15 per hour beginning in January 2022.

Business-type Activities. Stormwater rates increased by 1% to \$8.43 per month per residence. Recycling and Trash Services will see a 4% rate adjustment effective January of 2022 as a result from a rate study completed in FY21. This increase is needed to offset the rising costs of services including disposal fee increases. Golf and Parking fees remain unchanged.

Requests for Information

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

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BASIC FINANCIAL STATEMENTS



W CITY OF
WILMINGTON
NORTH CAROLINA

CITY OF WILMINGTON, NORTH CAROLINA

Statement of Net Position

June 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents/investments	\$ 174,222,175	\$ 42,799,459	\$ 217,021,634	\$ 227,789
Taxes receivable, net	1,920,598	-	1,920,598	-
Accounts receivable, net	955,735	4,018,416	4,974,151	17,360
Other receivables	216,792	31,657	248,449	-
Due from other governments	22,631,316	4,524,570	27,155,886	744,626
Inventories	676,526	141,464	817,990	200,569
Notes receivable	20,730,166	-	20,730,166	-
Prepays	1,010,483	67,009	1,077,492	107,669
Restricted assets for capital outlay:				
Cash and cash equivalents/investments	63,577,834	3,967,111	67,544,945	-
Capital assets:				
Land, easements and construction in progress	124,172,405	15,670,257	139,842,662	4,134,232
Other capital assets, net of accumulated depreciation	328,985,630	69,319,721	398,305,351	24,210,135
Total assets	<u>739,099,660</u>	<u>140,539,664</u>	<u>879,639,324</u>	<u>29,642,380</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>29,128,228</u>	<u>3,083,010</u>	<u>32,211,238</u>	<u>287,663</u>
LIABILITIES				
Accounts payable	6,440,697	1,602,441	8,043,138	139,163
Due to management company	103,437	-	103,437	-
Due to other governments	12,408,059	3,781	12,411,840	-
Accrued liabilities	7,787,004	659,827	8,446,831	98,085
Customer and escrow deposits	1,072,564	119,105	1,191,669	-
Unearned revenues	241,533	130,157	371,690	-
Restricted liabilities:				
Accounts payable	3,491,343	1,925,957	5,417,300	-
Long-term liabilities:				
Due within one year	21,024,880	2,996,864	24,021,744	263,705
Due in more than one year	334,151,678	53,148,906	387,300,584	489,204
Total liabilities	<u>386,721,195</u>	<u>60,587,038</u>	<u>447,308,233</u>	<u>990,157</u>
DEFERRED INFLOWS OF RESOURCES	<u>14,342,156</u>	<u>1,904,232</u>	<u>16,246,388</u>	<u>15,265</u>
NET POSITION				
Net investment in capital assets	260,026,675	39,343,595	299,370,270	28,344,367
Restricted for:				
Stabilization by State statute	17,196,242	-	17,196,242	-
Community development housing loans	24,305,639	-	24,305,639	-
Convention center facility	7,688,563	-	7,688,563	-
Capital projects	2,810,485	543,492	3,353,977	-
Public safety	874,277	-	874,277	-
Economic and physical development	161,294	-	161,294	-
Cultural and recreational	53,157	-	53,157	-
Unrestricted	<u>54,048,205</u>	<u>41,244,317</u>	<u>95,292,522</u>	<u>580,254</u>
Net position	<u>\$ 367,164,537</u>	<u>\$ 81,131,404</u>	<u>\$ 448,295,941</u>	<u>\$28,924,621</u>

CITY OF WILMINGTON, NORTH CAROLINA

Statement of Activities

Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 32,303,341	\$ 1,642,496	\$ 2,231,770	\$ -
Public safety	58,555,020	1,021,619	469,268	645,976
Transportation	21,380,068	1,653,218	6,216,864	1,526,622
Economic and physical development	7,237,706	841,187	2,057,165	128,457
Cultural and recreational	12,782,133	559,857	514,045	138,854
Transit system	1,555,018	-	-	-
Hurricane disaster recovery	-	-	5,409,524	-
Interest and other charges	7,852,939	-	-	-
Total governmental activities	<u>141,666,225</u>	<u>5,718,377</u>	<u>16,898,636</u>	<u>2,439,909</u>
Business-type activities:				
Recycling and trash services	9,347,492	9,531,483	91,979	-
Storm water management	9,141,384	12,387,107	57,628	563,624
Parking facilities	5,364,931	3,343,870	-	-
Golf	1,673,651	1,795,361	-	-
Total business-type activities	<u>25,527,458</u>	<u>27,057,821</u>	<u>149,607</u>	<u>563,624</u>
Total primary government	<u>\$ 167,193,683</u>	<u>\$ 32,776,198</u>	<u>\$ 17,048,243</u>	<u>\$ 3,003,533</u>
Component unit	<u>\$ 10,311,491</u>	<u>\$ 1,243,052</u>	<u>\$ 5,483,411</u>	<u>\$ 177,398</u>

See notes to financial statements.

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	\$ (28,429,075)	\$ -	\$ (28,429,075)	\$ -
Public safety	(56,418,157)	-	(56,418,157)	-
Transportation	(11,983,364)	-	(11,983,364)	-
Economic and physical development	(4,210,897)	-	(4,210,897)	-
Cultural and recreational	(11,569,377)	-	(11,569,377)	-
Transit system	(1,555,018)	-	(1,555,018)	-
Hurricane disaster recovery	5,409,524	-	5,409,524	-
Interest and other charges	(7,852,939)	-	(7,852,939)	-
Total governmental activities	<u>(116,609,303)</u>	<u>-</u>	<u>(116,609,303)</u>	<u>-</u>
Business-type activities:				
Recycling and trash services	-	275,970	275,970	-
Storm water management	-	3,866,975	3,866,975	-
Parking facilities	-	(2,021,061)	(2,021,061)	-
Golf	-	121,710	121,710	-
Total business-type activities	<u>-</u>	<u>2,243,594</u>	<u>2,243,594</u>	<u>-</u>
Total primary government	<u>(116,609,303)</u>	<u>2,243,594</u>	<u>(114,365,709)</u>	<u>-</u>
Component unit	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,407,630)</u>
General revenues:				
Ad valorem taxes	80,518,378	-	80,518,378	-
Room occupancy tax	4,077,235	-	4,077,235	-
Grants and contributions not restricted to specific programs	3,506,998	-	3,506,998	-
Operating subsidy from primary government	-	-	-	1,489,668
Operating subsidy from other governments	-	-	-	351,036
Local option sales tax	34,416,611	-	34,416,611	-
Franchise tax	8,247,813	-	8,247,813	-
Video programming sales tax	1,261,462	-	1,261,462	-
Rental vehicle tax	400,361	-	400,361	-
Investment earnings	177,171	62,751	239,922	-
Miscellaneous	1,278,964	237,142	1,516,106	151,105
Total general revenues not including transfers	<u>133,884,993</u>	<u>299,893</u>	<u>134,184,886</u>	<u>1,991,809</u>
Transfers from (to) other funds	<u>(2,412,505)</u>	<u>2,412,505</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers	<u>131,472,488</u>	<u>2,712,398</u>	<u>134,184,886</u>	<u>1,991,809</u>
Change in net position	<u>14,863,185</u>	<u>4,955,992</u>	<u>19,819,177</u>	<u>(1,415,821)</u>
Net position at beginning of year	<u>352,301,352</u>	<u>76,175,412</u>	<u>428,476,764</u>	<u>30,340,442</u>
Net position at end of year	<u>\$ 367,164,537</u>	<u>\$ 81,131,404</u>	<u>\$ 448,295,941</u>	<u>\$ 28,924,621</u>

CITY OF WILMINGTON, NORTH CAROLINA

**Balance Sheet -
Governmental Funds**

June 30, 2021

	General Fund	Special Purpose Fund	Streets and Sidewalks Fund	Parks and Recreation Fund
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and cash equivalents/investments	\$ 72,665,172	\$ 13,779,247	\$ 21,776,935	\$ 10,088,129
Taxes receivable, net	1,592,536	-	-	-
Accounts receivable, net	946,443	-	-	-
Other receivables	216,792	-	-	-
Due from other funds	202,482	-	-	-
Due from other governments	15,650,007	656,326	665,337	567,499
Notes receivable, net	217,620	70,947	-	-
Inventories	633,784	-	-	-
Prepays	545,225	6,585	-	-
Restricted assets:				
Cash and cash equivalents/investments	<u> -</u>	<u> -</u>	<u>45,983,844</u>	<u>16,583,943</u>
Total assets	<u>\$ 92,670,061</u>	<u>\$ 14,513,105</u>	<u>\$ 68,426,116</u>	<u>\$ 27,239,571</u>
 LIABILITIES				
Accounts payable	\$ 1,044,467	\$ 204,165	\$ 381,951	\$ 4,055,311
Due to other funds	8,929	-	-	-
Due to management company	-	-	-	-
Due to other governments	788	12,405,414	-	-
Accrued liabilities	6,653,916	72,621	-	-
Customer and escrow deposits	951,914	50	-	-
Unearned revenue	8,319	205,214	-	-
Restricted liabilities:				
Accounts payable	<u> -</u>	<u> -</u>	<u>1,583,972</u>	<u>1,907,371</u>
Total liabilities	<u>8,668,333</u>	<u>12,887,464</u>	<u>1,965,923</u>	<u>5,962,682</u>
 DEFERRED INFLOWS OF RESOURCES				
Taxes receivable, net	1,592,536	-	-	-
Accounts receivable	918,629	3,063	-	-
Notes receivable	217,620	-	-	-
Prepaid property taxes	<u>52,851</u>	<u> -</u>	<u> -</u>	<u> -</u>
Total deferred inflows of resources	<u>2,781,636</u>	<u>3,063</u>	<u> -</u>	<u> -</u>

	Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents/investments	\$ 24,795,418	\$ 17,553,233	\$ 160,658,134
Taxes receivable, net	320,686	7,376	1,920,598
Accounts receivable, net	-	9,292	955,735
Other receivables	-	-	216,792
Due from other funds	-	9,000	211,482
Due from other governments	101,875	4,857,871	22,498,915
Notes receivable, net	-	20,441,599	20,730,166
Inventories	-	-	633,784
Prepays	-	-	551,810
Restricted assets:			
Cash and cash equivalents/investments	<u>15,467</u>	<u>994,580</u>	<u>63,577,834</u>
Total assets	<u>\$ 25,233,446</u>	<u>\$ 43,872,951</u>	<u>\$ 271,955,250</u>
LIABILITIES			
Accounts payable	\$ 647	\$ 467,875	\$ 6,154,416
Due to other funds	-	202,553	211,482
Due to management company	-	103,437	103,437
Due to other governments	-	1,857	12,408,059
Accrued liabilities	-	34,155	6,760,692
Customer and escrow deposits	-	120,600	1,072,564
Unearned revenue	-	28,000	241,533
Restricted liabilities:			
Accounts payable	<u>-</u>	<u>-</u>	<u>3,491,343</u>
Total liabilities	<u>647</u>	<u>958,477</u>	<u>30,443,526</u>
DEFERRED INFLOWS OF RESOURCES			
Taxes receivable, net	320,686	7,376	1,920,598
Accounts receivable	-	9,292	930,984
Notes receivable	-	1,552	219,172
Prepaid property taxes	<u>12,397</u>	<u>137</u>	<u>65,385</u>
Total deferred inflows of resources	<u>333,083</u>	<u>18,357</u>	<u>3,136,139</u>

(Continued)

CITY OF WILMINGTON, NORTH CAROLINA

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

June 30, 2021

	General Fund	Special Purpose Fund	Streets and Sidewalks Fund	Parks and Recreation Fund
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FUND BALANCES				
Non Spendable:				
Inventories	\$ 633,784	\$ -	\$ -	\$ -
Prepays	545,225	6,585	-	-
Restricted:				
Stabilization by State statute	17,039,944	-	-	-
Community development loans	-	70,947	-	-
Convention center	-	-	-	-
Capital projects	-	-	44,399,872	14,676,572
Debt service	-	-	-	-
Public safety	-	644,973	-	-
Economic and physical development	-	161,294	-	-
Cultural and recreational	-	53,157	-	-
Committed:				
Capital projects	-	-	22,060,321	6,600,317
Debt service	-	-	-	-
Public safety	823,137	383,372	-	-
Transportation	-	283,674	-	-
Economic and physical development	-	18,576	-	-
Cultural and recreational	176,468	-	-	-
Transit	400,000	-	-	-
General government	20,000	-	-	-
Affordable Housing	3,500,000	-	-	-
Municipal service district	-	-	-	-
Assigned:				
Self-insurance	1,000,000	-	-	-
Short Term Rentals	308,665	-	-	-
Subsequent year's expenditures	8,862,835	-	-	-
Unassigned	47,910,034	-	-	-
Unassigned (deficit), reported in:				
Nonmajor special revenue funds	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>81,220,092</u>	<u>1,622,578</u>	<u>66,460,193</u>	<u>21,276,889</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 92,670,061</u>	<u>\$ 14,513,105</u>	<u>\$ 68,426,116</u>	<u>\$ 27,239,571</u>

	Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
FUND BALANCES			
Non Spendable:			
Inventories	\$ -	\$ -	\$ 633,784
Prepays	-	-	551,810
Restricted:			
Stabilization by State statute	101,875	54,423	17,196,242
Community development loans	-	24,234,692	24,305,639
Convention center	-	7,688,563	7,688,563
Capital projects	-	994,578	60,071,022
Debt service	15,467	-	15,467
Public safety	-	229,304	874,277
Economic and physical development	-	-	161,294
Cultural and recreational	-	-	53,157
Committed:			
Capital projects	-	9,171,174	37,831,812
Debt service	21,594,587	-	21,594,587
Public safety	-	-	1,206,509
Transportation	-	-	283,674
Economic and physical development	-	-	18,576
Cultural and recreational	-	-	176,468
Transit	-	-	400,000
General government	-	-	20,000
Affordable Housing	-	-	3,500,000
Municipal service district	-	544,776	544,776
Assigned:			
Self-insurance	-	-	1,000,000
Short Term Rentals	-	-	308,665
Subsequent year's expenditures	3,187,787	-	12,050,622
Unassigned	-	-	47,910,034
Unassigned (deficit), reported in:			
Nonmajor special revenue funds	-	(21,393)	(21,393)
Total fund balances	<u>24,899,716</u>	<u>42,896,117</u>	<u>238,375,585</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 25,233,446</u>	<u>\$ 43,872,951</u>	<u>\$ 271,955,250</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

June 30, 2021

Total fund balances - governmental funds	\$ 238,375,585
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.	445,997,587
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.	(26,183,606)
This amount represents the City's total pension liability of the Law Enforcement Officers' Special Separation Allowance (Separation Allowance).	(17,513,179)
This amount represents the City's net other postemployment benefits liability relevant to governmental activities.	(37,764,666)
Contributions to the LGERS pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position.	5,272,799
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.	422,556
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.	19,669,540
Liabilities for unavailable revenues considered deferred inflows of resources in fund statements.	3,070,754
This amount represents pension related deferrals from the City's participation in the LGERS pension plan.	8,321,840
This amount represents pension related deferrals from the City's participation in the Separation Allowance pension plan.	4,267,024
This amount represents other postemployment benefits related deferrals.	(6,530,645)
Long-term liabilities including bonds payable and accrued interest thereon, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(270,241,052)</u>
Net position - governmental activities	<u>\$ 367,164,537</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, 2021

	<u>General Fund</u>	<u>Special Purpose Fund</u>	<u>Streets and Sidewalks Fund</u>	<u>Parks and Recreation Fund</u>
Revenues:				
Ad valorem taxes	\$ 64,551,588	\$ -	\$ -	\$ -
Room occupancy tax	-	-	-	-
Other taxes	44,153,194	-	-	-
Unrestricted intergovernmental	3,361,998	-	-	-
Restricted intergovernmental	8,322,231	3,999,196	2,031,425	353,989
Licenses and permits	869,878	-	-	-
Sales and services	2,220,092	-	-	-
Fines and forfeits	136,909	-	-	-
Investment earnings	44,711	3,726	32,922	13,914
Donations	-	68,750	183,321	247,160
Miscellaneous	<u>677,576</u>	<u>1,068,950</u>	<u>-</u>	<u>8,672</u>
Total revenues	<u>124,338,177</u>	<u>5,140,622</u>	<u>2,247,668</u>	<u>623,735</u>
Expenditures:				
Current:				
General government	27,530,254	1,177,443	-	-
Public safety	53,941,582	585,125	-	-
Transportation	9,001,100	2,691,524	10,525,432	-
Economic and physical development	76,192	900,430	-	-
Cultural and recreational	8,841,524	2,793	36,995	23,711,148
Transit system	1,489,668	65,350	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>100,880,320</u>	<u>5,422,665</u>	<u>10,562,427</u>	<u>23,711,148</u>
Excess (deficiency) of revenues over (under) expenditures	<u>23,457,857</u>	<u>(282,043)</u>	<u>(8,314,759)</u>	<u>(23,087,413)</u>
Other financing sources (uses):				
Transfers from other funds	-	694,514	3,182,966	3,125,266
Transfers to other funds	(13,329,100)	(528,264)	-	(965,000)
Issuance of bonds	-	-	28,700,000	14,300,000
Issuance of refunding bonds	-	-	-	-
Issuance of installment obligations	-	-	3,029,408	2,046,279
Issuance of refunding installment obligations	-	-	-	-
Premium on bonds	-	-	4,356,631	637,663
Premium on refunding bonds	-	-	-	-
Premium on installment obligations	-	-	619,778	-
Payment to refunded bond escrow agent	-	-	-	-
Payment to refunded installment obligation escrow agent	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(13,329,100)</u>	<u>166,250</u>	<u>39,888,783</u>	<u>19,144,208</u>
Net change in fund balances	10,128,757	(115,793)	31,574,024	(3,943,205)
Fund balances at beginning of year	71,201,147	1,738,371	34,886,169	25,220,094
Change in reserve for inventories	<u>(109,812)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at end of year	<u>\$ 81,220,092</u>	<u>\$ 1,622,578</u>	<u>\$ 66,460,193</u>	<u>\$ 21,276,889</u>

See notes to financial statements.

	Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
Revenues:			
Ad valorem taxes	\$ 15,081,681	\$ 449,177	\$ 80,082,446
Room occupancy tax	-	4,077,235	4,077,235
Other taxes	-	173,053	44,326,247
Unrestricted intergovernmental	-	-	3,361,998
Restricted intergovernmental	-	2,999,778	17,706,619
Licenses and permits	-	-	869,878
Sales and services	-	836,253	3,056,345
Fines and forfeits	-	-	136,909
Investment earnings	42,530	23,356	161,159
Donations	-	-	499,231
Miscellaneous	-	182,905	1,938,103
Total revenues	<u>15,124,211</u>	<u>8,741,757</u>	<u>156,216,170</u>
Expenditures:			
Current:			
General government	-	2,298,764	31,006,461
Public safety	-	1,451,541	55,978,248
Transportation	-	315,130	22,533,186
Economic and physical development	-	5,566,825	6,543,447
Cultural and recreational	-	916,898	33,509,358
Transit system	-	-	1,555,018
Debt service:			
Principal retirement	11,406,280	525,000	11,931,280
Interest and other charges	<u>6,491,355</u>	<u>1,899,825</u>	<u>8,391,180</u>
Total expenditures	<u>17,897,635</u>	<u>12,973,983</u>	<u>171,448,178</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,773,424)</u>	<u>(4,232,226)</u>	<u>(15,232,008)</u>
Other financing sources (uses):			
Transfers from other funds	9,334,832	4,077,304	20,414,882
Transfers to other funds	(8,091,124)	(743,477)	(23,656,965)
Issuance of bonds	-	-	43,000,000
Issuance of refunding bonds	3,770,000	-	3,770,000
Issuance of installment obligations	-	2,374,313	7,450,000
Issuance of refunding installment obligations	9,157,200	-	9,157,200
Premium on bonds	-	-	4,994,294
Premium on refunding bonds	887,030	-	887,030
Premium on installment obligations	-	438,010	1,057,788
Payment to refunded bond escrow agent	(4,629,133)	-	(4,629,133)
Payment to refunded installment obligation escrow agent	<u>(9,000,601)</u>	<u>-</u>	<u>(9,000,601)</u>
Total other financing sources (uses)	<u>1,428,204</u>	<u>6,146,150</u>	<u>53,444,495</u>
Net change in fund balances	(1,345,220)	1,913,924	38,212,487
Fund balances at beginning of year	26,244,936	40,982,193	200,272,910
Change in reserve for inventories	-	-	(109,812)
Fund balances at end of year	<u>\$ 24,899,716</u>	<u>\$ 42,896,117</u>	<u>\$ 238,375,585</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, 2021

Net change in fund balances - total governmental funds	\$ 38,212,487
Amounts reported for governmental activities in the statement of activities are different because:	
Change in fund balance due to change in reserve for inventory.	(109,812)
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.	21,781,003
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.	519,719
Contributions to the Local Governmental Retirement System (LGRS) pension plan in the current fiscal year are not included on the Statement of Activities.	5,272,799
Benefit payments and pension administration costs for the Law Enforcement Officers' Special Separation Allowance Allowance) after the measurement date are not included on Statement of Activities.	422,556
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.	(44,173,432)
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.	(8,741,927)
Internal service funds are used by management to charge the costs of equipment and personal computer replacement to individual funds. The net revenue (expense) of these activities are reported with governmental activities.	<u>1,679,792</u>
Change in net position - governmental activities	<u>\$ 14,863,185</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, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Ad valorem tax	\$ 64,273,794	\$ 64,273,794	\$ 64,551,588	\$ 277,794
Local option sales tax	28,310,354	28,310,354	34,243,558	5,933,204
Franchise tax	8,840,934	8,840,934	8,247,813	(593,121)
Video programming tax	1,330,000	1,330,000	1,261,462	(68,538)
Rental vehicle tax	382,000	382,000	400,361	18,361
Unrestricted intergovernmental	2,150,000	2,150,000	3,361,998	1,211,998
Restricted intergovernmental	3,164,111	3,164,111	8,322,231	5,158,120
Licenses and permits	735,000	735,000	869,878	134,878
Sales and services	2,324,064	2,331,408	2,220,092	(111,316)
Fines and forfeits	125,000	125,000	136,909	11,909
Interest earnings	328,000	328,000	44,711	(283,289)
Miscellaneous	374,030	352,569	677,576	325,007
Total revenues	<u>112,337,287</u>	<u>112,323,170</u>	<u>124,338,177</u>	<u>12,015,007</u>
Expenditures:				
General Government	26,095,058	31,182,104	27,504,667	3,677,437
Public Safety	56,214,017	56,428,126	53,941,582	2,486,544
Transportation	9,929,332	9,925,797	9,001,100	924,697
Cultural and Recreational	10,341,230	10,325,785	8,841,524	1,484,261
Transit System	1,489,668	1,489,668	1,489,668	-
Total expenditures	<u>104,069,305</u>	<u>109,351,480</u>	<u>100,778,541</u>	<u>8,572,939</u>
Excess of revenues over expenditures	<u>8,267,982</u>	<u>2,971,690</u>	<u>23,559,636</u>	<u>20,587,946</u>
Other financing sources (uses):				
Transfers to other funds	(12,349,120)	(13,447,280)	(13,430,879)	16,401
Appropriated fund balance	4,081,138	10,475,590	-	(10,475,590)
Total other financing uses	<u>(8,267,982)</u>	<u>(2,971,690)</u>	<u>(13,430,879)</u>	<u>(10,459,189)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>10,128,757</u>	<u>\$ 10,128,757</u>
Fund balance at beginning of year			71,201,147	
Change in reserve for inventories			<u>(109,812)</u>	
Fund balance at end of year			81,220,092	
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			101,779	
General government expenditures			(25,587)	
Economic and physical development expenditures			<u>(76,192)</u>	
Fund balance at end of year			<u>\$ 81,220,092</u>	

CITY OF WILMINGTON, NORTH CAROLINA

**Statement of Net Position -
Proprietary Funds**

June 30, 2021

	Enterprise Funds		
	Recycling and Trash Services Fund	Storm Water Management Fund	Parking Facilities Fund
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 6,838,689	\$ 26,715,055	\$ 7,520,176
Accounts receivable:			
Customers, net	2,167,731	1,850,685	-
Other receivables	17,608	700	-
Due from other governments	111,595	4,367,424	15,843
Inventory of materials and supplies	39,574	84,152	-
Prepays	25,614	17,700	15,251
Restricted assets:			
Cash and cash equivalents	-	1,772,818	2,194,293
Total current assets	9,200,811	34,808,534	9,745,563
Noncurrent assets:			
Capital assets:			
Land	-	1,533,071	6,849,290
Easements	-	2,865,534	191,752
Improvements other than buildings	-	64,410,576	231,282
Buildings, plant and structures	-	1,202,630	38,041,185
Intangible software	-	-	102,792
Furniture, fixtures, machinery and equipment	38,470	893,189	1,241,390
Construction in progress	-	3,154,306	119,999
Less accumulated depreciation	(32,075)	(24,904,591)	(13,141,771)
Total capital assets, net of accumulated depreciation	6,395	49,154,715	33,635,919
Total assets	9,207,206	83,963,249	43,381,482
DEFERRED OUTFLOWS OF RESOURCES			
Other postemployment benefits deferrals	479,766	643,450	36,142
Pension deferrals	482,271	436,270	19,665
Contributions to pension plan in current fiscal year	299,980	204,303	12,819
Charge on refunding	-	169,989	64,480
Total deferred outflows of resources	1,262,017	1,454,012	133,106

	Nonmajor Golf Fund	Total	Internal Service Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,725,539	\$ 42,799,459	\$ 13,564,041
Accounts receivable:			
Customers, net	-	4,018,416	-
Other receivables	13,349	31,657	-
Due from other governments	29,708	4,524,570	132,401
Inventory of materials and supplies	17,738	141,464	42,742
Prepays	8,444	67,009	458,673
Restricted assets:			
Cash and cash equivalents	-	3,967,111	-
Total current assets	<u>1,794,778</u>	<u>55,549,686</u>	<u>14,197,857</u>
Noncurrent assets:			
Capital assets:			
Land	109,393	8,491,754	-
Easements	-	3,057,286	-
Improvements other than buildings	2,259,426	66,901,284	-
Buildings, plant and structures	485,348	39,729,163	-
Intangible software	-	102,792	19,000
Furniture, fixtures, machinery and equipment	219,752	2,392,801	27,673,342
Construction in progress	846,912	4,121,217	-
Less accumulated depreciation	<u>(1,727,882)</u>	<u>(39,806,319)</u>	<u>(20,531,894)</u>
Total capital assets, net of accumulated depreciation	<u>2,192,949</u>	<u>84,989,978</u>	<u>7,160,448</u>
Total assets	<u>3,987,727</u>	<u>140,539,664</u>	<u>21,358,305</u>
DEFERRED OUTFLOWS OF RESOURCES			
Other postemployment benefits deferrals	96,645	1,256,003	81,850
Pension deferrals	88,137	1,026,343	112,788
Contributions to pension plan in current fiscal year	49,093	566,195	66,232
Charge on refunding	-	234,469	-
Total deferred outflows of resources	<u>233,875</u>	<u>3,083,010</u>	<u>260,870</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

June 30, 2021

	Enterprise Funds		
	Recycling and Trash Services Fund	Storm Water Management Fund	Parking Facilities Fund
LIABILITIES			
Current liabilities:			
Accounts payable:			
Trade	\$ 167,662	\$ 49,294	\$ 43,793
Contracts and retainage	-	1,106,418	151,523
Due to other governments	-	-	-
Accrued liabilities:			
Personnel costs	239,964	251,090	10,448
Interest	-	63,228	54,249
Current portion of long-term liabilities:			
Bonds payable	-	740,000	-
Installment obligations	-	75,000	1,783,225
Other long-term obligations	-	-	-
Accrued vacation and sick leave	191,806	144,393	11,560
Customer and escrow deposits	-	119,105	-
Unearned revenues	-	-	-
Restricted liabilities:			
Accounts payable:			
Contracts and retainage payable	-	-	1,925,957
Total current liabilities	<u>599,432</u>	<u>2,548,528</u>	<u>3,980,755</u>
Noncurrent liabilities:			
Noncurrent portion of long-term liabilities:			
Bonds payable	-	18,614,145	-
Installment obligations	-	253,637	26,454,759
Accrued vacation and sick leave	76,732	57,765	294
Net other postemployment benefits liability	2,547,734	1,475,343	7,317
Net pension liability	<u>1,479,078</u>	<u>1,231,189</u>	<u>58,003</u>
Total noncurrent liabilities	<u>4,103,544</u>	<u>21,632,079</u>	<u>26,520,373</u>
Total liabilities	<u>4,702,976</u>	<u>24,180,607</u>	<u>30,501,128</u>
DEFERRED INFLOWS OF RESOURCES			
Other postemployment benefits deferrals	1,051,478	494,997	9,335
Pension deferrals	35,989	28,227	1,500
Charge on refunding	-	1,240	-
Total deferred inflows of resources	<u>1,087,467</u>	<u>524,464</u>	<u>10,835</u>
NET POSITION			
Net investment in capital assets	6,395	31,413,500	5,730,751
Restricted for:			
Capital projects	-	543,492	-
Unrestricted	<u>4,672,385</u>	<u>28,755,198</u>	<u>7,271,874</u>
Net Position	<u>\$ 4,678,780</u>	<u>\$ 60,712,190</u>	<u>\$ 13,002,625</u>

See notes to financial statements.

	Nonmajor Golf Fund	Total	Internal Service Funds
LIABILITIES			
Current liabilities:			
Accounts payable:			
Trade	\$ -	\$ 260,749	\$ 286,281
Contracts and retainage	83,751	1,341,692	-
Due to other governments	3,781	3,781	-
Accrued liabilities:			
Personnel costs	40,848	542,350	50,540
Interest	-	117,477	2,132
Current portion of long-term liabilities:			
Bonds payable	-	740,000	-
Installment obligations	-	1,858,225	-
Other long-term obligations	-	-	410,000
Accrued vacation and sick leave	50,880	398,639	70,660
Customer and escrow deposits	-	119,105	-
Unearned revenues	130,157	130,157	-
Restricted liabilities:			
Accounts payable:			
Contracts and retainage payable	-	1,925,957	-
Total current liabilities	<u>309,417</u>	<u>7,438,132</u>	<u>819,613</u>
Noncurrent liabilities:			
Noncurrent portion of long-term liabilities:			
Bonds payable	-	18,614,145	-
Installment obligations	-	26,708,396	-
Accrued vacation and sick leave	55,855	190,646	40,701
Net other postemployment benefits liability	583,200	4,613,594	493,922
Net pension liability	<u>253,855</u>	<u>3,022,125</u>	<u>331,851</u>
Total noncurrent liabilities	<u>892,910</u>	<u>53,148,906</u>	<u>866,474</u>
Total liabilities	<u>1,202,327</u>	<u>60,587,038</u>	<u>1,686,087</u>
DEFERRED INFLOWS OF RESOURCES			
Other postemployment benefits deferrals	275,431	1,831,241	255,582
Pension deferrals	6,035	71,751	7,966
Charge on refunding	-	1,240	-
Total deferred inflows of resources	<u>281,466</u>	<u>1,904,232</u>	<u>263,548</u>
NET POSITION			
Net investment in capital assets	2,192,949	39,343,595	6,750,448
Restricted for:			
Capital projects	-	543,492	-
Unrestricted	<u>544,860</u>	<u>41,244,317</u>	<u>12,919,092</u>
Net Position	<u>\$ 2,737,809</u>	<u>\$ 81,131,404</u>	<u>\$ 19,669,540</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2021

	Enterprise Funds		
	Recycling and Trash Services Fund	Storm Water Management Fund	Parking Facilities Fund
Operating revenues:			
Charges for services	\$ 9,531,483	\$ 12,387,107	\$ 3,343,870
Other operating revenues	17,258	157,821	-
Total operating revenues	9,548,741	12,544,928	3,343,870
Operating expenses:			
Salaries, employee benefits and other personnel costs	4,479,955	2,440,618	203,545
Materials and fuels consumed	474,305	305,408	692
Landfill disposal fees	1,603,605	-	-
Services	1,283,076	1,154,266	1,785,299
Utilities	16,570	18,593	55,587
Depreciation	4,988	1,194,760	2,021,668
Amortization	-	461	-
Other operating expenses	1,484,993	3,278,680	503,502
Total operating expenses	9,347,492	8,392,786	4,570,293
Operating income (loss)	201,249	4,152,142	(1,226,423)
Nonoperating revenues (expenses):			
Investment earnings	10,142	39,434	10,299
Restricted intergovernmental	91,979	89,050	-
Interest and other charges	-	(748,598)	(794,638)
Gain (loss) on disposal of capital assets, net	-	-	-
Total nonoperating revenues (expenses)	102,121	(620,114)	(784,339)
Income (loss) before capital contributions and transfers	303,370	3,532,028	(2,010,762)
Capital contributions	-	532,202	-
Transfers from other funds	36,695	-	1,948,790
Transfers to other funds	(399,480)	(138,500)	-
Change in net position	(59,415)	3,925,730	(61,972)
Net position at beginning of year	4,738,195	56,786,460	13,064,597
Net position at end of year	\$ 4,678,780	\$ 60,712,190	\$ 13,002,625

	Nonmajor Golf Fund	Total	Internal Service Funds
Operating revenues:			
Charges for services	\$ 1,795,361	\$ 27,057,821	\$ 7,729,146
Other operating revenues	<u>57,999</u>	<u>233,078</u>	<u>45,483</u>
Total operating revenues	<u>1,853,360</u>	<u>27,290,899</u>	<u>7,774,629</u>
Operating expenses:			
Salaries, employee benefits and other personnel costs	786,101	7,910,219	907,753
Materials and fuels consumed	322,674	1,103,079	17,252
Landfill disposal fees	-	1,603,605	-
Services	43,372	4,266,013	1,190,595
Utilities	48,072	138,822	12,437
Depreciation	89,325	3,310,741	2,409,817
Amortization	-	461	-
Other operating expenses	<u>384,107</u>	<u>5,651,282</u>	<u>1,665,669</u>
Total operating expenses	<u>1,673,651</u>	<u>23,984,222</u>	<u>6,203,523</u>
Operating income (loss)	<u>179,709</u>	<u>3,306,677</u>	<u>1,571,106</u>
Nonoperating revenues (expenses):			
Investment earnings	2,876	62,751	16,013
Restricted intergovernmental	-	181,029	-
Interest and other charges	-	(1,543,236)	(9,061)
Gain (loss) on disposal of capital assets, net	<u>4,064</u>	<u>4,064</u>	<u>(886,793)</u>
Total nonoperating revenues (expenses)	<u>6,940</u>	<u>(1,295,392)</u>	<u>(879,841)</u>
Income (loss) before capital contributions and transfers	186,649	2,011,285	691,265
Capital contributions	-	532,202	158,949
Transfers from other funds	965,000	2,950,485	991,219
Transfers to other funds	<u>-</u>	<u>(537,980)</u>	<u>(161,641)</u>
Change in net position	1,151,649	4,955,992	1,679,792
Net position at beginning of year	<u>1,586,160</u>	<u>76,175,412</u>	<u>17,989,748</u>
Net position at end of year	<u>\$ 2,737,809</u>	<u>\$ 81,131,404</u>	<u>\$ 19,669,540</u>

CITY OF WILMINGTON, NORTH CAROLINA

**Statement of Cash Flows -
Proprietary Funds**

Year Ended June 30, 2021

	Enterprise Funds		
	Recycling and Trash Services Fund	Storm Water Management Fund	Parking Facilities Fund
Cash flows from operating activities:			
Receipts from customers and users	\$ 9,302,815	\$ 9,443,121	\$ 3,609,934
Receipts from interfund services provided	37,301	3,109,822	-
Payments to suppliers	(3,870,687)	(3,714,403)	(2,338,783)
Payments to or on behalf of employees	(4,068,377)	(2,828,854)	(175,312)
Payments for interfund services used	<u>(1,055,291)</u>	<u>(1,093,165)</u>	<u>(8,246)</u>
Net cash provided by operating activities	<u>345,761</u>	<u>4,916,521</u>	<u>1,087,593</u>
Cash flows from noncapital and related financing activities:			
Transfers from other funds	29,866	-	1,948,790
Transfers to other funds	(219,955)	-	-
Restricted intergovernmental	<u>91,979</u>	<u>831,386</u>	<u>-</u>
Net cash provided by (used in) noncapital and related financing activities	<u>(98,110)</u>	<u>831,386</u>	<u>1,948,790</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(179,525)	(4,054,514)	(1,373,422)
Proceeds from refunding installment obligations	-	-	2,582,800
Payment to refund outstanding installment obligations	-	-	(2,538,631)
Payment to redeem outstanding bonds	-	(1,715,000)	-
Principal payments on bonds	-	(715,000)	-
Principal payments on installment obligations	-	(75,000)	(1,723,250)
Principal payments on other long-term obligations	-	-	-
Interest and other charges	-	(866,099)	(778,130)
Issuance costs on refunding installment obligations	-	-	(40,710)
Proceeds from sale of capital assets	<u>-</u>	<u>-</u>	<u>-</u>
Net cash used in capital and related financing activities	<u>(179,525)</u>	<u>(7,425,613)</u>	<u>(3,871,343)</u>
Cash flows from investing activities:			
Investment earnings	<u>10,142</u>	<u>39,434</u>	<u>10,299</u>
Net increase (decrease) in cash and cash equivalents	78,268	(1,638,272)	(824,661)
Cash and cash equivalents at beginning of year	<u>6,760,421</u>	<u>30,126,145</u>	<u>10,539,130</u>
Cash and cash equivalents at end of year	<u>\$ 6,838,689</u>	<u>\$ 28,487,873</u>	<u>\$ 9,714,469</u>

	Nonmajor Golf Fund	Total	Internal Service Funds
Cash flows from operating activities:			
Receipts from customers and users	\$ 1,866,312	\$ 24,222,182	\$ (605,882)
Receipts from interfund services provided	-	3,147,123	8,458,643
Payments to suppliers	(748,323)	(10,672,196)	(3,328,288)
Payments to or on behalf of employees	(724,133)	(7,796,676)	(909,234)
Payments for interfund services used	(37,164)	(2,193,866)	(5,993)
Net cash provided by operating activities	<u>356,692</u>	<u>6,706,567</u>	<u>3,609,246</u>
Cash flows from noncapital and related financing activities:			
Transfers from other funds	965,000	2,943,656	673,194
Transfers to other funds	-	(219,955)	(154,812)
Restricted intergovernmental	-	923,365	-
Net cash provided by (used in) noncapital and related financing activities	<u>965,000</u>	<u>3,647,066</u>	<u>518,382</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(693,386)	(6,300,847)	(1,685,652)
Proceeds from refunding installment obligations	-	2,582,800	-
Payment to refund outstanding installment obligations	-	(2,538,631)	-
Payment to redeem outstanding bonds	-	(1,715,000)	-
Principal payments on bonds	-	(715,000)	-
Principal payments on installment obligations	-	(1,798,250)	-
Principal payments on other long-term obligations	-	-	(410,000)
Interest and other charges	-	(1,644,229)	(11,193)
Issuance costs on refunding installment obligations	-	(40,710)	-
Proceeds from sale of capital assets	5,451	5,451	480,809
Net cash used in capital and related financing activities	<u>(687,935)</u>	<u>(12,164,416)</u>	<u>(1,626,036)</u>
Cash flows from investing activities:			
Investment earnings	<u>2,876</u>	<u>62,751</u>	<u>16,013</u>
Net increase (decrease) in cash and cash equivalents	636,633	(1,748,032)	2,517,605
Cash and cash equivalents at beginning of year	<u>1,088,906</u>	<u>48,514,602</u>	<u>11,046,436</u>
Cash and cash equivalents at end of year	<u>\$ 1,725,539</u>	<u>\$ 46,766,570</u>	<u>\$ 13,564,041</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2021

	Enterprise Funds		
	Recycling and Trash Services Fund	Storm Water Management Fund	Parking Facilities Fund
Reconciliation to Statement of Net Position:			
Cash and cash equivalents	\$ 6,838,689	\$ 26,715,055	\$ 7,520,176
Restricted cash and cash equivalents	<u>-</u>	<u>1,772,818</u>	<u>2,194,293</u>
Total cash and cash equivalents	<u>\$ 6,838,689</u>	<u>\$ 28,487,873</u>	<u>\$ 9,714,469</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 201,249	\$ 4,152,142	\$ (1,226,423)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	4,988	1,195,221	2,021,668
Changes in assets, liabilities and deferred items:			
Accounts receivable	(201,531)	(11,363)	115,587
Other receivables	(17,608)	-	-
Due from other governments	(7,094)	19,378	150,477
Inventory of materials and supplies	(39,574)	15,650	-
Prepays	4,045	4,786	(15,251)
Deferred outflows of resources for pensions	(126,854)	(75,206)	(5,435)
Deferred outflows of resources for other postemployment benefits	(1,637)	(182,142)	11,072
Net pension liability	301,145	224,560	12,844
Net other postemployment benefits liability	(340,211)	(697,314)	2,598
Deferred inflows of resources for pensions	14,599	10,887	623
Deferred inflows of resources for other postemployment benefits	702,704	260,945	3,347
Accounts payable and accrued liabilities	(171,554)	2,468	14,079
Due to other governments	-	-	-
Accrued vacation and sick leave	23,094	(3,491)	2,407
Unearned revenues	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by operating activities	<u>\$ 345,761</u>	<u>\$ 4,916,521</u>	<u>\$ 1,087,593</u>
Noncash investing, capital and financing activities:			
Capital assets acquired on account	\$ -	\$ (396,012)	\$ 62,221
Transfer of capital assets between proprietary funds	(172,696)	(138,500)	-
Discovery of capital assets	-	16,539	-
Capital contributions from developers	-	532,202	-
Capital contributions from governmental funds	-	-	-
Donation of capital assets to governmental funds	<u>-</u>	<u>-</u>	<u>-</u>
Net effect of noncash activities	<u>\$ (172,696)</u>	<u>\$ 14,229</u>	<u>\$ 62,221</u>

	Nonmajor Golf Fund	Total	Internal Service Funds
Reconciliation to Statement of Net Position:			
Cash and cash equivalents	\$ 1,725,539	\$ 42,799,459	\$ 13,564,041
Restricted cash and cash equivalents	-	3,967,111	-
Total cash and cash equivalents	<u>\$ 1,725,539</u>	<u>\$ 46,766,570</u>	<u>\$ 13,564,041</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 179,709	\$ 3,306,677	\$ 1,571,106
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	89,325	3,311,202	2,409,817
Changes in assets, liabilities and deferred items:			
Accounts receivable	13,349	(83,958)	-
Other receivables	-	(17,608)	-
Due from other governments	(12,695)	150,066	78,132
Inventory of materials and supplies	5,494	(18,430)	(24,305)
Prepays	3,465	(2,955)	(452,603)
Deferred outflows of resources for pensions	(20,813)	(228,308)	(27,397)
Deferred outflows of resources for other postemployment benefits	(4,669)	(177,376)	(239)
Net pension liability	49,192	587,741	67,551
Net other postemployment benefits liability	(94,795)	(1,129,722)	(107,673)
Deferred inflows of resources for pensions	2,385	28,494	3,275
Deferred inflows of resources for other postemployment benefits	124,779	1,091,775	71,143
Accounts payable and accrued liabilities	2,012	(152,995)	26,164
Due to other governments	3,779	3,779	-
Accrued vacation and sick leave	3,877	25,887	(5,725)
Unearned revenues	12,298	12,298	-
Net cash provided by operating activities	<u>\$ 356,692</u>	<u>\$ 6,706,567</u>	<u>\$ 3,609,246</u>
Noncash investing, capital and financing activities:			
Capital assets acquired on account	\$ 83,751	\$ (250,040)	\$ 98,613
Transfer of capital assets between proprietary funds	-	(311,196)	311,196
Discovery of capital assets	-	16,539	-
Capital contributions from developers	-	532,202	-
Capital contributions from governmental funds	-	-	158,949
Donation of capital assets to governmental funds	-	-	(1,328,057)
Net effect of noncash activities	<u>\$ 83,751</u>	<u>\$ (12,495)</u>	<u>\$ (759,299)</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

June 30, 2021

	Other Postemployment Benefits Trust Fund	Custodial Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ -	\$ 605,262
Investments:		
North Carolina Capital Management Trust, Government Portfolio	3,059,554	-
Other receivables	<u>25</u>	<u>-</u>
Total assets	<u>3,059,579</u>	<u>605,262</u>
 NET POSITION		
Restricted for postemployment benefits other than pensions	3,059,579	-
Restricted for individuals, organizations, and other governments	<u>-</u>	<u>605,262</u>
Total fiduciary net position	<u>\$ 3,059,579</u>	<u>\$ 605,262</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2021

	Other Postemployment Benefits Trust Fund	Custodial Funds
	<u> </u>	<u> </u>
Additions:		
Contributions:		
Employer	\$ 1,846,174	\$ -
Plan members	509,594	-
Total contributions	<u>2,355,768</u>	<u>-</u>
Law enforcement seizures	-	16,469
Investment earnings	694	254
Total additions	<u>2,356,462</u>	<u>16,723</u>
Deductions:		
Benefit payments	2,173,732	-
Payments by court order	-	29,881
Community housing administration reimbursements	-	15,299
Administrative expense	185,286	-
Total deductions	<u>2,359,018</u>	<u>45,180</u>
Net decrease in fiduciary net position	<u>(2,556)</u>	<u>(28,457)</u>
Net position at beginning of year as previously stated	3,062,135	-
Restatement for accounting change (Note 8)	-	633,719
Net position at beginning of year as restated	<u>3,062,135</u>	<u>633,719</u>
Net position at end of year	<u>\$ 3,059,579</u>	<u>\$ 605,262</u>

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CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Wilmington, North Carolina (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. REPORTING ENTITY

The City of Wilmington is a municipal corporation, incorporated in 1739, located in the southeastern corner of North Carolina with a population of 115,465. 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.

BLENDDED 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, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. REPORTING ENTITY (continued)

DISCRETELY PRESENTED COMPONENT UNIT (continued)

Cape Fear Public Transportation Authority (continued)

The interlocal agreement was amended a second time on January 21, 2020 which restructured the Authority's board composition to consist of 9 members (or a member's designee). The members of the board are designated to be the New Hanover County Manager, the City of Wilmington Manager, the City of Wilmington Attorney, a New Hanover County Deputy Attorney, the City of Wilmington Finance Director, the New Hanover County Finance Director, the Executive Director of the Wilmington Urban Area Metropolitan Planning Organization and 2 members, one appointed by New Hanover County and one by the City of Wilmington. Additionally, the amended agreement designates the New Hanover County Manger is to be the Board Chair and the City of Wilmington Manager the Board Vice-Chair in the even numbered years and vice-versa in the odd numbered years.

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.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2021

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's complete financial statements for the year ended June 30, 2021 may be obtained at their administrative offices:

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

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.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. BASIS OF PRESENTATION (continued)

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.

Special Purpose Fund. This fund accounts for and reports the 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, Department of Treasury, Department of Homeland Security, and the North Carolina Departments of Transportation, Agriculture and Consumer Services, Environmental Quality, and Public Safety. Additionally, 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.

Parks and Recreation Fund. This fund accounts for resources used for the acquisition, construction, repair and maintenance of parks and recreation facilities 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 construction 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, 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:

Recycling and Trash Services Fund. The Recycling and Trash Services Fund accounts for the provision of refuse collection and disposal services by the City.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. BASIS OF PRESENTATION (continued)

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

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

Additionally, the City reports the following fund types:

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

Pension and Other Postemployment Benefits 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.

Custodial Funds. Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefits) trust funds. Custodial funds are used to account for assets the City holds on behalf of others that meet certain criteria and do not involve the measurement of operating results. The City maintains two Custodial Funds- the CHDO Proceeds Fund and the Law Enforcement Seizure Fund. 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 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.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (continued)

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

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

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

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

D. BUDGETARY DATA

Budgets for the City 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, and enterprise funds. 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.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. BUDGETARY DATA (continued)

Budgets are not adopted for special revenue loan funds and the Firemen's Relief Fund in accordance with State law [G.S. 159-13(a)(3)] as these funds are established to account for monies held by the City as a common law trustee. The City's internal service funds operate under financial plans that were adopted by the City Council at the time the City's budget ordinance was approved, as is required by North Carolina General Statutes. All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and the Community Development, the Home Investment Partnership and the Convention Center multi-year funds; at the fund level for all capital projects multi-year funds; and 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 are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The City may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the City 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 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 NCCMT Government Portfolio, a SEC—registered (2a-7) money market mutual fund which invests in treasuries and government agencies, is reported at fair value. Because the NCCMT Government 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. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at fair value.

CASH AND CASH EQUIVALENTS

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

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

RESTRICTED ASSETS

Unspent donations are classified as restricted assets because they are restricted to the capital projects or programs for which the funds were collected. Unexpended proceeds of the City's general obligation bonds and limited obligation bonds 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.

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

	Streets and Sidewalks Fund	Parks and Recreation Fund	Debt Service Fund	Nonmajor Governmental Funds	Governmental Activities
Debt proceeds and related interest earnings	\$ 43,173,359	\$ 16,583,943	\$ 15,467	\$ 994,580	\$ 60,767,349
Donations	2,810,485	-	-	-	2,810,485
	<u>\$ 45,983,844</u>	<u>\$ 16,583,943</u>	<u>\$ 15,467</u>	<u>\$ 994,580</u>	<u>\$ 63,577,834</u>

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

	Storm Water Management Fund	Parking Facilities Fund	Business-Type Activities
Debt proceeds and related interest earnings	<u>\$ 1,772,818</u>	<u>\$ 2,194,293</u>	<u>\$ 3,967,111</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, 2020. For collection purposes, taxes receivable are written off at the end of ten years in accordance with North Carolina General Statutes.

ALLOWANCES FOR DOUBTFUL ACCOUNTS

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

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

INVENTORIES AND PREPAID ITEMS

Inventories are maintained for major items used by the governmental funds and proprietary funds 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.

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 that extends past a single full reporting period. Minimum capitalization costs are as follows: land, rights-of-way 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 rights-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 rights-of-way and easements acquired subsequent to July 1, 2010. Those rights-of-way 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 rights-of-way and easements have been determined to have indefinite life.

The City has early implemented GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, in the prior 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, 2021

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:

Asset class	Estimated useful lives
Infrastructure (including streets and drainage systems)	50 years
Buildings, plant, structures and improvements	40 years
Heating, ventilation and air conditioning improvements	20 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 City 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 owns no significant capital assets that would be considered impaired.

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has several items that meet this criterion in the statement of net position – a loss on refunding, deferrals of pension expense, 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. 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.

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 are expensed in the reporting period in which they are incurred.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

LONG-TERM OBLIGATIONS (continued)

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

COMPENSATED ABSENCES

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

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

Sick leave credits can be accumulated indefinitely and 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.

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.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

FUND BALANCES

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

The governmental fund types classify fund balances as follows:

Nonspendable fund balance - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The following are the City's nonexpendable fund balances as of June 30, 2021:

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, 2021:

Restricted for Stabilization by State statute - North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

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.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

FUND BALANCES (continued)

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

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

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

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

Restricted for culture and recreation – portion of fund balance that is restricted by revenue source for the Empie dog park and other projects that provide cultural and recreational enhancement opportunities.

Committed fund balance - This classification includes amounts that can only be used for specific purposes imposed by majority vote by quorum of the City Council (highest level of decision-making authority). The City Council can, by ordinance prior to the end of the fiscal year, commit fund balance in the form of a transfer out of the general fund to another fund appropriate for the designated purpose or by amending the fee schedule to reserve proceeds of certain fees for specific purposes. Once adopted, any modification or rescission of the specific purpose imposed by the ordinance including transfer of these funds out of their respective funds requires a subsequent ordinance by majority action of the City Council. The following are the City’s committed fund balances as of June 30, 2021:

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 transportation - portion of fund balance committed by City Council for the Wilmington Urban Area Metropolitan Planning Organization and the safelight program.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)

June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

FUND BALANCES (continued)

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 affordable housing - portion of fund balance committed by City Council to provide funds for future affordable and workforce housing initiatives.

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.

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, 2021:

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 short term rentals – portion of fund balance representing the registrations collected from homeowners providing homestay and whole-house rentals of their properties since inception of the City's registration requirements.

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.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

FUND BALANCES (continued)

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, 2021. 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 20 to 25% of the combined annual operating budgets of the General Fund and Debt Service Fund. Any portion of the General Fund balance in excess of 25% of the combined annual operating budgets may be used for non-recurring expenditures and pay-as-you-go capital expenditures. For the General Fund at June 30, 2021, 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 Law Enforcement Officers' Special Separation Allowance (the "Separation Allowance") and additions to or deductions from LGERS' and the Separation Allowance fiduciary net position have been determined on the same basis as they are reported by LGERS and Separation Allowance. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The City's employer contributions are recognized when due and the City has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS and Separation Allowance.

For purposes of measuring the net other postemployment benefits (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.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. COMPARATIVE DATA

Comparative data for the prior year has been presented in selected sections of the City's Annual Comprehensive Financial Report (ACFR) 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	\$ (85,060,000)
Installment obligations	(145,288,950)
Other long-term obligations	(7,328,646)
Unamortized premiums	(26,576,412)
Unamortized deferred outflows of resources	3,228,134
Unamortized deferred inflows of resources	(127,573)
Accrued interest payable	(973,640)
Accrued vacation and sick leave	<u>(8,113,965)</u>
	<u>\$ (270,241,052)</u>

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

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

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2021

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

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

The details of those items are as follows:

Capital outlay	\$ 34,159,568
Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	1,225,018
Net transfers of capital assets from proprietary funds increase net position in the statement of activities, but do not appear in governmental funds because they are not financial resources.	1,169,108
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.	(27,988)
Depreciation expense	<u>(14,744,703)</u>
	<u>\$ 21,781,003</u>

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

The details of this item are as follows:

Debt issued:	
Issuance of bonds	\$ (43,000,000)
Issuance of refunding bonds	(3,770,000)
Issuance of installment obligations	(7,450,000)
Issuance of refunding installment obligations	(9,157,200)
Issuance premium (to be amortized over the life of the obligation)	(6,939,112)
Principal payments:	
Bonds payable	3,000,000
Installment obligations	8,061,750
Other long-term obligations	869,530
Refunded bonds	4,629,133
Refunded installment obligations	9,000,601
Amortization of premiums and loss on refundings	<u>581,866</u>
	<u>\$ (44,173,432)</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)

June 30, 2021

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

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

The reconciliation further states that “some expenses reported in the statement of activities, including pension, 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	\$ 5,162
Other postemployment benefits	426,572
Pension expense - Local Governmental Employees' Retirement System	(8,713,300)
Pension expense - Law Enforcement Special Separation Allowance	(1,425,797)
Accrued interest payable	(34,564)
Claims and judgements	<u>1,000,000</u>
	<u>\$ (8,741,927)</u>

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the fiscal year ended June 30, 2021, the expenditures made in the Parking Facilities Fund exceeded the authorized appropriations made by the governing board for parking operation by \$2,538,631. This over-expenditure occurred because in connection with the issuance of Refunding Limited Obligation Bonds, Series 2021B, the related City Council Ordinance appropriated the entire payment to refunded installment obligations escrow agent to the Debt Service Fund when a portion of that appropriation should have been allocated to the Parking Facilities Fund. Management and the Board will more closely review the ordinances related to refunding of debt for proper allocation to participating funds and ensure compliance in future years.

NOTE 4 – DETAIL NOTES ON ALL FUNDS

A. ASSETS

DEPOSITS AND INVESTMENTS

All of the City'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, 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, 2021

NOTE 4 – 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 or the escrow agents. Because of the inability to measure the exact amount of collateral pledged for the City 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 has no formal policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The City complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2021, the City's deposits had a carrying amount of \$170,581,491 and a bank balance of \$174,887,366. Of the bank balance, \$1,012,895 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. Cash on hand at June 30, 2021, was \$1,270,440.

At June 30, 2021, the investments and related maturities of the City were as follows:

Investment Type	Valuation Measurement Method	Fair Value	Less Than 6 Months
North Carolina Capital Management Trust - Government Portfolio	Fair Value-Level 1	\$ 116,379,464	\$ 116,379,464

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.

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, 2021 is .033 months.

Credit Risk

The City has no formal policy on managing credit risk. As of June 30, 2021, the City's investment in the NCCMT Government Portfolio carried a credit rating of AAAM by Standard & Poor's and AAAM-mf by Moody's Investors Service.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

A. ASSETS (continued)

RECEIVABLES

Current receivables for governmental activities at the government-wide level at June 30, 2021, were as follows:

	Taxes	Accounts	Other	Other Governments	Notes	Total
General Fund	\$2,844,623	\$1,365,737	\$ 216,792	\$15,650,007	\$ 217,620	\$20,294,779
Special Purpose Fund	-	-	-	656,326	70,947	727,273
Streets and Sidewalks Fund	-	-	-	665,337	-	665,337
Parks and Recreation Fund	-	-	-	567,499	-	567,499
Debt Service Fund	532,064	-	-	101,875	-	633,939
Nonmajor Governmental Funds	11,027	9,292	-	4,857,871	20,902,134	25,780,324
Internal Service Funds	-	-	-	132,401	-	132,401
Total receivables	3,387,714	1,375,029	216,792	22,631,316	21,190,701	48,801,552
Allowance for doubtful accounts	<u>(1,467,116)</u>	<u>(419,294)</u>	-	-	<u>(460,535)</u>	<u>(2,346,945)</u>
Total governmental funds	<u>\$1,920,598</u>	<u>\$ 955,735</u>	<u>\$ 216,792</u>	<u>\$22,631,316</u>	<u>\$20,730,166</u>	<u>\$46,454,607</u>

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

Local government sales and use taxes	\$ 9,526,247
Franchise tax	1,819,665
Video programming sales tax	306,450
PEG channel support	6,536
Room occupancy tax	1,133,394
Refund of sales and use tax paid	1,243,591
Community Development Block Grant entitlement	248,279
Home Investment Partnership entitlement	165,701
ABC revenues	282,871
Firemen's relief funds	109,863
FEMA/Hurricane disaster assistance	5,449,715
Other grants and reimbursements	<u>2,339,004</u>
	<u>\$ 22,631,316</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

A. ASSETS (continued)

RECEIVABLES (continued)

Receivables for business-type activities at the government-wide level at June 30, 2021, were as follows:

	<u>Accounts</u>	<u>Other</u>	<u>Other Governments</u>	<u>Total</u>
Business-type activities:				
Recycling and Trash Services Fund	\$2,610,176	\$ 17,608	\$ 111,595	\$ 2,739,379
Storm Water Management Fund	2,178,626	700	4,367,424	6,546,750
Parking Facilities Fund	-	-	15,843	15,843
Nonmajor Golf Fund	-	13,349	29,708	43,057
	<u>4,788,802</u>	<u>31,657</u>	<u>4,524,570</u>	<u>9,345,029</u>
Total receivables	4,788,802	31,657	4,524,570	9,345,029
Allowance for doubtful accounts	<u>(770,386)</u>	<u>-</u>	<u>-</u>	<u>(770,386)</u>
Total business-type activities	<u>\$4,018,416</u>	<u>\$ 31,657</u>	<u>\$ 4,524,570</u>	<u>\$ 8,574,643</u>

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

Refund of sales and use tax paid	\$ 108,243
Solid waste disposal tax	22,799
Cape Fear Public Utility Authority	30,276
FEMA/Hurricane disaster assistance	4,138,358
Other grants and reimbursements	<u>224,894</u>
	<u>\$ 4,524,570</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 4 – 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, 2021, was as follows:

	July 1, 2020	Increases	Decreases	Transfers	June 30, 2021
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 60,466,805	\$ 1,502,877	\$ -	\$ (614,859)	\$ 61,354,823
Easements	23,613,026	935,912	-	-	24,548,938
Construction in progress	<u>17,929,001</u>	<u>24,213,688</u>	-	<u>(3,874,045)</u>	<u>38,268,644</u>
Total capital assets not being depreciated	<u>102,008,832</u>	<u>\$ 26,652,477</u>	<u>\$ -</u>	<u>\$ (4,488,904)</u>	<u>124,172,405</u>
Capital assets being depreciated:					
Improvements other than buildings	66,447,396	\$ 591,253	\$ -	\$ 329,624	67,368,273
Buildings, plant and structures	159,890,166	2,432,798	-	1,187,888	163,510,852
Furniture, fixtures, machinery and equipment	55,222,440	3,342,458	(3,790,595)	1,783,969	56,558,272
Computer software	2,563,545	182,666	-	434,980	3,181,191
Streets and drainage	<u>267,211,691</u>	<u>3,967,199</u>	-	<u>1,060,713</u>	<u>272,239,603</u>
Total capital assets being depreciated	<u>551,335,238</u>	<u>\$ 10,516,374</u>	<u>\$ (3,790,595)</u>	<u>\$ 4,797,174</u>	<u>562,858,191</u>
Less accumulated depreciation for:					
Improvements other than buildings	32,779,574	\$ 3,144,722	\$ -	\$ -	35,924,296
Buildings, plant and structures	50,845,943	4,258,534	-	-	55,104,477
Furniture, fixtures, machinery and equipment	43,697,152	4,214,904	(3,723,062)	(2,926)	44,186,068
Computer software	1,829,959	289,859	-	-	2,119,818
Streets and drainage	<u>91,291,401</u>	<u>5,246,501</u>	-	-	<u>96,537,902</u>
Total accumulated depreciation	<u>220,444,029</u>	<u>\$ 17,154,520</u>	<u>\$ (3,723,062)</u>	<u>\$ (2,926)</u>	<u>233,872,561</u>
Total capital assets being depreciated, net	<u>330,891,209</u>				<u>328,985,630</u>
Governmental activities capital assets, net	<u>\$ 432,900,041</u>				<u>\$ 453,158,035</u>

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

General government	\$ 1,387,381
Public safety	2,958,164
Transportation	5,948,444
Economic and physical development	1,298,321
Cultural and recreational	3,152,393
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>2,409,817</u>
	<u>\$ 17,154,520</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2021

NOTE 4 – 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, 2021, was as follows:

	July 1, 2020	Increases	Decreases	Transfers	June 30, 2021
Recycling and Trash Services:					
Capital assets being depreciated:					
Furniture, fixtures, machinery and equipment	\$ 34,214	\$ 179,525	\$ (5,499)	\$ (169,770)	\$ 38,470
Less accumulated depreciation for:					
Furniture, fixtures, machinery and equipment	29,660	\$ 4,988	\$ (5,499)	\$ 2,926	32,075
Total capital assets being depreciated, net	4,554				6,395
Solid waste capital assets, net	4,554				6,395
Storm water:					
Capital assets not being depreciated:					
Land	1,107,671	\$ 425,400	\$ -	\$ -	1,533,071
Easements	1,626,877	1,238,657	-	-	2,865,534
Construction in progress	2,273,274	1,202,555	-	(321,523)	3,154,306
Total capital assets not being depreciated	5,007,822	\$ 2,866,612	\$ -	\$ (321,523)	7,552,911
Capital assets being depreciated:					
Improvements other than buildings	63,058,423	\$ 1,030,630	\$ -	\$ 321,523	64,410,576
Buildings, plant and structures	1,202,630	-	-	-	1,202,630
Furniture, fixtures, machinery and equipment	733,588	310,001	(11,900)	(138,500)	893,189
Total capital assets being depreciated	64,994,641	\$ 1,340,631	\$ (11,900)	\$ 183,023	66,506,395
Less accumulated depreciation for:					
Improvements other than buildings	22,902,981	\$ 1,068,359	\$ -	\$ -	23,971,340
Buildings, plant and structures	345,436	30,066	-	-	375,502
Furniture, fixtures, machinery and equipment	473,314	96,335	(11,900)	-	557,749
Total accumulated depreciation	23,721,731	\$ 1,194,760	\$ (11,900)	\$ -	24,904,591
Total capital assets being depreciated, net	41,272,910				41,601,804
Storm water capital assets, net	46,280,732				49,154,715

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2021

NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

A. ASSETS (continued)

CAPITAL ASSETS (continued)

	July 1, 2020	Increases	Decreases	Transfers	June 30, 2021
Parking facilities:					
Capital assets not being depreciated:					
Land	\$ 6,849,290	\$ -	\$ -	\$ -	\$ 6,849,290
Easements	191,752	-	-	-	191,752
Construction in progress	<u>1,022,320</u>	<u>109,506</u>	<u>-</u>	<u>(1,011,827)</u>	<u>119,999</u>
Total capital assets not being depreciated	<u>8,063,362</u>	<u>\$ 109,506</u>	<u>\$ -</u>	<u>\$ (1,011,827)</u>	<u>7,161,041</u>
Capital assets being depreciated:					
Improvements other than buildings	231,282	\$ -	\$ -	\$ -	231,282
Buildings, plant and structures	35,987,492	1,181,192	-	872,501	38,041,185
Furniture, fixtures, machinery and equipment	1,022,817	100,337	(21,090)	139,326	1,241,390
Computer Software	<u>58,184</u>	<u>44,608</u>	<u>-</u>	<u>-</u>	<u>102,792</u>
Total capital assets being depreciated	<u>37,299,775</u>	<u>\$ 1,326,137</u>	<u>\$ (21,090)</u>	<u>\$ 1,011,827</u>	<u>39,616,649</u>
Less accumulated depreciation for:					
Improvements other than buildings	63,507	\$ 11,564	\$ -	\$ -	75,071
Buildings, plant and structures	10,674,284	1,795,360	-	-	12,469,644
Furniture, fixtures, machinery and equipment	354,814	203,885	(21,090)	-	537,609
Computer Software	<u>48,588</u>	<u>10,859</u>	<u>-</u>	<u>-</u>	<u>59,447</u>
Total accumulated depreciation	<u>11,141,193</u>	<u>\$ 2,021,668</u>	<u>\$ (21,090)</u>	<u>\$ -</u>	<u>13,141,771</u>
Total capital assets being depreciated, net	<u>26,158,582</u>				<u>26,474,878</u>
Parking facilities capital assets, net	<u>34,221,944</u>				<u>33,635,919</u>
Golf:					
Capital assets not being depreciated:					
Land	109,393	\$ -	\$ -	\$ -	109,393
Construction in progress	<u>82,930</u>	<u>763,982</u>	<u>-</u>	<u>-</u>	<u>846,912</u>
Total capital assets not being depreciated	<u>192,323</u>	<u>\$ 763,982</u>	<u>\$ -</u>	<u>\$ -</u>	<u>956,305</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>13,155</u>	<u>(112,251)</u>	<u>-</u>	<u>219,752</u>
Total capital assets being depreciated	<u>3,063,622</u>	<u>\$ 13,155</u>	<u>\$ (112,251)</u>	<u>\$ -</u>	<u>2,964,526</u>
Less accumulated depreciation for:					
Improvements other than buildings	1,170,364	\$ 75,993	\$ -	\$ -	1,246,357
Buildings, plant and structures	263,480	10,134	-	-	273,614
Furniture, fixtures, machinery and equipment	<u>315,577</u>	<u>3,198</u>	<u>(110,864)</u>	<u>-</u>	<u>207,911</u>
Total accumulated depreciation	<u>1,749,421</u>	<u>\$ 89,325</u>	<u>\$ (110,864)</u>	<u>\$ -</u>	<u>1,727,882</u>
Total capital assets being depreciated, net	<u>1,314,201</u>				<u>1,236,644</u>
Golf capital assets, net	<u>1,506,524</u>				<u>2,192,949</u>
Business-type activities capital assets, net	<u>\$ 82,013,754</u>				<u>\$ 84,989,978</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2021

NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

A. ASSETS (continued)

CAPITAL ASSETS (continued)

COMMITMENTS FOR CAPITAL PROJECTS

At June 30, 2021, the City has commitments for active projects as follows:

	<u>Spent to date</u>	<u>Remaining commitment</u>
Governmental funds:		
Capital projects	<u>\$ 56,722,193</u>	<u>\$ 17,352,681</u>
Enterprise funds:		
Storm Water capital projects	\$ 3,342,146	\$ 1,835,958
Parking Facilities capital projects	23,224,053	1,643,634
Nonmajor Golf capital projects	<u>798,858</u>	<u>372,098</u>
Total enterprise funds	<u>\$ 27,365,057</u>	<u>\$ 3,851,690</u>

B. LIABILITIES

PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS

1. Local Governmental Employees' Retirement System

Plan Description. The City is a participating employer 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 Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR 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.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2021

NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (continued)

1. Local Governmental Employees' Retirement System (continued)

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.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. City 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 contractually required contribution rate for the year ended June 30, 2021, was 10.84% of compensation for law enforcement officers and 10.15% 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 were \$5,905,226 for the year ended June 30, 2021.

Refunds of Contributions – City 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.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 4 – 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. At June 30, 2021, the City reported a liability of \$29,537,582 for its proportionate share of the LGERS net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City'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, 2020, the City's proportion was 0.827%, which was a decrease of 0.034% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the City recognized pension expense of \$9,777,083. At June 30, 2021, 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	\$ 3,730,078	\$ -
Changes of assumptions	2,198,176	-
Net difference between projected and actual earnings on pension plan investments	4,156,623	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	703,623
City contributions subsequent to the measurement date	5,905,226	-
Total	\$ 15,990,103	\$ 703,623

\$5,905,226 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 ending June 30, 2022. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2022	\$ 2,578,982
2023	3,556,386
2024	2,015,739
2025	1,230,147
	\$ 9,381,254

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2021

NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (continued)

1. Local Governmental Employees' Retirement System (continued)

Actuarial Assumptions. The total pension liability in the December 31, 2019 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 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 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, 2019 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.

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, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Opportunistic Fixed Income	7.0%	6.0%
Inflation Sensitive	6.0%	4.0%
Total	100%	

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)

June 30, 2021

NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (continued)

1. Local Governmental Employees' Retirement System (continued)

Actuarial Assumptions. (continued) The information above is based on 30-year expectations developed with the consulting actuary for the 2019 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of the net pension liability to changes in the discount rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability	\$ 59,928,535	\$ 29,537,582	\$ 4,280,562

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report (ACFR) 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.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2021

NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (continued)

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

Plan Description. (continued) All full-time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2019, the date of the latest actuarial valuation, the Separation Allowance's membership consisted of:

Retirees currently receiving benefits	44
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>262</u>
Total	<u><u>306</u></u>

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, 2019 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	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	1.93 percent

The discount rate is based on the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2019.

Mortality rates are based on the Pub-2010 amount-weighted tables using generational improvements with Scale MP-2019.

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 \$830,944 as benefits came due for the reporting period.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2021

NOTE 4 – 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. At June 30, 2021, the City reported a total pension liability of \$17,513,179. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was rolled forward to December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the City recognized pension expense of \$1,835,606.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 495,849	\$ -
Changes of assumptions	4,028,234	257,059
City benefit payments and plan administrative expense made subsequent to the measurement date	422,556	-
Total	\$ 4,946,639	\$ 257,059

\$422,556 reported as deferred outflows of resources related to pensions resulting from benefit payments made subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2022	\$ 952,860
2023	957,813
2024	860,300
2025	847,161
2026	648,890
	\$ 4,267,024

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 1.93 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 (0.93 percent) or 1-percentage-point higher (2.93 percent) than the current rate:

CITY OF WILMINGTON, NORTH CAROLINA

**Notes to Financial Statements (Continued)
June 30, 2021**

NOTE 4 – 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 <u>(0.93%)</u>	Discount Rate <u>(1.93%)</u>	1% Increase <u>(2.93%)</u>
Total pension liability	\$ 18,939,245	\$ 17,513,179	\$ 16,202,248

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

	<u>2021</u>
Beginning balance	\$ 12,877,207
Service cost	474,620
Interest on total pension liability	406,705
Differences between expected and actual experience in the measurement of the total pension liability	223,583
Changes of assumptions or other inputs	4,334,262
Benefit payments	<u>(803,198)</u>
Ending balance of the total pension liability	<u>\$ 17,513,179</u>

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, 2019 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 June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability for LEOSSA was measured as of December 31, 2020, with an actuarial valuation date of December 31, 2019. 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, 2021

NOTE 4 – 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	\$ 29,537,582	\$ -	\$ 29,537,582
Proportion of the Net Pension Liability	0.827%	n/a	
Total Pension Liability	-	17,513,179	17,513,179
Pension Expense	9,777,083	1,835,606	11,612,689

At June 30, 2021, 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	\$ 3,730,078	\$ 495,849	\$ 4,225,927
Changes of assumptions	2,198,176	4,028,234	6,226,410
Net difference between projected and actual earnings on pension plan investments	4,156,623	-	4,156,623
City contributions (LGERS)/benefit payments and administration costs (LEOSSA) subsequent to the measurement date	5,905,226	422,556	6,327,782
<u>Deferred Inflows of Resources</u>			
Changes of assumptions	\$ -	\$ 257,059	\$ 257,059
Changes in proportion and differences between City contributions and proportionate share of contributions	703,623	-	703,623

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2021

NOTE 4 – 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 Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR 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, 2021, the City's required contribution was \$794,252 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 4. 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 \$1,606,301 for the year ended June 30, 2021. Employee contributions to this plan, including law enforcement officers, included in salary expense for the year ended June 30, 2021, were \$1,878,142.

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, 2021**

NOTE 4 – 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, 2020, the date of the latest actuarial valuation:

	<u>General Employees</u>	<u>Firefighters</u>	<u>Law Enforcement Officers</u>
Inactive plan members and dependents receiving benefits	45	64	63
Inactive plan members entitled to but not yet receiving benefits	-	-	-
Active plan members*	<u>205</u>	<u>108</u>	<u>128</u>
Total	<u><u>250</u></u>	<u><u>172</u></u>	<u><u>191</u></u>

* Excludes 556 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:

<u>Years of Creditable Service with the North Carolina Local Governmental Employees' Retirement System</u>		<u>Percentage of City Premium Required of Retiree in Addition to Active Employee Premium</u>
<u>At Least:</u>	<u>Not More Than:</u>	
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, 2021

NOTE 4 – 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, 2020.

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, 2021 active employee contribution requirements range from \$135 to \$682 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, 2021

NOTE 4 – 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 \$1,846,174 or 6.57% of annual covered payroll for current premiums. The City is self-insured. Contributions of \$509,594 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 measured at fair value. 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, 2021, the annual money weighted rate of return on investments, net of investment expense, was 0.03 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, 2021 were as follows:

Total OPEB liability	\$ 45,931,761
Plan fiduciary net position	3,059,579
City's net OPEB liability	\$ 42,872,182
 Plan fiduciary net position as a percentage of the total OPEB liability	 6.66%

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2021

NOTE 4 – 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, 2020 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
Salary increases	3.25 to 8.41 percent (7.90 percent for law enforcement and 8.15 percent for firefighters), including wage inflation
Investment rate of return	3.50 percent, net of OPEB plan investment expense, including price inflation
Healthcare cost trend rates	7.00 percent for 2020 decreasing to an ultimate rate of 4.50 percent by 2030

The total OPEB liabilities were rolled forward to June 30, 2021 for the employer and the plan, respectively, utilizing update procedures incorporating the actuarial assumptions.

Mortality rates were based on Pub-2010 mortality rates, with adjustments for LGERS experience and generational mortality improvements using scale MP-2019. For general employees, Pub-2010 General-Retirees base rates are projected from 2010 using generational improvement with Scale MP-2019. Rates for males are set forward 2 years and use 96% of rates under age 81 then blended to 100% at age 85 and beyond. Rates for females are 100% of rates under age 92 then blended to 110% at age 94 and beyond. The General Mortality Table for Employees was used for ages less than 50 because the retiree tables have no rates prior to age 50. For law enforcement officers and firefighters, Pub-2010 Safety Mortality Table for Retirees base rates are projected from 2010 using generational improvement with Scale MP-2019. Rates for males and females are set forward 1 year and use 97% of rates for all ages. Because the retiree tables have no rates prior to age 45, the Safety Mortality Table for Employees was used for ages less than 45.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2015 to December 31, 2019, adopted by the LGERS Board.

Discount rate. The discount rate used to measure the total OPEB liability was 2.17 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 2.16 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 (1.17 percent) or 1-percentage-point higher (3.17 percent) than the current discount rate:

CITY OF WILMINGTON, NORTH CAROLINA

**Notes to Financial Statements (Continued)
June 30, 2021**

NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (continued)

5. Other Postemployment Benefits (continued)

	1% Decrease (1.17%)	Discount Rate (2.17%)	1% Increase (3.17%)
	<hr/>	<hr/>	<hr/>
Net OPEB liability	\$ 46,772,788	\$ 42,872,182	\$ 39,308,935

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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current healthcare cost trend rate:

	1% Decrease (6.00%)	Healthcare Cost Trend Rate (7.00%)	1% Increase (8.00%)
	<hr/>	<hr/>	<hr/>
Net OPEB liability	\$ 38,390,399	\$ 42,872,182	\$ 47,998,362

Changes in Net OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At June 30, 2021, the City reported a net OPEB liability of \$42,872,182. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. The total OPEB liability was then rolled forward to the measurement date of June 30, 2021 utilizing update procedures incorporating the actuarial assumptions.

At June 30, 2021 the components of the net OPEB liability of the City, measured as of June 30, 2021 were as follows:

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (continued)

5. Other Postemployment Benefits (continued)

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances at June 30, 2020	\$ 55,353,219	\$ 3,062,135	\$ 52,291,084
Changes for the year:			
Service cost	1,899,113	-	1,899,113
Interest	1,219,349	-	1,219,349
Differences between expected and actual experience	(12,621,498)	-	(12,621,498)
Changes of assumptions	1,927,752	-	1,927,752
Contributions	-	1,846,174	(1,846,174)
Net investment income	-	694	(694)
Benefit payments	(1,846,174)	(1,846,174)	-
Administrative expenses	-	(3,250)	3,250
Net changes	<u>(9,421,458)</u>	<u>(2,556)</u>	<u>(9,418,902)</u>
Balances at June 30, 2021	<u>\$ 45,931,761</u>	<u>\$ 3,059,579</u>	<u>\$ 42,872,182</u>

Changes of Assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 2.24 percent in 2020 to 2.17 percent in 2021 on the measurement date and the projected measurement asset depletion date.

For the year ended June 30, 2021, the City recognized OPEB expense of \$1,167,510. At June 30, 2021, 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	\$ -	\$ 13,807,371
Changes of assumptions	6,952,458	576,823
Net difference between projected and actual earnings on plan investments	<u>152,121</u>	<u>-</u>
Total	<u>\$ 7,104,579</u>	<u>\$ 14,384,194</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (continued)

5. Other Postemployment Benefits (continued)

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

Year ending June 30:	
2022	\$ (1,847,081)
2023	(1,861,757)
2024	(1,781,032)
2025	(1,458,159)
2026	<u>(331,586)</u>
	<u>\$ (7,279,615)</u>

Reconciliation for deferred outflows and deferred inflows for OPEB due to change in fund allocations:

	<u>Per Actuary</u>	<u>Change in Fund Allocation</u>	<u>Total Deferred Outflows</u>
Deferred Outflows Reconciliation - OPEB			
Governmental activities	\$ 6,340,035	\$ 215,855	\$ 6,555,890
Solid Waste Management Fund	422,199	57,567	479,766
Storm Water Management Fund	244,487	398,963	643,450
Parking Facilities Fund	1,213	34,929	36,142
Nonmajor Golf Fund	<u>96,645</u>	<u>-</u>	<u>96,645</u>
Total deferred outflows	<u>\$ 7,104,579</u>	<u>\$ 707,314</u>	<u>\$ 7,811,893</u>

	<u>Per Actuary</u>	<u>Change in Fund Allocation</u>	<u>Total Deferred Inflows</u>
Deferred Inflows Reconciliation - OPEB			
Governmental activities	\$ 12,836,272	\$ 423,995	\$ 13,260,267
Solid Waste Management Fund	854,799	196,679	1,051,478
Storm Water Management Fund	494,997	-	494,997
Parking Facilities Fund	2,455	6,880	9,335
Nonmajor Golf Fund	<u>195,671</u>	<u>79,760</u>	<u>275,431</u>
Total deferred inflows	<u>\$ 14,384,194</u>	<u>\$ 707,314</u>	<u>\$ 15,091,508</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2021

NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (continued)

5. Other Postemployment Benefits (continued)

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to change in fund allocations for OPEB will be recognized in OPEB Expense in the funds as follows:

	Governmental Activities	Solid Waste Management Fund	Storm Water Management Fund	Parking Facilities Fund	Nonmajor Golf Fund	Total
Years ending June 30:						
2022	\$ (81,973)	\$ (22,739)	\$ 125,523	\$ 9,012	\$ (29,823)	\$ -
2023	(81,973)	(22,739)	125,523	9,012	(29,823)	-
2024	(21,917)	(51,528)	76,335	10,830	(13,720)	-
2025	(22,277)	(42,106)	71,582	(805)	(6,394)	-
Total	<u>\$ (208,140)</u>	<u>\$ (139,112)</u>	<u>\$ 398,963</u>	<u>\$ 28,049</u>	<u>\$ (79,760)</u>	<u>\$ -</u>

DEFERRED COMPENSATION PLAN

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

The City provides a contribution of 3% of covered payroll to the 457 Deferred Compensation Plan for fire fighters. The City also matches the contributions made by the fire fighters to the 457 Deferred Compensation Plan up to 3% of covered payroll. The City Council established both the 3% contribution and the matching contribution and may amend or discontinue them at any time. Contributions by fire fighters to the plan, included in salary expense for the year ended June 30, 2021, were \$329,349 that was matched by the City.

Employer contributions to the 457 Deferred Compensation Plan totaled \$1,659,158 for the year ended June 30, 2021. 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, 2021, were \$935,277.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2021

NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (continued)

OTHER EMPLOYMENT BENEFITS

The City has elected to provide death benefits to employees engaged in law enforcement through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest month's salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. 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, 2021, the City made contributions to the State for death benefits of \$22,239.

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, 2021, the City paid \$75,997 to the insurance provider for death benefit premiums for all eligible employees. Life insurance benefits in excess of \$50,000 are considered taxable to the employee as a fringe benefit.

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

The balance in deferred outflows of resources at the government-wide level of the City at June 30, 2021 is summarized as follows:

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES (continued)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Deferred amount for loss on refunded debt	\$ 3,228,134	\$ 234,469
Contributions to pension plan in current year for the Local Governmental Employees' Retirement System (LGERS)	5,339,031	566,195
Benefit payments/administration costs paid subsequent to the measurement date for the Law Enforcement Officers' Special Separation Allowance (Separation Allowance)	422,556	-
Pension deferrals - LGERS	9,058,534	1,026,343
Pension deferrals - Separation Allowance	4,524,083	-
Pension deferrals for other postemployment benefits	<u>6,555,890</u>	<u>1,256,003</u>
	<u>\$ 29,128,228</u>	<u>\$ 3,083,010</u>

The balance in deferred inflows of resources at the government-wide level of the City at June 30, 2021 is summarized as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Deferred amount for gain on refunded debt	\$ 127,573	\$ 1,240
Pension deferrals - LGERS	631,872	71,751
Pension deferrals - Separation Allowance	257,059	-
Pension deferrals for other postemployment benefits	13,260,267	1,831,241
Unearned Revenue:		
Prepaid property taxes	<u>65,385</u>	<u>-</u>
	<u>\$ 14,342,156</u>	<u>\$ 1,904,232</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

UNEARNED REVENUES

The balance in unearned revenues at June 30, 2021 is summarized as follows:

	<u>General Fund</u>	<u>Special Purpose Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Nonmajor Golf Fund</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Prepaid parks and recreation pass cards	\$ 6,335	\$ -	\$ -	\$ -	\$ 6,335	\$ -
Prepaid rental income	1,984	-	-	-	1,984	-
Grants received in advance	-	205,214	-	-	205,214	-
Prepaid convention center capital contribution from management company	-	-	28,000	-	28,000	-
Prepaid golf course green fees	-	-	-	130,157	-	130,157
	<u>\$ 8,319</u>	<u>\$ 205,214</u>	<u>\$ 28,000</u>	<u>\$ 130,157</u>	<u>\$ 241,533</u>	<u>\$ 130,157</u>

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, the Parks and Recreation Bonds, Series 2020 issued to pay a portion of the capital cost of the construction, installation and equipping of the North Riverfront Park, and the Parks and Recreation Bonds, Series 2021B issued to pay a portion of the capital cost of construction, installation, and equipping of a sports complex. Principal and interest requirements are provided by appropriation in the year in which they become due. In the event of default, the City agrees to pay to the purchaser, on demand, interest on any and all amounts due and owing by the City under the related agreements.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)

June 30, 2021

NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

General Obligation Bonds (continued)

General obligation bonds outstanding at June 30, 2021 are comprised of the following issues:

	<u>Governmental activities</u>
<p>\$3,660,000 Public Improvement Bonds, Series 2011A issued for streets, highways, sidewalks and bridge improvements; principal payment due on July 1 in the amount of \$195,000; interest payment due July 1 at a rate of 3.00 percent; \$1,950,000 of this series was refunded with the issuance of the Refunding General Obligation Bonds, Series 2021C.</p>	\$ 195,000
<p>\$5,000,000 Public Improvements Bonds, Series 2011C issued for streets, highways and sidewalks; principal payment due July 1 in the amount of \$265,000; interest payment due July 1 at a rate of 3.00 percent; \$2,650,000 of this series was refunded with the issuance of Refunding General Obligation Bonds, Series 2021C.</p>	265,000
<p>\$3,050,000 Taxable Public Improvements Bonds, Series 2014 issued for extension of the North Riverwalk; principal payments due June 1 in installments of \$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>	1,965,000
<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 of \$145,000 through June 1, 2036; semiannual interest payments due June 1 and December 1 with rates from 2.63 to 3.00 percent.</p>	2,175,000
<p>\$6,650,000 Refunding Public Improvement 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>	5,330,000

CITY OF WILMINGTON, NORTH CAROLINA

**Notes to Financial Statements (Continued)
June 30, 2021**

NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

General Obligation Bonds (continued)

Governmental
activities

\$15,300,000 Street and Sidewalk 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, through June 1, 2038; semiannual interest payments due on June 1 and December 1 at rates from 2.70 to 5.00 percent.

\$ 13,005,000

\$16,165,000 Taxable Parks and Recreation Bonds, Series 2020 issued to pay a portion of the capital costs of the construction and equipping of Riverfront Park; principal payments due annually on June 1, in installments ranging from \$805,000 to \$810,000, through June 1, 2040; semiannual interest payments due on June 1 and December 1 at rates from 0.99 to 2.40 percent.

15,355,000

\$32,950,000, Parks and Recreation (\$4,250,000) and Streets and Sidewalks (\$28,700,000) Bonds, Series 2021A issued for the capital costs of street, sidewalk and parks and recreation improvements; principal payments due annually beginning on May 1 in installments ranging from \$700,000 to \$2,150,000 beginning May 1, 2026 through May 1, 2041; semiannual interest payments due on May 1 and November 1 at rates from 2.0 to 5.0 percent.

32,950,000

\$10,050,000 Taxable Parks and Recreation Bonds, Series 2021B issued to pay a portion of the capital costs of the construction and equipping of a sports complex; principal payments due annually on May 1, in installments ranging from \$1,450,000 to \$2,150,000, through May 1, 2026; semiannual interest payments due on May 1 and November 1 at rates from 0.30 to 0.93 percent.

10,050,000

\$3,770,000 Refunding Bonds, Series 2021C issued to refund \$1,950,000, a portion of the Public Improvement Bonds, Series 2011A and \$2,650,000, a portion of the Public Improvement Bonds, Series 2011C; principal payments due annually on July 1, in installments ranging from \$375,000 to \$380,000 beginning July 1, 2022 through July 1, 2031; semiannual interest payments due on July 1 and January 1 at a rate of 5.0 percent.

3,770,000

Serviced by Debt Service Fund \$ 85,060,000

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

General Obligation Bonds (continued)

Annual debt service requirements to maturity for general obligation bonds at June 30, 2021 are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2022	\$ 5,150,000	\$ 2,356,172
2023	5,070,000	2,327,551
2024	5,075,000	2,211,308
2025	5,070,000	2,095,467
2026	5,065,000	1,978,257
2027-2031	23,965,000	7,117,391
2032-2036	20,165,000	3,209,305
2037-2041	15,500,000	909,145
	<u>\$ 85,060,000</u>	<u>\$ 22,204,596</u>

Defeased Debt

The City has defeased certain general obligation bonds by placing the proceeds in an irrevocable trust to provide for a portion of future debt service payments on the old debt. Accordingly, the trust account assets and liabilities for defeased general obligation bonds are not included in the City’s financial statements. At June 30, 2021, \$4,600,000 of outstanding general obligation bonds are considered defeased.

Current Refunding

In May 2021, the City issued \$3,770,000 of refunding bonds to provide resources to purchase U.S. Treasury State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for a portion of the future debt service payments, amounting to \$1,950,000 of Series 2011A General Obligation Bonds and \$2,650,000 of Series 2011C General Obligation Bonds. As a result, the refunded general obligation bonds are considered defeased and the liability has been removed from the governmental activities of the Statement of Net Position. The reacquisition price of the combined transaction was less than the carrying amount of the old debt by \$98,992. This amount is reported as a deferred inflow of resources and amortized over the life of the refunded debt. The transaction resulted in an economic gain of \$746,970 and a decrease of \$801,538 in future debt service payments.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2021

NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

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.

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 \$3,273,112 or 60.0% of available net revenues of \$5,474,194. Included in the amount paid is an early redemption of all remaining maturities of the Storm Water Fee Revenue Bonds, Series 2007 in the amount of \$1,715,000. In the event of default, the City agrees to pay to the purchaser, on demand, interest on any and all amounts due and owing by the City under the related agreements.

Revenue bonds outstanding at June 30, 2021 are comprised of the following individual issues:

	Business-type activities
\$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 \$560,000 to \$1,250,000, through June 1, 2040; semiannual interest payments due June 1 and December 1, with rates from 2.63 to 5.00 percent.	\$ 17,875,000
\$1,240,000 Taxable Storm Water Fee Revenue Bonds, Series 2015B issued for storm water system improvements; principal installment due on June 1, 2022 in the amount of \$180,000; semiannual interest payments due June 1 and December 1 at a rate of 2.63 percent.	180,000
Serviced by Storm Water Management Fund	\$ 18,055,000

Annual debt service requirements to maturity for revenue bonds at June 30, 2021 are as follows:

Year Ending June 30	Business-type Activities	
	Principal	Interest
2022	\$ 740,000	\$ 745,925
2023	840,000	713,200
2024	880,000	671,200
2025	925,000	627,200
2026	950,000	599,450
2027-2031	5,315,000	2,441,300
2032-2036	4,795,000	1,280,325
2037-2040	3,610,000	365,875
	\$ 18,055,000	\$ 7,444,475

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2021

NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

Revenue Bonds (continued)

Certain covenants are contained in the revenue bond order. The City was in compliance with the covenants during the fiscal year ended June 30, 2021. The revenue coverage calculation as of June 30, 2021 is as follows:

Revenues (1)		
Operating revenues	\$ 12,387,107	
Other operating revenue	246,871	
Investment earnings	39,434	\$ 12,673,412
Current Expenses (2)		
Operating expenses	8,392,786	
Less depreciation	(1,193,107)	
Less amortization	(461)	<u>7,199,218</u>
Revenues available for debt service		<u>5,474,194</u>
Principal and interest requirements (3)		
Revenue bonds (at 120%)	1,783,110	
Other indebtedness (at 100%)	<u>87,800</u>	<u>1,870,910</u>
Revenues in excess of principal and interest requirements		<u>\$ 3,603,284</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 for succeeding fiscal year in accordance with bond covenants.

Early Redemption

In April 2021, the City redeemed all outstanding maturities of Storm Water Fee Revenue Bonds, Series 2007 in the amount of \$1,715,000.

Installment Obligations

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. All issues are tax-exempt with the exception of Limited Obligation Bonds, Series 2020C, issued as permanent financing for the Water Street Parking Deck redevelopment and a portion of the financing to construct and equip the North Riverfront Park, and the Limited Obligation Bonds, Series 2021B, issued to finance a portion of construction and equipping of a sports complex and to refinance a portion of Limited Obligation Bonds, Series 2012.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2021

NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

Installment Obligations (continued)

The 2014A, 2016, 2017, 2020A and 2020C Limited Obligation Bonds are secured by assets being financed including the Convention Center and adjacent Parking Deck, Police Headquarters, Fire Headquarters and the Empie Park Fire Station. The 2012, 2015A, 2020B, 2021A, and 2021B Limited Obligation Bonds are secured by assets being financed including the Operations Center, Command Center, the Police/Fire Training Facility and Firing Range, and the Eastwood, Military Cutoff, Seagate, Masonboro Loop, Cinema Drive, and Shipyard Fire Stations. Principal and interest requirements are provided by appropriation in the year in which they become due. In the event of default, the City agrees to pay to the purchaser, on demand, interest on any and all amounts due and owing by the City under the related agreements.

Installment obligations outstanding at June 30, 2021 are comprised of the following individual issues:

	Governmental activities	Business-type activities
\$30,695,000 Refunding Limited Obligation 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 payment due on June 1, 2022 in the amount of \$1,950,000; semiannual interest payments due on June 1 and December 1 at a rate of 5.00 percent; \$11,010,000 of this series was refunded with the issuance of Limited Obligation Bonds, Series 2021B.		
Served by Debt Service Fund	\$ 1,556,750	\$ -
Served by Parking Facilities Fund	-	393,250
\$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 payment due annually on June 1, in installments ranging from \$1,345,000 to \$1,475,000 through June 1, 2032; semiannual interest payments due on June 1 and December 1 at rates from 3.25 to 5.00 percent.		
Served by Debt Service Fund	15,160,000	-
Served by Storm Water Management Fund	-	285,000

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2021

NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

Installment Obligations (continued)

	Governmental activities	Business-type activities
<p>\$16,130,000 Limited Obligation Bonds, Series 2015A issued for constructing and equipping the Cinema Drive Fire Station and the Shipyard Fire Station, constructing various street and sidewalk improvements and improving certain existing sections of the City’s riverwalk and riverfront; principal payments due annually on June 1, in installments ranging from \$950,000 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> <p style="padding-left: 40px;">Serviced by Debt Service Fund</p>	\$ 14,140,000	\$ -
<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 \$545,000 to \$3,895,000 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 style="padding-left: 40px;">Serviced by Convention Center Fund</p>	47,885,000	-
<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 3.00 to 4.00 percent.</p> <p style="padding-left: 40px;">Serviced by Debt Service Fund</p>	9,460,000	-

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

Installment Obligations (continued)

	<u>Governmental</u> activities	<u>Business-type</u> activities
<p>\$25,605,000 Limited Obligation Bonds, Series 2020A for improvements to streets, sidewalks, streetscapes, the 6th Street bridge, Riverwalk and certain parks and recreation facilities and to refund \$14,000,000 of outstanding, taxable Limited Obligation Bonds, Series 2010B maturing on and after June 1, 2021; principal payments due annually on June 1 in installments ranging from \$690,000 to \$1,875,000 through June 1, 2040; semiannual interest payments due June 1 and December 1 at rates from 4.00 to 5.00 percent.</p> <p>Serviced by Debt Service Fund</p>	<p>\$ 23,735,000</p>	<p>\$ -</p>
<p>\$9,470,000 Limited Obligation Bonds, Series 2020B issued to construct and equip the police and fire training facility and firing range; principal payments due annually on June 1 in installments ranging from \$470,000 to \$475,000 through June 1, 2040; semiannual interest payments due June 1 and December 1 at rates from 1.75 to 5.00 percent.</p> <p>Serviced by Debt Service Fund</p>	<p>8,995,000</p>	<p>-</p>
<p>\$34,745,000 Taxable Limited Obligation Bonds, Series 2020C to finance a portion of the capital cost of the North Waterfront Park Project and the Water Street Parking Deck Redevelopment Project and to refund the \$25,800,000 direct borrowing, taxable interim drawdown installment agreement executed with PNC Bank which was issued for the construction of the Water Street Parking Deck Redevelopment Project; principal payments due annually on June 1 in installments ranging from \$1,735,000 to \$1,740,000 through June 1, 2040; semiannual interest payments due June 1 and December 1 at rates from 1.34 to 3.09 percent.</p> <p>Serviced by Debt Service Fund</p> <p>Serviced by the Parking Facilities Fund</p>	<p>7,750,000</p> <p>-</p>	<p>-</p> <p>25,255,000</p>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

Installment Obligations (continued)

	<u>Governmental activities</u>	<u>Business-type activities</u>
<p>\$6,430,000 Limited Obligation Bonds, Series 2021A issued for improvements to street, streetscape, Riverwalk, parks and recreation and City Hall improvements; principal payments due annually on June 1, in installments ranging from \$100,000 to 375,000 beginning June 1, 2024 through June 1, 2041; semiannual interest payments due June 1 and December 1 at rates from 3.0 to 4.0 percent.</p>		
Serviced by Debt Service Fund	\$ 6,430,000	\$ -
<p>\$12,760,000 Taxable Limited Obligation Bonds, Series 2021B to pay the capital costs of construction and equipping of a sports complex and to refund \$11,010,000, a portion of the Limited Obligation Bonds, Series 2012; principal payments due annually on June 1 in installments ranging from \$415,000 to \$2,485,000 through June 1, 2030; semiannual interest payments due June 1 and December 1 at rates from 0.22 to 2.03 percent.</p>		
Serviced by Debt Service Fund	10,177,200	-
Serviced by the Parking Facilities Fund	<u>-</u>	<u>2,582,800</u>
	<u>\$ 145,288,950</u>	<u>\$ 28,516,050</u>
	<u>Governmental activities</u>	<u>Business-type activities</u>
Installment Obligations Serviced By:		
Debt Service Fund	\$ 97,403,950	\$ -
Convention Center Fund	47,885,000	-
Storm Water Management Fund	-	285,000
Parking Facilities Fund	<u>-</u>	<u>28,231,050</u>
	<u>\$ 145,288,950</u>	<u>\$ 28,516,050</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)
June 30, 2021

NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

Installment Obligations (continued)

Annual debt service requirements to maturity for installment obligations at June 30, 2021 are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2022	\$ 8,546,775	\$ 5,551,301	\$ 1,858,225	\$ 654,993
2023	9,724,089	5,209,014	1,855,911	613,521
2024	9,794,705	4,900,126	1,845,295	589,977
2025	9,861,981	4,510,504	1,828,019	562,938
2026	9,917,985	4,121,056	1,742,015	533,045
2027-2031	46,253,415	14,711,323	7,421,585	2,192,911
2032-2036	34,815,000	6,411,105	6,645,000	1,380,549
2037-2041	16,375,000	1,121,920	5,320,000	410,970
	<u>\$ 145,288,950</u>	<u>\$ 46,536,349</u>	<u>\$ 28,516,050</u>	<u>\$ 6,938,904</u>

Advance Refunding

In May 2021, the City issued Taxable Limited Obligation Bonds, Series 2021B, of which a portion (\$11,740,000) was used to purchase U.S. Treasury State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for a portion of the future debt service payments, amounting to \$11,010,000 of Refunding Limited Obligation Bonds, Series 2012. As a result, the refunded limited obligation bonds are considered defeased and the liability has been removed from the governmental and business-type activities of the Statement of Net Position. The reacquisition price of the combined transaction exceeded the carrying amount of the old debt by \$157,467. This amount is reported as a deferred outflow of resources and amortized over the life of the refunded debt. The transaction resulted in an economic gain of \$1,050,425 and a decrease of \$1,120,171 in future debt service payments.

Other Long-Term Obligations

The City is financing the acquisition of certain equipment and real property for governmental and business-type activities through direct borrowings and inter-local installment agreements.

CITY OF WILMINGTON, NORTH CAROLINA

**Notes to Financial Statements (Continued)
June 30, 2021**

NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

Other Long-Term Obligations (continued)

Other long-term obligations outstanding at June 30, 2021 are comprised of the following individual issues:

Governmental
activities

\$2,863,064 direct placement installment agreement executed in March 2015 for acquisition of 17 refuse packers for trash 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. The vehicles are pledged as collateral for the debt.

Serviced by Equipment Maintenance and Replacement Fund \$ 410,000

\$6,265,838 installment agreement payable to New Hanover County. In July 2006, the City and County executed an interlocal agreement pursuant to which the 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 \$521,881 to \$622,996 through August 1, 2028; semiannual interest payments due August 1 and February 1 at rates from 4.00 to 5.00 percent.

Serviced by Debt Service Fund 4,837,188

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)

June 30, 2021

NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

Other Long-Term Obligations (continued)

Governmental
activities

\$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 percent.

Serviced by Debt Service Fund

\$ 2,491,458

\$ 7,738,646

Governmental
activities

Other Long-Term Obligations Serviced By:

Debt Service Fund

\$ 7,328,646

Equipment Maintenance and Replacement Fund

410,000

\$ 7,738,646

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

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2021

NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

Other long-term liabilities disclosures (continued)

Year Ending June 30	Governmental Activities			
	Installment Agreements		Direct Borrowings	
	Principal	Interest	Principal	Interest
2022	\$ 862,702	\$ 318,776	\$ 410,000	\$ 4,797
2023	861,454	275,672	-	-
2024	864,716	232,518	-	-
2025	867,977	189,201	-	-
2026	871,239	145,720	-	-
2027-2031	3,000,558	209,137	-	-
	<u>\$ 7,328,646</u>	<u>\$ 1,371,024</u>	<u>\$ 410,000</u>	<u>\$ 4,797</u>

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, 2021 amounts to \$1,278,487,950 resulting in a legal debt margin of \$1,011,884,304.

Changes in long-term liabilities for governmental activities during fiscal year 2021 were as follows:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Due Within One Year
General obligation bonds	\$ 45,890,000	\$ 46,770,000	(7,600,000)	\$ 85,060,000	\$ 5,150,000
Installment obligations	145,385,250	16,607,200	(16,703,500)	145,288,950	8,546,775
Other long-term obligations	8,198,176	-	(869,530)	7,328,646	862,702
Other long-term obligations - direct borrowings	820,000	-	(410,000)	410,000	410,000
Plus deferred amounts for issuance premiums	21,257,323	6,939,112	(1,620,023)	26,576,412	-
Compensated absences	8,236,213	5,299,291	(5,310,178)	8,225,326	5,207,126
Net OPEB Liability	46,547,768	-	(8,289,180)	38,258,588	-
Net pension liability (LGERS)	21,080,493	5,434,964	-	26,515,457	-
Total pension liability (Separation Allowance)	12,877,207	4,635,972	-	17,513,179	848,277
Claims and judgements	1,000,000	-	(1,000,000)	-	-
Governmental activity long-term liabilities	<u>\$311,292,430</u>	<u>\$ 85,686,539</u>	<u>\$ (41,802,411)</u>	<u>\$355,176,558</u>	<u>\$ 21,024,880</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2021

NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

Other long-term liabilities disclosures (continued)

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for internal service funds are included as part of the above totals for governmental activities. At year-end, \$410,000 of internal service funds' other long-term obligations, \$111,361 of compensated absences, \$493,922 of other postemployment benefits and \$331,851 of net pension liability are included in the above amounts. Also, for the governmental activities, compensated absences, net pension liabilities, other postemployment benefits obligation and claims and judgements are generally liquidated by the general fund.

Changes in long-term liabilities for business-type activities during fiscal year 2021 were as follows:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Due Within One Year
Revenue bonds	\$ 20,485,000	\$ -	\$ (2,430,000)	\$ 18,055,000	\$ 740,000
Installment obligations	30,099,750	2,582,800	(4,166,500)	28,516,050	1,858,225
Less deferred amounts for issuance discounts	(2,399)	-	986	(1,413)	-
Plus deferred amounts for issuance premiums	1,720,732	-	(369,603)	1,351,129	-
Compensated absences	563,398	655,023	(629,136)	589,285	398,639
Net OPEB Liability	5,743,316	-	(1,129,722)	4,613,594	-
Net pension liability (LGERS)	2,434,384	587,741	-	3,022,125	-
Business-type activity long-term liabilities	<u>\$ 61,044,181</u>	<u>\$ 3,825,564</u>	<u>\$ (8,723,975)</u>	<u>\$ 56,145,770</u>	<u>\$ 2,996,864</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, 2021, the City paid \$116,616 for this service. The City's obligation for the year ending June 30, 2022 is \$123,372 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, 2021

NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

COMMITMENTS AND CONTINGENCIES (continued)

The City's Second Street, Market Street, Convention Center and Riverplace parking decks, and the Second Street and Hannah Block parking lots are managed under a contract through January 2023 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, 2021 the City paid \$1,760,444 for these services. The contract costs are expected to be \$2,177,708 for the year ending June 30, 2022. Fiscal year 2021 resulted in lower management fees due to the reduction in staffing needs to meet the reduced service level during the peak of the Coronavirus. Fees are expected to return back to the contracted level during fiscal year 2022.

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. The \$46,000 annual incentive is divided into two separate payments of: \$23,000 Direct Investment and \$23,000 New Full Time Equivalent Employees. The first incentive payment for fiscal year 2019 was paid in fiscal year 2020 in the amount of \$35,169. A second incentive payment for fiscal year 2020 in the amount of \$40,851 was paid in fiscal year 2021. The third incentive payment for fiscal year 2021 in the amount of \$ 41,424 will be paid in fiscal year 2022.

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. A payment of \$30,000 was made in July of each year from 2019 through 2021.

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, 2021

NOTE 4 – 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 parking deck was in full operation in the fall of 2020.

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, 2021 are as follows:

General Fund	\$ 933,377
Special Purpose Fund	272,364
Streets and Sidewalks Fund	11,021,245
Parks and Recreation Fund	4,692,438
Recycling and Trash Services Fund	86,840
Storm Water Management Fund	1,868,566
Parking Facilities Fund	1,668,844
Nonmajor Governmental Funds	1,841,696
Nonmajor Golf Fund	496,713
Internal Service Funds	<u>2,338,407</u>
Total encumbrances	<u>\$ 25,220,490</u>

Jointly Governed Organizations

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

The City, in conjunction with 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 \$22,244 to the Council during the fiscal year ended June 30, 2021.

Related Organization

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

CITY OF WILMINGTON, NORTH CAROLINA

**Notes to Financial Statements (Continued)
June 30, 2021**

NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

C. INTERFUND BALANCES AND ACTIVITY

The compositions of interfund and intra-entity balances as of June 30, 2021, are as follows:

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>
Receivable fund	<u>\$ 202,482</u>	<u>\$ 9,000</u>
Payable fund:		
Nonmajor Governmental Funds	<u>\$ 202,482</u>	<u>\$ 9,000</u>

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

Interfund transfers for the year ended June 30, 2021 were as follows:

	<u>General Fund</u>	<u>Special Purpose Fund</u>	<u>Parks and Recreation Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Recycling and Trash Services Fund</u>	<u>Storm Water Fund</u>	<u>Internal Service Funds</u>	<u>Total</u>
Transfers out	<u>\$ 13,329,100</u>	<u>\$ 528,264</u>	<u>\$ 965,000</u>	<u>\$ 8,091,124</u>	<u>\$ 743,477</u>	<u>\$ 399,480</u>	<u>\$ 138,500</u>	<u>\$ 161,641</u>	<u>\$ 24,356,586</u>
Transfers in:									
Special Purpose Fund	\$ 687,131	\$ -	\$ -	\$ -	\$ -	\$ 7,383	\$ -	\$ -	\$ 694,514
Streets and Sidewalks Fund	175,000	-	-	3,007,966	-	-	-	-	3,182,966
Parks and Recreation Fund	279,898	-	-	2,845,368	-	-	-	-	3,125,266
Debt Service Fund	9,334,832	-	-	-	-	-	-	-	9,334,832
Nonmajor Governmental Funds	2,149,179	528,264	-	289,000	743,477	212,572	-	154,812	4,077,304
Recycling and Trash Services Fund	29,866	-	-	-	-	-	-	6,829	36,695
Parking Facilities Fund	-	-	-	1,948,790	-	-	-	-	1,948,790
Nonmajor Golf Fund	-	-	965,000	-	-	-	-	-	965,000
Internal Service Funds	<u>673,194</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>179,525</u>	<u>138,500</u>	<u>-</u>	<u>991,219</u>
Total	<u>\$ 13,329,100</u>	<u>\$ 528,264</u>	<u>\$ 965,000</u>	<u>\$ 8,091,124</u>	<u>\$ 743,477</u>	<u>\$ 399,480</u>	<u>\$ 138,500</u>	<u>\$ 161,641</u>	<u>\$ 24,356,586</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2021

NOTE 4 – DETAIL NOTES ON ALL FUNDS (continued)

C. INTERFUND BALANCES AND ACTIVITY (continued)

The City uses transfers to 1) move revenues from the fund in which state statute or budget requires the revenues to be collected to the fund from which state statute or budget requires the funds to be expended, 2) move receipts committed 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 5 – 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, 2021, such interfund premiums did not exceed reimbursable expenditures.

MEDICAL SELF-INSURANCE PROGRAM

The City has contracted with Universal Medical Resources (UMR) to administer its group medical self-insurance program. In addition, the City has a contract with UMR 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 \$210,000 will not be charged to the group during the remainder of that contract period for that participant.

As of June 30, 2021, the City has recorded a liability of \$1,004,000 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:

	2020	2021
Medical Self-Insurance Program:		
Unpaid claims, beginning	\$ 1,142,258	\$ 600,000
Incurred claims (including IBNRs)	7,727,565	11,105,192
Claim payments	<u>(8,269,823)</u>	<u>(10,701,192)</u>
Unpaid claims, ending, due within one year	<u>\$ 600,000</u>	<u>\$ 1,004,000</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2021

NOTE 5 – RISK MANAGEMENT (continued)

DENTAL SELF-INSURANCE PROGRAM

As of June 30, 2021, 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, 2021, the City has recorded a liability of \$8,065 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>2020</u>	<u>2021</u>
Dental Self-Insurance Program:		
Unpaid claims, beginning	\$ 43,813	\$ 47,881
Incurred claims (including IBNRs)	438,918	434,482
Claim payments	<u>(434,850)</u>	<u>(474,298)</u>
Unpaid claims, ending, due within one year	<u>\$ 47,881</u>	<u>\$ 8,065</u>

WORKERS' COMPENSATION SELF-INSURANCE PROGRAM

The City has contracted with York Risk Services, 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 \$550,000 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 (\$550,000/\$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, 2021, the City has recorded a liability of \$878,890 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>2020</u>	<u>2021</u>
Workers' Compensation Self-Insurance Program:		
Unpaid claims, beginning	\$ 596,123	\$ 529,841
Incurred claims (including IBNRs)	788,949	1,719,185
Claim payments	<u>(855,231)</u>	<u>(1,370,136)</u>
Unpaid claims, ending, due within one year	<u>\$ 529,841</u>	<u>\$ 878,890</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2021

NOTE 5 – RISK MANAGEMENT (continued)

COMMERCIAL COVERAGES

The City carries flood insurance with a loss limit of \$5,000,000 on most properties subject to a \$100,000 deductible. Certain items of property are excluded from this coverage, such as the City's Riverwalk and the Wilmington Convention Center. A separate flood insurance policy is purchased for the Wilmington Convention Center through the National Flood Insurance Program 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.

NOTE 6 – SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

A. LITIGATION

The City is a party to a number of civil lawsuits and other legal actions, including a number of actions where the City's defense is being handled by the City's insurance carrier and any potential losses should be limited to the insurance policies' deductibles. There are also several claims for damages that have not yet resulted in litigation. In the opinion of the City attorney and management, the ultimate outcome of these claims is 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 settled a claim for \$7 million in 2018. Per the settlement agreement, the payments were to be paid out over three years beginning January 2019. The final payment was paid in January 2021. The City believes this will not have a significant impact on the City's future financial statements.

B. FEDERAL AND STATE ASSISTANCE PROGRAMS

The City has 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, 2021

NOTE 6 – 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, 2021, the City recognized \$4,077,235 in tax revenue as a result of the tax levy with a total of \$50,443,215 collected since the levy was enacted. Due to COVID-19 restrictions, a reduction in room occupancy tax revenues continued through March of 2021 compared with prior years' revenue for the same period. Revenues returned to pre-covid levels beginning with April 2021.

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 the room occupancy tax authorized and received by the City from inception through a portion of fiscal year 2018. Over that period, sufficient occupancy tax revenues were transferred annually to the Convention Center Fund to support Convention Center operations. During fiscal year 2018, occupancy tax revenues began to be accounted for directly in the Convention Center Fund.

NOTE 7 – 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.

A 0.11 ± acre area, located at 7162 Market Street was voluntarily annexed into the City limits by the Wilmington City Council on July 16, 2019. It is anticipated that commercial buildings will be developed on the site.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2021

NOTE 8 – CHANGE IN ACCOUNTING PRINCIPLES/RESTATEMENT

The City implemented Governmental Accounting Standards Board (GASB) Statement Number 84, “Fiduciary Activities”, in the fiscal year ended June 30, 2021. The statement established criteria for identifying fiduciary activities of all state and local governments and provides guidance on how to report fiduciary activities within the financial statements. The focus of the criteria is generally on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The statement also describes four fiduciary funds that should be reported if criteria outlined in the statement are met: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. The use of agency funds was eliminated. The statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources.

The implementation of the statement requires the City to reclassify cash and cash equivalents, investments, other receivables and liabilities related to the Community Housing Development Organization (CHDO) and law enforcement seizures out of Agency Funds and into newly created Custodial Funds. The liabilities at the beginning of the year were restated as custodial net position in the amount of \$184,064 and \$449,655 in the CHDO Proceeds Fund and the Law Enforcement Seizure Fund, respectively. As a result, beginning net position of the CHDO Proceeds Fund was increased from \$0 to \$184,064. The beginning net position of the Law Enforcement Seizure Fund was increased from \$0 to \$449,655.

NOTE 9 – PRONOUNCEMENT ISSUED, NOT YET EFFECTIVE

The GASB has issued pronouncements prior to June 30, 2021 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 87, “Leases”, was issued to better meet the information needs of financial statement users by improving accounting and financial reporting for leases. The requirements of this Statement will be effective for the City beginning with its year ending June 30, 2022.
- GASB Statement Number 91, “Conduit Debt Obligations”, was issued to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations and (3) related note disclosures. The requirements of this Statement will be effective for the City beginning with its year ending June 30, 2023.
- GASB Statement Number 92, “Omnibus 2020”, was issued to improve various accounting and financial reporting issues. The requirements of this Statement will be effective for the City beginning with its year ending June 30, 2022.
- GASB Statement Number 93, “Replacement Interbank Offered Rates”, was issued to address accounting and financial reporting implications from the replacement of an interbank offered rate. The requirements of this Statement are effective for the City beginning with its year ending June 30, 2022.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)

June 30, 2021

NOTE 9 – PRONOUNCEMENT ISSUED, NOT YET EFFECTIVE (continued)

- GASB Statement Number 94, “Public-Private and Public-Public Partnerships and Availability Payment Arrangements”, was issued to provide guidance for availability payment arrangements in which a government compensates an operator for services that may include designing, constructing, financing, maintaining or operating an underlying infrastructure or other nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement will be effective for the City beginning with its year ending June 30, 2023.
- GASB Statement Number 96, “Subscription-Based Information Technology Arrangements”, was issued to provide guidance on accounting and financial reporting for cloud computing and similar subscription-based information technology arrangements. The requirements of this Statement will be effective for the City beginning with its year ending June 30, 2023.
- GASB Statement Number 97, “Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32”, was issued to address (a) applicability of component unit criteria to certain arrangements, including some Internal Revenue Code 457 deferred compensation plans, and (b) the accounting and financial reporting for Section 457 plans. The requirements of this Statement will be effective for the City beginning with its year ending June 30, 2022.

REQUIRED SUPPLEMENTARY INFORMATION
(unaudited)

CITY OF WILMINGTON, NORTH CAROLINA

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

Schedule of Changes in Total Pension Liability

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Beginning balance	\$ 12,877,207	\$ 12,157,366	\$ 12,120,460
Service costs	474,620	444,374	471,491
Interest on the total pension liability	406,705	429,245	373,210
Changes of benefit terms	-	-	-
Difference between expected and actual experience	223,583	209,000	261,415
Changes of assumptions and other inputs	4,334,262	367,075	(449,152)
Benefit payments	(803,198)	(729,853)	(620,058)
Other	-	-	-
Ending balance of the total pension liability	<u>\$ 17,513,179</u>	<u>\$ 12,877,207</u>	<u>\$ 12,157,366</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 Five 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 Five Fiscal Years**

Schedule of Total Pension Liability as a Percentage of Covered Payroll

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 17,513,179	\$ 12,877,207	\$ 12,157,366	\$ 12,120,460	\$ 11,041,905
Covered payroll	\$ 16,238,727	\$ 16,413,865	\$ 15,816,969	\$ 14,924,613	\$ 15,426,775
Total pension liability as a percentage of its covered payroll	107.85%	78.45%	76.86%	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 nor does the plan provide pay related benefits.

December 31, 2020 Measurement Date: Municipal Bond Index Rate decreased from 3.26% to 1.93%. Based on the results of an experience study completed by the Actuary for the Local Government Employers Retirement System for the five-year period ending December 31, 2019, the following were updated: mortality rates, salary increase rates, service retirement dates, disability retirement rates, termination rates, real wage growth, and leave conversion service.

December 31, 2019 Measurement Date: Municipal Bond Index Rate decreased from 3.64% to 3.26%.

December 31, 2018 Measurement Date: Municipal Bond Index Rate increased from 3.16% to 3.64%.

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.

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CITY OF WILMINGTON, NORTH CAROLINA

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

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB liability			
Service costs	\$ 1,899,113	\$ 1,442,050	\$ 1,573,456
Interest on the total OPEB liability	1,219,349	1,697,747	1,876,455
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(12,621,498)	(1,093,804)	(5,698,585)
Changes of assumptions and other inputs	1,927,752	5,347,232	3,911,453
Benefit payments**	(1,846,174)	(1,084,789)	(1,695,649)
Other	-	-	-
Net change in total OPEB liability	(9,421,458)	6,308,436	(32,870)
Total OPEB liability - beginning	<u>55,353,219</u>	<u>49,044,783</u>	<u>49,077,653</u>
Total OPEB liability - ending (a)	<u>\$ 45,931,761</u>	<u>\$ 55,353,219</u>	<u>\$ 49,044,783</u>
Plan fiduciary net position			
Contributions - employer***	\$ 1,846,174	\$ 1,084,789	\$ 1,695,649
Net investment income	694	46,287	61,751
Benefit payments**	(1,846,174)	(1,084,789)	(1,695,649)
Administrative expense	<u>(3,250)</u>	<u>(2,934)</u>	<u>(2,700)</u>
Net change in plan fiduciary net position	(2,556)	43,353	59,051
Plan fiduciary net position - beginning	<u>3,062,135</u>	<u>3,018,782</u>	<u>2,959,731</u>
Plan fiduciary net position - ending (b)	<u>\$ 3,059,579</u>	<u>\$ 3,062,135</u>	<u>\$ 3,018,782</u>
City's net OPEB liability - ending (a) - (b)	<u>\$ 42,872,182</u>	<u>\$ 52,291,084</u>	<u>\$ 46,026,001</u>
Plan fiduciary net position as a percentage of the total OPEB liability	6.66%	5.53%	6.16%
Covered-employee payroll	\$ 28,097,222	\$ 29,959,407	\$ 29,959,407
City's net OPEB liability as a percentage of covered-employee payroll	152.59%	174.54%	153.63%

* 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.

*** Employer contributions include benefit payments and administrative expenses paid outside the Trust.

CITY OF WILMINGTON, NORTH CAROLINA

**Other Postemployment Benefits
Required Supplementary Information
Last Five 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	31,906	7,628
Benefit payments**	(1,652,234)	(1,683,538)
Administrative expense	<u>(2,700)</u>	<u>(2,700)</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.

*** Employer contributions include benefit payments and administrative expenses paid outside the Trust.

CITY OF WILMINGTON, NORTH CAROLINA

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

Schedule of City Contributions

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarially determined contribution	\$ 3,810,631	\$ 3,810,631	\$ 3,934,874
Contributions in relation to the actuarially determined contribution	1,846,174	1,084,789	1,695,649
Contribution deficiency (excess)	<u>\$ 1,964,457</u>	<u>\$ 2,725,842</u>	<u>\$ 2,239,225</u>
Covered-employee payroll*	\$ 28,097,222	\$ 29,959,407	\$ 29,959,407
Contributions as a percentage of covered-employee payroll	6.57%	3.62%	5.66%

* Covered-employee payroll does not include pay for active members who are ineligible for benefits. For years following the valuation when no new valuation is performed, covered payroll has been set equal to the covered payroll from the most recent valuation.

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	28 Years
Asset valuation method	Fair value
Inflation	2.5 percent
Healthcare cost trend rates	7.00 percent for 2020 decreasing to an ultimate rate of 4.50 percent by 2030
Salary increases	3.25 to 8.41 percent, including wage inflation
Investment rate of return	3.5 percent, net of OPEB plan investment expense, including price inflation
Retirement age	In the 2020 actuarial valuation, expected retirement ages of employees were based on the results of an actual experience study for the period January 1, 2015 to December 31, 2019, adopted by the LGERS
Mortality	In the 2020 actuarial valuation, life expectancies were based on Pub-2010 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019

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 Six 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%

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 Five Fiscal Years ***

Schedule of Investment Returns

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	0.03%	1.53%	2.09%	1.09%	0.37%

* 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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CITY OF WILMINGTON, NORTH CAROLINA

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

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Wilmington's proportion of the net pension liability (asset) (%)	0.82659%	0.86106%	0.87174%	0.85845%
Wilmington's proportion of the net pension liability (asset) (\$)	\$ 29,537,582	\$ 23,514,877	\$ 20,683,026	\$ 13,114,738
Wilmington's covered payroll *	\$ 56,303,103	\$ 55,802,965	\$ 52,630,129	\$ 52,150,017
Wilmington's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	52.46%	42.14%	39.30%	25.15%
Plan fiduciary net position as a percentage of the total pension liability**	88.61%	90.86%	91.63%	94.18%

* 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 Eight Fiscal Years ***

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Wilmington's proportion of the net pension liability (asset) (%)	0.86089%	0.91912%	0.86664%	0.86090%
Wilmington's proportion of the net pension liability (asset) (\$)	\$ 18,270,970	\$ 4,124,955	\$ (5,110,978)	\$ 10,377,151
Wilmington's covered payroll *	\$ 51,780,213	\$ 48,520,316	\$ 46,880,467	\$ 45,459,421
Wilmington's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	35.29%	8.50%	(10.90%)	22.83%
Plan fiduciary net position as a percentage of the total pension liability**	91.47%	98.09%	102.64%	94.35%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30. This 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 Eight Fiscal Years ***

Schedule of City Contributions

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 5,905,226	\$ 5,114,837	\$ 4,446,150	\$ 4,062,901
Contributions in relation to the contractually required contribution	5,905,226	5,114,837	4,446,150	4,062,901
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Wilmington's covered payroll	\$ 57,098,725	\$ 56,303,103	\$ 55,802,965	\$ 52,630,129
Contributions as a percentage of covered payroll	10.34%	9.08%	7.97%	7.72%

* 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 Eight Fiscal Years ***

Schedule of City Contributions

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 3,805,576	\$ 3,531,195	\$ 3,422,257	\$ 3,257,102
Contributions in relation to the contractually required contribution	<u>3,805,576</u>	<u>3,531,195</u>	<u>3,422,257</u>	<u>3,257,102</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Wilmington's covered payroll	\$ 52,150,017	\$ 51,780,213	\$ 48,520,316	\$ 46,880,467
Contributions as a percentage of covered payroll	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, 2021

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents/investments	\$ 10,253,231	\$ 7,300,002	\$ 17,553,233
Taxes receivable, net	7,376	-	7,376
Accounts receivable	-	9,292	9,292
Due from other funds	9,000	-	9,000
Due from other governments	2,711,679	2,146,192	4,857,871
Notes receivable, net	20,441,599	-	20,441,599
Restricted assets:			
Cash and cash equivalents/investments	<u>2</u>	<u>994,578</u>	<u>994,580</u>
Total assets	<u>\$ 33,422,887</u>	<u>\$ 10,450,064</u>	<u>\$ 43,872,951</u>
LIABILITIES			
Accounts payable	\$ 192,855	\$ 275,020	\$ 467,875
Due to other funds	202,553	-	202,553
Due to management company	103,437	-	103,437
Due to other governments	1,857	-	1,857
Accrued liabilities	34,155	-	34,155
Customer and escrow deposits	120,600	-	120,600
Unearned revenue	<u>28,000</u>	<u>-</u>	<u>28,000</u>
Total liabilities	<u>683,457</u>	<u>275,020</u>	<u>958,477</u>
DEFERRED INFLOWS OF RESOURCES			
Taxes receivable, net	7,376	-	7,376
Accounts receivable	-	9,292	9,292
Notes receivable	1,552	-	1,552
Prepaid property taxes	<u>137</u>	<u>-</u>	<u>137</u>
Total deferred inflows of resources	<u>9,065</u>	<u>9,292</u>	<u>18,357</u>
FUND BALANCES			
Restricted:			
Stabilization by State statute	54,423	-	54,423
Community development loans	24,234,692	-	24,234,692
Convention Center	7,688,563	-	7,688,563
Capital projects	-	994,578	994,578
Public safety	229,304	-	229,304
Committed:			
Capital projects	-	9,171,174	9,171,174
Municipal service district	544,776	-	544,776
Unassigned (deficit)	<u>(21,393)</u>	<u>-</u>	<u>(21,393)</u>
Total fund balances	<u>32,730,365</u>	<u>10,165,752</u>	<u>42,896,117</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 33,422,887</u>	<u>\$ 10,450,064</u>	<u>\$ 43,872,951</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

June 30, 2021

	Convention Center Fund	Community Development Fund	Home Investment Partnership Fund	Rental Rehabilitation Loan Fund
ASSETS				
Cash and cash equivalents/investments	\$ 5,768,675	\$ 17,326	\$ 555,543	\$ 290,333
Taxes receivable, net	-	-	-	-
Due from other funds	-	9,000	-	-
Due from other governments	2,132,907	248,649	165,803	-
Notes receivable, net	-	-	9,171,394	15,000
Restricted assets:				
Cash and cash equivalents/investments	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 7,901,584</u>	<u>\$ 274,975</u>	<u>\$ 9,892,740</u>	<u>\$ 305,333</u>
LIABILITIES				
Accounts payable	\$ 81,584	\$ 45,726	\$ 11,843	\$ -
Due to other funds	-	202,553	-	-
Due to management company	103,437	-	-	-
Due to other governments	-	-	-	1,857
Accrued liabilities	-	26,696	7,459	-
Customer and escrow deposits	-	-	33,296	-
Unearned revenue	<u>28,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>213,021</u>	<u>274,975</u>	<u>52,598</u>	<u>1,857</u>
DEFERRED INLOWS OF RESOURCES				
Taxes receivable, net	-	-	-	-
Notes receivable	-	-	-	-
Prepaid property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted:				
Stabilization by State statute	-	-	-	-
Community development loans	-	-	9,861,535	303,476
Convention center	7,688,563	-	-	-
Public safety	-	-	-	-
Committed:				
Municipal service district	-	-	-	-
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>(21,393)</u>	<u>-</u>
Total fund balances	<u>7,688,563</u>	<u>-</u>	<u>9,840,142</u>	<u>303,476</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,901,584</u>	<u>\$ 274,975</u>	<u>\$ 9,892,740</u>	<u>\$ 305,333</u>

	Commercial Loan Fund	Rehabilitation Loan Fund	CDBG HOP Loan Fund	GF HOP Loan Fund	Economic Development Loan Fund
ASSETS					
Cash and cash equivalents/investments	\$ -	\$ 407,999	\$ 92,432	\$ 1,897,825	\$ 30
Taxes receivable, net	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governments	-	-	-	-	-
Notes receivable, net	1,309,850	2,127,457	4,476,204	2,766,270	-
Restricted assets:					
Cash and cash equivalents/investments	-	-	-	-	-
Total assets	<u>\$ 1,309,850</u>	<u>\$ 2,535,456</u>	<u>\$ 4,568,636</u>	<u>\$ 4,664,095</u>	<u>\$ 30</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Due to management company	-	-	-	-	-
Due to other governments	-	-	-	-	-
Accrued liabilities	-	-	-	-	-
Customer and escrow deposits	-	16,726	438	6,306	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>-</u>	<u>16,726</u>	<u>438</u>	<u>6,306</u>	<u>-</u>
DEFERRED INLOWS OF RESOURCES					
Taxes receivable, net	-	-	-	-	-
Notes receivable	-	594	-	958	-
Prepaid property taxes	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>594</u>	<u>-</u>	<u>958</u>	<u>-</u>
FUND BALANCES					
Restricted:					
Stabilization by State statute	-	-	-	-	-
Community development loans	1,309,850	2,518,136	4,568,198	4,656,831	30
Convention center	-	-	-	-	-
Public safety	-	-	-	-	-
Committed:					
Municipal service district	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-
Total fund balances	<u>1,309,850</u>	<u>2,518,136</u>	<u>4,568,198</u>	<u>4,656,831</u>	<u>30</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,309,850</u>	<u>\$ 2,535,456</u>	<u>\$ 4,568,636</u>	<u>\$ 4,664,095</u>	<u>\$ 30</u>

CITY OF WILMINGTON, NORTH CAROLINA

**Combining Balance Sheet -
Nonmajor Special Revenue Funds (Continued)**

June 30, 2021

	Forgivable Loans & Legal Fees Fund	Special Tax District	Firemen's Relief Fund	Total Nonmajor Special Revenue Funds
ASSETS				
Cash and cash equivalents/investments	\$ 516,430	\$ 587,197	\$ 119,441	\$ 10,253,231
Taxes receivable, net	-	7,376	-	7,376
Due from other funds	-	-	-	9,000
Due from other governments	34	54,423	109,863	2,711,679
Notes receivable, net	575,424	-	-	20,441,599
Restricted assets:				
Cash and cash equivalents/investments	-	-	-	2
Total assets	<u>\$ 1,091,888</u>	<u>\$ 648,996</u>	<u>\$ 229,304</u>	<u>\$ 33,422,887</u>
LIABILITIES				
Accounts payable	\$ 11,418	\$ 42,284	\$ -	\$ 192,855
Due to other funds	-	-	-	202,553
Due to management company	-	-	-	103,437
Due to other governments	-	-	-	1,857
Accrued liabilities	-	-	-	34,155
Customer and escrow deposits	63,834	-	-	120,600
Unearned revenue	-	-	-	28,000
Total liabilities	<u>75,252</u>	<u>42,284</u>	<u>-</u>	<u>683,457</u>
DEFERRED INLOWS OF RESOURCES				
Taxes receivable, net	-	7,376	-	7,376
Notes receivable	-	-	-	1,552
Prepaid property taxes	-	137	-	137
Total deferred inflows of resources	<u>-</u>	<u>7,513</u>	<u>-</u>	<u>9,065</u>
FUND BALANCES				
Restricted:				
Stabilization by State statute	-	54,423	-	54,423
Community development loans	1,016,636	-	-	24,234,692
Convention center	-	-	-	7,688,563
Public safety	-	-	229,304	229,304
Committed:				
Municipal service district	-	544,776	-	544,776
Unassigned (deficit)	-	-	-	(21,393)
Total fund balances	<u>1,016,636</u>	<u>599,199</u>	<u>229,304</u>	<u>32,730,365</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,091,888</u>	<u>\$ 648,996</u>	<u>\$ 229,304</u>	<u>\$ 33,422,887</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

June 30, 2021

	Building Improvements Fund	Public Improvements Fund	Total Nonmajor Capital Projects Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents/investments	\$ 7,057,040	\$ 242,962	\$ 7,300,002
Accounts receivable	9,292	-	9,292
Due from other governments	1,948,366	197,826	2,146,192
Restricted assets:			
Cash and cash equivalents/investments	<u>994,578</u>	<u>-</u>	<u>994,578</u>
Total assets	<u>\$ 10,009,276</u>	<u>\$ 440,788</u>	<u>\$ 10,450,064</u>
 LIABILITIES			
Accounts payable	<u>\$ 275,020</u>	<u>\$ -</u>	<u>\$ 275,020</u>
 DEFERRED INFLOWS OF RESOURCES			
Accounts receivable	<u>9,292</u>	<u>-</u>	<u>9,292</u>
 FUND BALANCES			
Restricted:			
Capital projects	994,578	-	994,578
Committed:			
Capital projects	<u>8,730,386</u>	<u>440,788</u>	<u>9,171,174</u>
Total fund balances	<u>9,724,964</u>	<u>440,788</u>	<u>10,165,752</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 10,009,276</u>	<u>\$ 440,788</u>	<u>\$ 10,450,064</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2021

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Ad valorem taxes	\$ 449,177	\$ -	\$ 449,177
Room occupancy tax	4,077,235	-	4,077,235
Other taxes	173,053	-	173,053
Restricted intergovernmental	1,664,747	1,335,031	2,999,778
Sales and services	836,253	-	836,253
Investment earnings	14,594	8,762	23,356
Miscellaneous	<u>140,666</u>	<u>42,239</u>	<u>182,905</u>
Total revenues	<u>7,355,725</u>	<u>1,386,032</u>	<u>8,741,757</u>
Expenditures:			
Current:			
General government	165,536	2,133,228	2,298,764
Public safety	101,224	1,350,317	1,451,541
Transportation	-	315,130	315,130
Economic and physical development	4,831,045	735,780	5,566,825
Cultural and recreational	-	916,898	916,898
Debt service:			
Principal retirement	525,000	-	525,000
Interest and other charges	<u>1,899,825</u>	<u>-</u>	<u>1,899,825</u>
Total expenditures	<u>7,522,630</u>	<u>5,451,353</u>	<u>12,973,983</u>
Deficiency of revenues under expenses	<u>(166,905)</u>	<u>(4,065,321)</u>	<u>(4,232,226)</u>
Other financing sources (uses):			
Transfers from other funds	1,844,741	2,232,563	4,077,304
Transfers to other funds	(743,477)	-	(743,477)
Issuance of installment obligations	-	2,374,313	2,374,313
Premium on installment obligations	<u>-</u>	<u>438,010</u>	<u>438,010</u>
Total other financing sources	<u>1,101,264</u>	<u>5,044,886</u>	<u>6,146,150</u>
Net change in fund balances	934,359	979,565	1,913,924
Fund balances at beginning of year (1)	<u>31,796,006</u>	<u>9,186,187</u>	<u>40,982,193</u>
Fund balances at end of year	<u>\$ 32,730,365</u>	<u>\$ 10,165,752</u>	<u>\$ 42,896,117</u>

(1) The beginning fund balances of nonmajor special revenue funds are different from the prior year ending balances as a result of the classification of the Special Purpose Fund as a major fund in the current year.

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CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2021

	Convention Center Fund	Community Development Fund	Home Investment Partnership Fund	Rental Rehabilitation Loan Fund
Revenues:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Room occupancy tax	4,077,235	-	-	-
Other taxes	-	-	-	-
Restricted intergovernmental	-	1,473,229	191,518	-
Sales and services	836,253	-	-	-
Investment earnings	8,986	-	825	-
Miscellaneous	-	-	5,024	-
Total revenues	<u>4,922,474</u>	<u>1,473,229</u>	<u>197,367</u>	<u>-</u>
Expenditures:				
Current:				
General government	-	129,902	35,634	-
Public safety	-	-	-	-
Economic and physical development	3,103,146	1,064,957	117,299	-
Debt service:				
Principal retirement	525,000	-	-	-
Interest and other charges	1,899,825	-	-	-
Total expenditures	<u>5,527,971</u>	<u>1,194,859</u>	<u>152,933</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(605,497)</u>	<u>278,370</u>	<u>44,434</u>	<u>-</u>
Other financing sources (uses):				
Transfers from other funds	528,264	1,342	-	-
Transfers to other funds	-	(279,712)	-	-
Total other financing sources (uses):	<u>528,264</u>	<u>(278,370)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(77,233)	-	44,434	-
Fund balances at beginning of year (1)	<u>7,765,796</u>	<u>-</u>	<u>9,795,708</u>	<u>303,476</u>
Fund balances at end of year	<u>\$ 7,688,563</u>	<u>\$ -</u>	<u>\$ 9,840,142</u>	<u>\$ 303,476</u>

(1) The beginning fund balances of nonmajor special revenue funds are different from the prior year ending balances as a result of the classification of the Special Purpose Fund as a major fund in the current year.

	Commercial Loan Fund	Rehabilitation Loan Fund	CDBG HOP Loan Fund	GF HOP Loan Fund	Economic Development Loan Fund
Revenues:					
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Room occupancy tax	-	-	-	-	-
Other taxes	-	-	-	-	-
Restricted intergovernmental	-	-	-	-	-
Sales and services	-	-	-	-	-
Investment earnings	-	679	241	2,139	-
Miscellaneous	-	9,342	16,236	201	-
Total revenues	-	10,021	16,477	2,340	-
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Economic and physical development	-	584	79,914	19,136	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Total expenditures	-	584	79,914	19,136	-
Excess (deficiency) of revenues over (under) expenditures	-	9,437	(63,437)	(16,796)	-
Other financing sources (uses):					
Transfers from other funds	-	-	742,135	470,000	-
Transfers to other funds	(1,342)	(462,423)	-	-	-
Total other financing sources (uses):	(1,342)	(462,423)	742,135	470,000	-
Net change in fund balances	(1,342)	(452,986)	678,698	453,204	-
Fund balances at beginning of year (1)	1,311,192	2,971,122	3,889,500	4,203,627	30
Fund balances at end of year	\$ 1,309,850	\$ 2,518,136	\$ 4,568,198	\$ 4,656,831	\$ 30

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2021

	Forgivable Loans & Legal Fees Fund	Special Tax District	Firemen's Relief Fund	Total Nonmajor Special Revenue Funds
Revenues:				
Ad valorem taxes	\$ -	\$ 449,177	\$ -	\$ 449,177
Room occupancy tax	-	-	-	4,077,235
Other taxes	-	173,053	-	173,053
Restricted intergovernmental	-	-	-	1,664,747
Sales and services	-	-	-	836,253
Investment earnings	759	749	216	14,594
Miscellaneous	-	-	109,863	140,666
Total revenues	<u>759</u>	<u>622,979</u>	<u>110,079</u>	<u>7,355,725</u>
Expenditures:				
Current:				
General government	-	-	-	165,536
Public safety	-	-	101,224	101,224
Economic and physical development	4,440	441,569	-	4,831,045
Debt service:				
Principal retirement	-	-	-	525,000
Interest and other charges	-	-	-	1,899,825
Total expenditures	<u>4,440</u>	<u>441,569</u>	<u>101,224</u>	<u>7,522,630</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,681)</u>	<u>181,410</u>	<u>8,855</u>	<u>(166,905)</u>
Other financing sources (uses):				
Transfers from other funds	103,000	-	-	1,844,741
Transfers to other funds	-	-	-	(743,477)
Total other financing sources (uses):	<u>103,000</u>	<u>-</u>	<u>-</u>	<u>1,101,264</u>
Net change in fund balances	99,319	181,410	8,855	934,359
Fund balances at beginning of year (1)	<u>917,317</u>	<u>417,789</u>	<u>220,449</u>	<u>31,796,006</u>
Fund balances at end of year	<u>\$ 1,016,636</u>	<u>\$ 599,199</u>	<u>\$ 229,304</u>	<u>\$ 32,730,365</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2021

	Building Improvements Fund	Public Improvements Fund	Total Nonmajor Capital Projects Funds
Revenues:			
Restricted intergovernmental	\$ 393,724	\$ 941,307	\$ 1,335,031
Investment earnings	8,454	308	8,762
Miscellaneous	<u>42,239</u>	<u>-</u>	<u>42,239</u>
Total revenues	<u>444,417</u>	<u>941,615</u>	<u>1,386,032</u>
Expenditures:			
General government	2,130,009	3,219	2,133,228
Public safety	354,873	995,444	1,350,317
Transportation	315,050	80	315,130
Economic and physical development	625,000	110,780	735,780
Cultural and recreational	<u>916,898</u>	<u>-</u>	<u>916,898</u>
Total expenditures	<u>4,341,830</u>	<u>1,109,523</u>	<u>5,451,353</u>
Deficiency of revenues under expenditures	<u>(3,897,413)</u>	<u>(167,908)</u>	<u>(4,065,321)</u>
Other financing sources:			
Transfers from other funds	1,865,179	367,384	2,232,563
Issuance of installment obligations	2,374,313	-	2,374,313
Premium on installment obligation	<u>438,010</u>	<u>-</u>	<u>438,010</u>
Total other financing sources	<u>4,677,502</u>	<u>367,384</u>	<u>5,044,886</u>
Net change in fund balances	780,089	199,476	979,565
Fund balances at beginning of year	<u>8,944,875</u>	<u>241,312</u>	<u>9,186,187</u>
Fund balances at end of year	<u>\$ 9,724,964</u>	<u>\$ 440,788</u>	<u>\$ 10,165,752</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

June 30, 2021

	<u>CHDO Proceeds Fund</u>	<u>Law Enforcement Seizure Fund</u>	<u>Total Custodial Funds</u>
ASSETS			
Cash and cash equivalents	\$ 169,019	\$ 436,243	\$ 605,262
NET POSITION			
Restricted for individuals, organizations, and other governments	<u>\$ 169,019</u>	<u>\$ 436,243</u>	<u>\$ 605,262</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2021

	CHDO Proceeds Fund	Law Enforcement Seizure Fund	Total Custodial Funds
	<u> </u>	<u> </u>	<u> </u>
Additions:			
Law enforcement seizures	\$ -	\$ 16,469	\$ 16,469
Investment earnings	254	-	254
Total additions	<u>254</u>	<u>16,469</u>	<u>16,723</u>
Deductions:			
Payments by court order	-	29,881	29,881
Community housing administration reimbursements	15,299	-	15,299
Total deductions	<u>15,299</u>	<u>29,881</u>	<u>45,180</u>
Net decrease in fiduciary net position	<u>(15,045)</u>	<u>(13,412)</u>	<u>(28,457)</u>
Net position at beginning of year as previously stated	-	-	-
Restatement for accounting change (Note 8)	<u>184,064</u>	<u>449,655</u>	<u>633,719</u>
Net position at beginning of year as restated	<u>184,064</u>	<u>449,655</u>	<u>633,719</u>
Net position at end of year	<u>\$ 169,019</u>	<u>\$ 436,243</u>	<u>\$ 605,262</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, 2021
With Comparative Actual Amounts for Year Ended June 30, 2020**

	2021		Variance Positive (Negative)	2020 Actual
	Budget	Actual		
Revenues:				
Ad valorem taxes:				
Current year	\$ 63,911,843	\$ 64,127,382	\$ 215,539	\$ 62,280,228
Prior years	251,000	185,514	(65,486)	257,850
Penalties and interest	110,951	238,692	127,741	199,823
Total	<u>64,273,794</u>	<u>64,551,588</u>	<u>277,794</u>	<u>62,737,901</u>
Other taxes:				
Local option sales tax	28,310,354	34,243,558	5,933,204	30,118,040
Franchise tax	8,840,934	8,247,813	(593,121)	8,392,030
Video programming sales tax	1,330,000	1,261,462	(68,538)	1,278,838
Rental vehicle tax	382,000	400,361	18,361	384,757
Total	<u>38,863,288</u>	<u>44,153,194</u>	<u>5,289,906</u>	<u>40,173,665</u>
Unrestricted intergovernmental:				
Beer and wine	530,000	513,260	(16,740)	524,342
ABC revenue	1,600,000	2,832,652	1,232,652	1,786,137
Court fees	20,000	16,086	(3,914)	15,634
Total	<u>2,150,000</u>	<u>3,361,998</u>	<u>1,211,998</u>	<u>2,326,113</u>
Restricted intergovernmental:				
Powell bill	2,949,111	2,871,940	(77,171)	2,983,733
PEG channel support	20,000	26,497	6,497	27,353
Categorical grants:				
Hurricane disaster assistance	-	5,268,622	5,268,622	5,864,064
Other	195,000	155,172	(39,828)	166,362
Total	<u>3,164,111</u>	<u>8,322,231</u>	<u>5,158,120</u>	<u>9,041,512</u>
Licenses and permits:				
Privilege licenses	10,000	12,108	2,108	15,878
Motor vehicle licenses	410,000	435,266	25,266	406,855
Other permits and fees	315,000	422,504	107,504	417,413
Total	<u>735,000</u>	<u>869,878</u>	<u>134,878</u>	<u>840,146</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

**Year Ended June 30, 2021
With Comparative Actual Amounts for Year Ended June 30, 2020**

	2021		Variance	2020
	Budget	Actual	Positive (Negative)	Actual
Revenues: (continued)				
Sales and services:				
Recreation department sales and service	\$ 611,494	\$ 508,529	\$ (102,965)	\$ 875,047
Other departmental charges	<u>1,719,914</u>	<u>1,711,563</u>	<u>(8,351)</u>	<u>1,780,182</u>
Total	<u>2,331,408</u>	<u>2,220,092</u>	<u>(111,316)</u>	<u>2,655,229</u>
Fines and forfeits:				
Fire code violations	1,000	200	(800)	100
False alarm citations	45,000	92,734	47,734	47,625
Civil citations	<u>79,000</u>	<u>43,975</u>	<u>(35,025)</u>	<u>61,550</u>
Total	<u>125,000</u>	<u>136,909</u>	<u>11,909</u>	<u>109,275</u>
Interest earnings:				
Investment earnings	322,000	33,617	(288,383)	802,407
Interest on liens	<u>6,000</u>	<u>11,094</u>	<u>5,094</u>	<u>9,535</u>
Total	<u>328,000</u>	<u>44,711</u>	<u>(283,289)</u>	<u>811,942</u>
Miscellaneous:				
Sale of real estate, equipment and material	-	7,722	7,722	104,138
Rents	139,030	124,123	(14,907)	92,579
Other	<u>213,539</u>	<u>545,731</u>	<u>332,192</u>	<u>860,035</u>
Total	<u>352,569</u>	<u>677,576</u>	<u>325,007</u>	<u>1,056,752</u>
 Total revenues	 <u>112,323,170</u>	 <u>124,338,177</u>	 <u>12,015,007</u>	 <u>119,752,535</u>
Expenditures:				
General government:				
City Council and Clerk		447,071		435,365
City Manager		2,594,440		2,390,452
City Attorney		1,103,737		1,038,920
Human Resource Management		1,096,437		1,076,847
Finance		2,227,183		2,090,108
Information Technology Services		4,159,275		3,634,517
Development Services		2,097,695		2,133,597
Public Services		5,689,227		5,104,840
Contributions to other agencies		1,875,752		1,854,904
Nondepartmental		<u>6,213,850</u>		<u>1,857,479</u>
Total	<u>31,182,104</u>	<u>27,504,667</u>	<u>3,677,437</u>	<u>21,617,029</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

**Year Ended June 30, 2021
With Comparative Actual Amounts for Year Ended June 30, 2020**

	2021		Variance	2020
	Budget	Actual	Positive (Negative)	Actual
Expenditures: (continued)				
Public safety:				
Police		\$ 34,238,075		\$ 35,573,833
Fire		19,703,507		18,817,620
Total	\$ 56,428,126	53,941,582	\$ 2,486,544	54,391,453
Transportation:				
Traffic engineering		3,312,491		3,406,264
Streets		2,749,470		2,229,919
Storm water management fee		2,939,139		2,839,062
Total	9,925,797	9,001,100	924,697	8,475,245
Cultural and recreational:				
Parks and recreation	10,325,785	8,841,524	1,484,261	8,609,844
Transit system:				
Cape Fear Public Transportation Authority	1,489,668	1,489,668	-	1,446,280
Total expenditures	109,351,480	100,778,541	8,572,939	94,539,851
Excess of revenues over expenditures	2,971,690	23,559,636	20,587,946	25,212,684
Other financing sources (uses):				
Operating transfers - out:				
Debt Service Fund	(9,334,832)	(9,334,832)	-	(9,334,832)
Special Purpose Fund	(687,131)	(687,131)	-	(610,177)
CDBG/Home Administration Fund	(118,180)	(101,779)	16,401	(79,571)
Forgivable Loans and Legal Fees Fund	(103,000)	(103,000)	-	(103,000)
GF-HOP Loan Fund	(470,000)	(470,000)	-	(470,000)
Streets and Sidewalks Fund	(175,000)	(175,000)	-	-
Parks and Recreation Fund	(279,898)	(279,898)	-	-
Building Improvements Fund	(1,576,179)	(1,576,179)	-	(436,015)
Public Improvements Fund	-	-	-	(162,163)

CITY OF WILMINGTON, NORTH CAROLINA

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

**Year Ended June 30, 2021
With Comparative Actual Amounts for Year Ended June 30, 2020**

	2021		Variance Positive (Negative)	2020 Actual
	Budget	Actual		
Other financing sources (uses): (continued)				
Operating transfers - out: (continued)				
Recycling and Trash Services Fund	\$ (29,866)	\$ (29,866)	\$ -	\$ (29,866)
Technology Replacement Fund	(673,194)	(673,194)	-	(408,410)
Total operating transfers - out	<u>(13,447,280)</u>	<u>(13,430,879)</u>	<u>16,401</u>	<u>(11,634,034)</u>
Appropriated fund balance	<u>10,475,590</u>	-	<u>(10,475,590)</u>	-
Total other financing uses	<u>(2,971,690)</u>	<u>(13,430,879)</u>	<u>(10,459,189)</u>	<u>(11,634,034)</u>
Net change in fund balance	<u>\$ -</u>	<u>10,128,757</u>	<u>\$ 10,128,757</u>	<u>13,578,650</u>
Fund balance at beginning of year		71,201,147		57,548,714
Change in reserve for inventories		<u>(109,812)</u>		<u>73,783</u>
Fund balance at end of year		81,220,092		71,201,147
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		101,779		79,571
General government expenditures		(25,587)		(21,191)
Economic and physical development expenditures		(76,192)		(58,380)
Fund balance at beginning of year		<u>-</u>		<u>-</u>
Fund balance at end of year		<u>\$ 81,220,092</u>		<u>\$ 71,201,147</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, 2021

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Taxes:					
Room occupancy tax	\$ 36,862,226	\$ 36,862,226	\$ -	\$ 36,862,226	\$ -
Restricted intergovernmental:					
Federal grants	34,027,463	6,000,701	944,714	6,945,415	(27,082,048)
State grants	7,477,672	5,766,694	1,066,892	6,833,586	(644,086)
Other governments	5,464,757	3,216,326	1,987,590	5,203,916	(260,841)
Total restricted intergovernmental	46,969,892	14,983,721	3,999,196	18,982,917	(27,986,975)
Investment earnings	412,624	466,143	3,726	469,869	57,245
Donations	275,908	186,801	68,750	255,551	(20,357)
Miscellaneous:					
Red light traffic cameras	12,708,491	11,405,190	1,062,818	12,468,008	(240,483)
Other program income	298,477	310,874	6,132	317,006	18,529
Sale of property	6,615	30,084	-	30,084	23,469
Other	66,835	113,706	-	113,706	46,871
Total miscellaneous	13,080,418	11,859,854	1,068,950	12,928,804	(151,614)
Total revenues	97,601,068	64,358,745	5,140,622	69,499,367	(28,101,701)
Expenditures:					
General government projects:					
Coronavirus relief funds - NHC	1,478,291	332,146	1,146,145	1,478,291	-
Coronavirus fiscal recovery - ARPA	18,329,952	-	31,298	31,298	18,298,654
Total general government projects	19,808,243	332,146	1,177,443	1,509,589	18,298,654
Public safety projects:					
Second chance reentry	600,000	600,000	-	600,000	-
Reset reentry system	200,000	190,019	-	190,019	9,981
Firefighter assistance - FEMA	109,015	108,857	-	108,857	158
Regional response hazmat 2019	69,000	50,735	-	50,735	18,265
Regional response hazmat 2020	69,000	54,313	-	54,313	14,687
Regional response hazmat 2021	69,000	-	62,301	62,301	6,699
Santa cop program	1,125	750	-	750	375
SABLE-helicopter unit	2,309,929	1,756,077	332,424	2,088,501	221,428
Federal forfeiture - SABLE	2,009,423	1,730,448	90,216	1,820,664	188,759
Strategy to address gangs	71,720	68,773	-	68,773	2,947
Regional crime lab	595,330	462,460	-	462,460	132,870
Port city super girls academy	25,200	17,875	-	17,875	7,325
Opioid pilot program	500,000	452,786	47,214	500,000	-
Federal forfeiture	2,313,421	2,289,330	2,396	2,291,726	21,695
North Carolina drug tax	925,542	869,917	50,574	920,491	5,051
Total public safety	9,867,705	8,652,340	585,125	9,237,465	630,240

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, 2021

	Grant Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Expenditures: (continued)					
Transportation projects:					
Red light traffic cameras	\$ 17,523,398	\$ 15,430,514	\$ 1,393,516	\$ 16,824,030	\$ 699,368
Metropolitan planning	7,043,848	5,207,403	1,085,165	6,292,568	751,280
TDM coordinator	708,045	410,705	87,843	498,548	209,497
Rail realignment study	300,000	300,000	-	300,000	-
Rails to trails study	50,000	40,000	10,000	50,000	-
Rail realign economic feasibility study	115,000	-	115,000	115,000	-
Total transportation	25,740,291	21,388,622	2,691,524	24,080,146	1,660,145
Economic and physical development projects:					
Innovate NC	13,827	13,827	-	13,827	-
Community waste reduction/recycle	114,000	113,149	-	113,149	851
Emergency watershed protection	438,205	-	248,008	248,008	190,197
Community waste reduction/recycling	20,300	-	15,554	15,554	4,746
Backyard composting 2020 campaign	24,000	-	19,415	19,415	4,585
Affordable housing program	1,183,720	1,177,939	-	1,177,939	5,781
Homeownership services	212,291	174,286	9,095	183,381	28,910
Annual housing summit	48,697	32,970	-	32,970	15,727
Lead hazard reduction	1,800,000	6,911	108,358	115,269	1,684,731
UDAG income projects	1,280,639	1,227,402	-	1,227,402	53,237
Historic preservation education	43,617	31,074	-	31,074	12,543
Brownfields program	400,000	385,601	-	385,601	14,399
Trees forever	61,805	39,251	-	39,251	22,554
Trolley station	3,716	2,123	-	2,123	1,593
Coronavirus relief funds - NHC	500,000	-	500,000	500,000	-
Total economic and physical development	6,144,817	3,204,533	900,430	4,104,963	2,039,854
Cultural and recreational projects:					
Living legends award	12,355	11,712	-	11,712	643
Dog park development	35,490	26,853	-	26,853	8,637
Bicycle advisory	10,740	7,489	43	7,532	3,208
July Fourth celebration	5,000	3,566	-	3,566	1,434
Nautical festival	51,375	48,466	-	48,466	2,909
Downtown business alliance	55,609	53,277	-	53,277	2,332
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	92	-	92	1,233
TD green streets program	20,000	20,000	-	20,000	-
MLK center movie series	2,500	2,500	-	2,500	-
Spark the arts	2,000	2,000	-	2,000	-
Maides park pollinator garden	1,250	-	1,250	1,250	-
NCRPA DEI - wildlife explorers	1,500	-	1,500	1,500	-
Total cultural and recreational	214,572	178,815	2,793	181,608	32,964

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, 2021

	Grant Project Authorization	Actual Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Expenditures: (continued)					
Transit system:					
Metropolitan Planning	\$ 409,937	\$ 344,587	\$ 65,350	\$ 409,937	\$ -
Total expenditures	<u>62,185,565</u>	<u>34,101,043</u>	<u>5,422,665</u>	<u>39,523,708</u>	<u>22,661,857</u>
Excess (deficiency) of revenues over (under) expenditures	<u>35,415,503</u>	<u>30,257,702</u>	<u>(282,043)</u>	<u>29,975,659</u>	<u>(5,439,844)</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	291,453	292,304	-	292,304	851
Rental Rehabilitation Fund	438,000	438,000	-	438,000	-
Recycling and Trash Services Fund	40,383	32,638	7,383	40,021	(362)
Storm Water Management Fund	-	63	-	63	63
General Fund	<u>6,889,280</u>	<u>6,117,879</u>	<u>687,131</u>	<u>6,805,010</u>	<u>(84,270)</u>
Total operating transfers - in	<u>9,801,650</u>	<u>9,023,758</u>	<u>694,514</u>	<u>9,718,272</u>	<u>(83,378)</u>
Operating transfers - out:					
General Fund	(16,000)	(16,000)	-	(16,000)	-
Convention Center Fund	(44,162,226)	(36,862,226)	(528,264)	(37,390,490)	6,771,736
Building Improvements Fund	(43,449)	(43,449)	-	(43,449)	-
Community Development Fund	(3,100)	-	-	-	3,100
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
Parking Fund	(300,000)	-	-	-	300,000
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>(45,217,153)</u>	<u>(37,614,036)</u>	<u>(528,264)</u>	<u>(38,142,300)</u>	<u>7,074,853</u>
Total other financing sources (uses)	<u>(35,415,503)</u>	<u>(28,590,278)</u>	<u>166,250</u>	<u>(28,424,028)</u>	<u>6,991,475</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,667,424</u>	<u>(115,793)</u>	<u>\$ 1,551,631</u>	<u>\$ 1,551,631</u>
Fund balance at beginning of year			<u>1,667,424</u>		
Fund balance at end of year			1,551,631		
An unbudgeted UDAG Loan Fund is consolidated into the Special Purpose Fund for reporting purposes:					
Fund balance at beginning of year			<u>70,947</u>		
Fund balance at end of year			<u>\$ 1,622,578</u>		

CITY OF WILMINGTON, NORTH CAROLINA

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

From Inception and Year Ended June 30, 2021

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Room occupancy tax	\$ 11,940,285	\$ 9,503,754	\$ 4,077,235	\$ 13,580,989	\$ 1,640,704
Restricted Intergovernmental:					
Hurricane disaster assistance	-	977,610	-	977,610	977,610
Sales and services:					
Convention center	34,400,588	29,493,688	406,714	29,900,402	(4,500,186)
Parking deck	4,024,918	3,289,261	429,539	3,718,800	(306,118)
Total sales and services	38,425,506	32,782,949	836,253	33,619,202	(4,806,304)
Investment earnings	155,000	1,906,317	8,986	1,915,303	1,760,303
Miscellaneous:					
Insurance reimbursement	26,234	26,233	-	26,233	(1)
Total revenues	50,547,025	45,196,863	4,922,474	50,119,337	(427,688)
Expenditures:					
Economic and physical development project:					
Convention Center operations	56,684,651	40,189,371	2,685,208	42,874,579	13,810,072
Parking deck operations	3,594,472	2,688,420	417,938	3,106,358	488,114
Total economic and physical development	60,279,123	42,877,791	3,103,146	45,980,937	14,298,186
Debt service:					
Principal retirement	13,360,000	12,835,000	525,000	13,360,000	-
Interest and other charges	33,090,186	31,185,970	1,899,825	33,085,795	4,391
Reserved for debt service	585,410	-	-	-	585,410
Total debt service	47,035,596	44,020,970	2,424,825	46,445,795	589,801
Total expenditures	107,314,719	86,898,761	5,527,971	92,426,732	14,887,987
Excess of expenditures over revenues	(56,767,694)	(41,701,898)	(605,497)	(42,307,395)	14,460,299
Other financing sources (uses):					
Operating transfers - in:					
Special Purpose Fund	44,162,226	36,862,226	528,264	37,390,490	(6,771,736)
Building Improvements Fund	6,030,337	6,030,337	-	6,030,337	-
Total operating transfers - in	50,192,563	42,892,563	528,264	43,420,827	(6,771,736)

CITY OF WILMINGTON, NORTH CAROLINA

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

From Inception and Year Ended June 30, 2021

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Other financing sources (uses) (continued):					
Issuance of installment obligations	\$ 5,995,949	\$ 5,995,949	\$ -	\$ 5,995,949	\$ -
Issuance of refunding installment obligations	57,850,000	57,850,000	-	57,850,000	-
Premium on refunding installment obligations	5,942,921	5,942,920	-	5,942,920	(1)
Payment to refunded installment obligation escrow agent	<u>(63,213,739)</u>	<u>(63,213,738)</u>	<u>-</u>	<u>(63,213,738)</u>	<u>1</u>
Total other financing sources	<u>56,767,694</u>	<u>49,467,694</u>	<u>528,264</u>	<u>49,995,958</u>	<u>(6,771,736)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 7,765,796</u>	<u>(77,233)</u>	<u>\$ 7,688,563</u>	<u>\$ 7,688,563</u>
Fund balance at beginning of year			<u>7,765,796</u>		
Fund balance at end of year			<u>\$ 7,688,563</u>		

CITY OF WILMINGTON, NORTH CAROLINA

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

From Inception and Year Ended June 30, 2021

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental:					
Federal grants	\$ 16,244,555	\$ 14,328,236	\$ 1,473,229	\$ 15,801,465	\$ (443,090)
Miscellaneous:					
Sale of property	23,000	23,000	-	23,000	-
Insurance reimbursement	1,607	1,607	-	1,607	-
Refunds	545,197	545,196	-	545,196	(1)
Total miscellaneous	569,804	569,803	-	569,803	(1)
Total revenues	16,814,359	14,898,039	1,473,229	16,371,268	(443,091)
Expenditures:					
Economic and physical development projects:					
HUD Reimbursement		100,895	-	100,895	
Acquisition		331,000	-	331,000	
Public facilities		1,907,465	-	1,907,465	
Disposition		26,320	-	26,320	
Demolition		59,126	-	59,126	
Domestic Violence		426,091	32,361	458,452	
Shelter for homeless		228,000	424,975	652,975	
Community Boys Club		30,000	-	30,000	
Community Land Trust		70,997	-	70,997	
CDC Kingdom		-	3,700	3,700	
Community in Schools		-	25,000	25,000	
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	44,260	64,260	
Leading Into New Communities		326,132	17,503	343,635	
First Fruit Ministries		170,448	22,830	193,278	
Housing counseling		14,910	-	14,910	
Wilmington interfaith network		10,000	-	10,000	
Joint Project		1,276,386	118,740	1,395,126	
WRAAP		-	35,737	35,737	
YWCA - Kids Making It		25,000	-	25,000	
Salvation Army		30,000	-	30,000	
Shiloh		-	4,996	4,996	
StepUp		-	28,431	28,431	
Relocation		57,817	1,006	58,823	
Energy repairs/housing		393,897	(1,000)	392,897	
Capacity Building		34,926	-	34,926	
Small Business Development		25,000	-	25,000	

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, 2021

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Expenditures: (continued)					
Economic development		\$ 15,300	-	\$ 15,300	
Charges for services		2,059,000	-	2,059,000	
Planning		619	-	619	
Total expenditures	\$ 8,766,522	7,900,910	758,539	8,659,449	\$ 107,073
Excess of revenues over expenditures	8,047,837	6,997,129	714,690	7,711,819	(336,018)
Other financing sources (uses):					
Operating transfers - in:					
Transfer from General Fund	9,321	9,321	-	9,321	-
Transfer from CDBG/HOME Admin Fund	100,896	100,895	-	100,895	(1)
Transfer from Special Purpose	3,100	-	-	-	(3,100)
Rental Rehabilitation Loan Fund	116,798	180,974	-	180,974	64,176
Commercial Loan Fund	28,063	30,959	1,342	32,301	4,238
Rehabilitation Loan Fund	586,262	586,261	-	586,261	(1)
General Fund HOP Loan Fund	27,300	27,300	-	27,300	-
Total operating transfers - in	871,740	935,710	1,342	937,052	65,312
Operating transfers - out:					
CDBG/HOME Administration Fund	(5,056,961)	(4,597,222)	(436,320)	(5,033,542)	23,419
Rental Rehabilitation Loan Fund	(99,550)	(99,550)	-	(99,550)	-
Commercial Loan Fund	(630,245)	(630,244)	-	(630,244)	1
Rehabilitation Loan Fund	(96,871)	(96,871)	-	(96,871)	-
CDBG HOP Loan Fund	(3,035,950)	(2,508,952)	(279,712)	(2,788,664)	247,286
Total operating transfers - out	(8,919,577)	(7,932,839)	(716,032)	(8,648,871)	270,706
Total other financing uses	(8,047,837)	(6,997,129)	(714,690)	(7,711,819)	336,018
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -
Fund balance at beginning of year			-		
Fund balance at end of year			-		
A portion of a legally budgeted CDBG/HOME Grant and Administration Fund is consolidated into the Community Development Fund for reporting purposes:					
Transfer from Community Development Fund			436,320		
General government expenditures			(129,902)		
Economic and physical development expenditures			(306,418)		
Fund balance at beginning of year			-		
Fund balance at end of year			\$ -		

CITY OF WILMINGTON, NORTH CAROLINA

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

**Year Ended June 30, 2021
With Comparative Actual Amounts for Year Ended June 30, 2020**

	2021		Variance Positive (Negative)	2020 Actual
	Budget	Actual		
Expenditures:				
General government:				
Finance		\$ 191,123		\$ 198,528
Economic and physical development:				
Economic and community development		466,665		387,918
Total expenditures	\$ 702,606	657,788	\$ 44,818	586,446
Other financing sources:				
Operating transfers-in:				
General Fund	118,180	101,779	(16,401)	79,571
Community Development Fund	464,737	436,320	(28,417)	408,941
Home Investment Partnership Fund	119,689	119,689	-	97,934
Total operating transfers - in	702,606	657,788	(44,818)	586,446
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, 2021

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental:					
Federal grants	\$ 6,242,395	\$ 4,758,210	191,518	\$ 4,949,728	\$ (1,292,667)
Miscellaneous	7,500	7,500	506	8,006	506
Total revenues	<u>6,249,895</u>	<u>4,765,710</u>	<u>192,024</u>	<u>4,957,734</u>	<u>(1,292,161)</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>319,443</u>	<u>315,710</u>	<u>-</u>	<u>315,710</u>	<u>3,733</u>
Excess of revenues over expenditures	<u>5,930,452</u>	<u>4,450,000</u>	<u>192,024</u>	<u>4,642,024</u>	<u>(1,288,428)</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>2,420,649</u>	<u>2,681,427</u>	<u>621,559</u>	<u>3,302,986</u>	<u>882,337</u>
Total operating transfers - in	<u>2,739,787</u>	<u>3,000,565</u>	<u>621,559</u>	<u>3,622,124</u>	<u>882,337</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, 2021

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Other financing sources (uses): (continued)					
Operating transfers - out:					
CDBG/HOME Administration Fund	\$ (790,219)	\$ (670,530)	\$ (119,689)	\$ (790,219)	\$ -
Home Loan Fund	<u>(7,880,020)</u>	<u>(6,012,688)</u>	<u>(771,100)</u>	<u>(6,783,788)</u>	<u>1,096,232</u>
Total operating transfers - out	<u>(8,670,239)</u>	<u>(6,683,218)</u>	<u>(890,789)</u>	<u>(7,574,007)</u>	<u>1,096,232</u>
Total other financing uses	<u>(5,930,452)</u>	<u>(3,682,653)</u>	<u>(269,230)</u>	<u>(3,951,883)</u>	<u>1,978,569</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 767,347</u>	<u>(77,206)</u>	<u>\$ 690,141</u>	<u>\$ 690,141</u>
Fund balance at beginning of year			<u>767,347</u>		
Fund balance at end of year			690,141		
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			119,689		
General government expenditures			(35,634)		
Economic and physical development expenditures			(84,055)		
Fund balance at beginning of year			-		
An unbudgeted Home Loan Fund is consolidated into the Home Investment Partnership Fund for reporting purposes:					
Investment earnings			319		
Miscellaneous income			5,024		
Transfer from Home Investment Partnership Fund			771,100		
Economic and physical development expenditures			(33,244)		
Transfer to Home Investment Partnership Fund			(621,559)		
Fund balance at beginning of year			<u>9,028,361</u>		
Fund balance at end of year			<u>\$ 9,840,142</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, 2021
With Comparative Actual Amounts for Year Ended June 30, 2020**

	2021		Variance Positive (Negative)	2020 Actual
	Budget	Actual		
Revenues:				
Ad valorem taxes:				
Current year	\$ 432,655	\$ 445,894	\$ 13,239	\$ 380,730
Prior years	-	2,405	2,405	157
Penalties and interest	-	878	878	793
Total ad valorem taxes	432,655	449,177	16,522	381,680
Local option sales tax	52,500	173,053	120,553	156,749
Investment earnings	3,998	749	(3,249)	3,942
Total revenues	489,153	622,979	133,826	542,371
Expenditures:				
Economic and physical development:				
Downtown municipal service district	633,453	441,569	191,884	387,763
Excess (deficiency) of revenues over (under) expenditures	(144,300)	181,410	325,710	154,608
Other financing sources:				
Appropriated fund balance	144,300	-	(144,300)	-
Net change in fund balance	\$ -	181,410	\$ 181,410	154,608
Fund balance at beginning of year		417,789		263,181
Fund balance at end of year		\$ 599,199		\$ 417,789

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CAPITAL PROJECT FUNDS TAB (FRONT)

CAPITAL PROJECT FUNDS TAB (BACK)

CITY OF WILMINGTON, NORTH CAROLINA

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

From Inception and Year Ended June 30, 2021

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental:					
Grants and contributions	\$ 11,180,318	\$ 3,771,638	\$ 2,031,425	\$ 5,803,063	\$ (5,377,255)
Hurricane disaster assistance	-	192,536	-	192,536	192,536
Total restricted intergovernmental	11,180,318	3,964,174	2,031,425	5,995,599	(5,184,719)
Investment earnings	1,778,559	1,763,802	32,922	1,796,724	18,165
Donations	297,982	3,510,805	183,321	3,694,126	3,396,144
Total revenues	13,256,859	9,238,781	2,247,668	11,486,449	(1,770,410)
Expenditures:					
Transportation:					
Riverfront assessment update	53,500	33,000	-	33,000	20,500
Bridge repairs	2,659,280	649,672	1,166,320	1,815,992	843,288
Water Street/Riverfront improvements	3,343,905	3,164,015	8,224	3,172,239	171,666
Water Street/Riverfront stabilization	472,782	436,463	-	436,463	36,319
Water Street improvements phase 2	6,801,176	2,045,229	2,177,302	4,222,531	2,578,645
Florence recovery - streets	200,000	155,877	-	155,877	44,123
Street rehabilitation	12,083,040	9,026,836	309,402	9,336,238	2,746,802
Pine Valley street/drainage rehabilitation	2,880,261	2,831,804	-	2,831,804	48,457
Cross City Trail III streets rehabilitation	873,932	873,932	-	873,932	-
Greenville Loop rehabilitation	1,415,019	1,415,018	-	1,415,018	1
Audubon / Floral rehabilitation	1,061,786	1,061,784	-	1,061,784	2
41st Street rehabilitation	1,251,587	1,251,586	-	1,251,586	1
Brick street rehabilitation	500,000	442,104	54,989	497,093	2,907
Hawksbill causeway	1,075,000	50,298	9,513	59,811	1,015,189
McRae/Nixon/ 10th Street rehabilitation	1,302,331	1,074,558	-	1,074,558	227,773
Castle/Greenfield Street rehabilitation	1,840,800	1,251,611	-	1,251,611	589,189
Pine Valley East Street paving	1,097,783	713,043	362,008	1,075,051	22,732
Red Cross brick street rehabilitation	855,286	-	524,357	524,357	330,929
17th/Andrews/Harbor/Bragg rehabilitation	1,500,000	957,378	296,980	1,254,358	245,642
Harnett Street ADA ramps	100,000	-	-	-	100,000
Dawning Creek resurfacing	300,000	-	232,864	232,864	67,136
Pine Grove and Lincoln repair	575,000	-	464,165	464,165	110,835
Savannah Court resurfacing	50,000	-	-	-	50,000
Neighborhood traffic management	1,752,500	1,653,870	-	1,653,870	98,630
Eastwood Road path	29,214	-	-	-	29,214
Market/Water Streets bulkhead	1,509,237	1,380,736	-	1,380,736	128,501
Princess Place/17th to 25th Streets	151,247	151,246	-	151,246	1
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	1,492,272	-	1,492,272	12,730
Sign inventory and assessment	90,000	469	-	469	89,531
Way finding signage	89,683	35,170	-	35,170	54,513
Front/Castle pedestrian improvements	26,695	1,441	-	1,441	25,254

(Continued)

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, 2021

	Project Authorization	Prior Years	Current Year	Totals to Date	Variance Positive (Negative)
Expenditures: (continued)					
Transportation: (continued)					
College/Oleander pedestrian crossing	\$ 100	\$ -	\$ -	\$ -	\$ 100
Wrightsville/Greenville improvements	523,942	89,966	31,817	121,783	402,159
Park Avenue multi-use path	1,458,342	720,833	8,239	729,072	729,270
Military Cutoff/Eastwood multi-use path	23,249	23,248	-	23,248	1
Hinton Avenue multi-use path	469,729	86,388	34,590	120,978	348,751
Hooker Road multi-use path	1,161,516	87,017	60,479	147,496	1,014,020
5th and Wooster pedestrian crossing	394,979	352,851	12,863	365,714	29,265
Kerr Avenue bike lane/sidewalks	1,140,000	693,915	10,467	704,382	435,618
Gregory/Williston Streets	1,050,649	916,661	(183,866)	732,795	317,854
Love Grove emergency access	150,000	-	-	-	150,000
Coastline Inn riverfront stabilization	992,550	787,595	-	787,595	204,955
Sidewalk gap improvements	55,000	44,516	-	44,516	10,484
North 3rd Street bridge	634,854	133,403	481,039	614,442	20,412
Shipyards Boulevard bus pullout	508,476	458,407	-	458,407	50,069
Eastwood Road access management	5,155,000	2,410,679	51,564	2,462,243	2,692,757
Carolina Beach Road streetscape	4,300,000	-	15,315	15,315	4,284,685
North Front Street streetscape	1,820,439	41,900	242,455	284,355	1,536,084
Dawson/Wooster Streets improvements	1,100,000	172,218	54,801	227,019	872,981
Love Grove access	5,583,460	5,583,460	-	5,583,460	-
Pine Grove intersection improvements	2,500,000	166,067	60,201	226,268	2,273,732
Oleander/Pine Grove realignment	2,100,000	38,698	85,741	124,439	1,975,561
Racine/New Center Drive turn lane	150,000	-	771	771	149,229
Wrightsville/Wallace Avenue roundabout	1,500,000	155,449	28,899	184,348	1,315,652
Pine Grove/Greenville Loop roundabout	1,500,000	61,691	76,081	137,772	1,362,228
Pine Grove/Holly Tree roundabout	1,500,000	58,958	76,081	135,039	1,364,961
Contingency - roadway projects	11,848,411	-	-	-	11,848,411
Oleander/Hawthorn to 42nd Street	695,330	1,500	20,000	21,500	673,830
Wrightsville/Castle/Independence	174,757	25,679	-	25,679	149,078
Oleander/Wooster/Mimosa	224,060	46,861	6,104	52,965	171,095
Dawson/Wrightsville/Oleander	2,078	2,078	-	2,078	-
Wrightsville/College/Hawthorn	1,139,589	154,706	28,467	183,173	956,416
Wrightsville/44th/Independence	989,616	137,426	27,940	165,366	824,250
17th Street sidewalk/Wooster	235,794	14	62,135	62,149	173,645
Oleander/Pine Grove/College	159,855	159,854	-	159,854	1
23rd Street sidewalk/Princess Place	4,348	4,347	-	4,347	1
Delaney sidewalk improvements	79,746	79,745	-	79,745	1
McClelland sidewalk improvements	589,527	309	-	309	589,218
Fairlawn sidewalk improvements	292,982	292,982	-	292,982	-
Kerr/Wilshire crosswalk	30,120	30,120	-	30,120	-
16th Street/Dawson crosswalk	75,000	-	19,789	19,789	55,211
College/Wilshire crosswalk	40,973	41,250	(277)	40,973	-

(Continued)

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, 2021

	Project Authorization	Prior Years	Current Year	Totals to Date	Variance Positive (Negative)
Expenditures: (continued)					
Transportation: (continued)					
8th Street/Dawson crosswalk	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000
8th Street/Wooster crosswalk	50,000	-	-	-	50,000
17th Street/Dawson crosswalk	75,000	-	19,789	19,789	55,211
Holly Tree/College crosswalk	336,591	15,663	34,971	50,634	285,957
Greenville Loop trail - Old Mill/Park	2,225,173	74,926	337,767	412,693	1,812,480
Kerr Avenue trail	907,439	-	14,280	14,280	893,159
Central College trail	1,951,079	1,599,131	-	1,599,131	351,948
Masonboro Loop multiuse path	2,982,142	288,318	127,039	415,357	2,566,785
Contingency - bike/pedestrian	2,475,328	-	-	-	2,475,328
Chestnut/Grace reconstruction	2,540,143	347,669	1,761,996	2,109,665	430,478
23rd Street connection/Scientific	2,660,528	847,104	(344,082)	503,022	2,157,506
Independence Boulevard	507,116	507,116	-	507,116	-
Cardinal Extension	196,488	196,487	-	196,487	1
Lullwater/Greenway	354,031	354,031	-	354,031	-
Medical Center / Glen Meade	364,235	364,233	-	364,233	2
Market Street LED upgrade	183,447	64,446	-	64,446	119,001
Sidewalk gap improvements	25,000	22,053	-	22,053	2,947
Kerr / MLK interchange	560,000	-	-	-	560,000
Dock Street pedestrian access	175,000	23,567	-	23,567	151,433
Eastwood/Military Cutoff interchange	560,000	-	-	-	560,000
Market Street hawk signal	200,000	-	1,027	1,027	198,973
Red Cross Riverwalk access	259,772	3,500	44,258	47,758	212,014
Red Cross streetscape	100,000	89,674	-	89,674	10,326
Manly Avenue	450,000	436,968	-	436,968	13,032
Independence Blvd screen wall repair	488,000	-	14,930	14,930	473,070
Dock Street shoreline stabilization	20,600	9,155	1,413	10,568	10,032
Downtown alley improvements	125,000	-	13,920	13,920	111,080
Northside bicycle improvements	30,000	-	-	-	30,000
Greenville Loop trail - College/Pine Grove	960,128	-	64,930	64,930	895,198
Greenville Loop trail - Pine Grove	548,645	-	-	-	548,645
Greenville Loop trail - Old Mill	3,291,867	-	107,016	107,016	3,184,851
Wooster Street sidewalks	276,431	195,566	-	195,566	80,865
Sidewalk rehabilitation and repairs	2,770,947	2,503,380	247,528	2,750,908	20,039
Pedestrian/Bike improvements	1,773,132	1,020,868	-	1,020,868	752,264
Cross walk improvements 2017	150,000	15,000	26	15,026	134,974
Military Cutoff pedestrian improvements	60,471	-	-	-	60,471
Bridge #29 at Smith Creek walkway	8,750	-	-	-	8,750
Railroad realignment	<u>2,500,000</u>	<u>45,000</u>	<u>1,160,805</u>	<u>1,205,805</u>	<u>1,294,195</u>
Total transportation	<u>134,607,538</u>	<u>56,586,642</u>	<u>10,525,432</u>	<u>67,112,074</u>	<u>67,495,464</u>

(Continued)

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, 2021

	Project Authorization	Prior Years	Current Year	Totals to Date	Variance Positive (Negative)
Expenditures: (continued)					
Cultural and recreational:					
Riverwalk North convention center	\$ 2,594,625	\$ 2,587,995	\$ -	\$ 2,587,995	\$ 6,630
Riverwalk North marina	8,502,550	8,370,519	26,343	8,396,862	105,688
Brooks Building riverwalk improvements	1,141,976	1,137,042	-	1,137,042	4,934
Riverwalk-Conlon Pier repair	658,150	500,077	6,402	506,479	151,671
Convention Center Bulkhead	233,643	209,952	-	209,952	23,691
Riverfront Assessment	<u>919,743</u>	<u>260,451</u>	<u>4,250</u>	<u>264,701</u>	<u>655,042</u>
Total cultural and recreational	<u>14,050,687</u>	<u>13,066,036</u>	<u>36,995</u>	<u>13,103,031</u>	<u>947,656</u>
Transit system:					
Public transportation	2,000,000	656,008	-	656,008	1,343,992
Transit capital grant match	<u>535,872</u>	<u>327,284</u>	<u>-</u>	<u>327,284</u>	<u>208,588</u>
Total transit system	<u>2,535,872</u>	<u>983,292</u>	<u>-</u>	<u>983,292</u>	<u>1,552,580</u>
Total expenditures	<u>151,194,097</u>	<u>70,635,970</u>	<u>10,562,427</u>	<u>81,198,397</u>	<u>69,995,700</u>
Excess of expenditures over revenues	<u>(137,937,238)</u>	<u>(61,397,189)</u>	<u>(8,314,759)</u>	<u>(69,711,948)</u>	<u>68,225,290</u>
Other financing sources (uses):					
Operating transfers - in:					
General Fund	11,986,444	11,696,246	175,000	11,871,246	(115,198)
Debt Service fund	19,151,612	15,143,646	3,007,966	18,151,612	(1,000,000)
Building Improvements Fund	911,400	911,400	-	911,400	-
Storm Water Capital Project Fund	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>
Total operating transfers - in	<u>32,099,456</u>	<u>27,801,292</u>	<u>3,182,966</u>	<u>30,984,258</u>	<u>(1,115,198)</u>
Operating transfers - out:					
Parks and Recreation Fund	(320,000)	(320,000)	-	(320,000)	-
Building Improvements Fund	<u>(576,739)</u>	<u>(576,738)</u>	<u>-</u>	<u>(576,738)</u>	<u>1</u>
Total operating transfers - out	<u>(896,739)</u>	<u>(896,738)</u>	<u>-</u>	<u>(896,738)</u>	<u>1</u>
Issuance of bonds	53,533,892	24,833,892	28,700,000	53,533,892	-
Issuance of installment obligations	42,334,235	38,654,929	3,029,408	41,684,337	(649,898)
Premium on bonds	5,422,683	1,066,051	4,356,631	5,422,682	(1)
Premium on installment obligations	<u>5,443,711</u>	<u>4,823,932</u>	<u>619,778</u>	<u>5,443,710</u>	<u>(1)</u>
Total other financing sources	<u>137,937,238</u>	<u>96,283,358</u>	<u>39,888,783</u>	<u>136,172,141</u>	<u>(1,765,097)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 34,886,169</u>	31,574,024	<u>\$ 66,460,193</u>	<u>\$ 66,460,193</u>
Fund balance at beginning of year			<u>34,886,169</u>		
Fund balance at end of year			<u>\$ 66,460,193</u>		

CITY OF WILMINGTON, NORTH CAROLINA

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

From Inception and Year Ended June 30, 2021

	Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Restricted intergovernmental	\$ 10,195,204	\$ 9,807,366	\$ 353,989	\$ 10,161,355	\$ (33,849)
Investment earnings	287,308	243,865	13,914	257,779	(29,529)
Donations	3,619,621	1,690,831	247,160	1,937,991	(1,681,630)
Other	8,672	-	8,672	8,672	-
Total revenues	14,110,805	11,742,062	623,735	12,365,797	(1,745,008)
Expenditures:					
Cultural and recreational:					
Water Street/Riverfront parks	317,285	297,339	-	297,339	19,946
Land acquisition and economic development	170,000	18,038	-	18,038	151,962
Riverfront Park improvements	73,191	67,741	-	67,741	5,450
Park facility maintenance	3,068,291	2,630,617	112,597	2,743,214	325,077
Recreation master plan	140,724	30,723	31,785	62,508	78,216
Olsen Park phase I	8,784,990	8,758,686	-	8,758,686	26,304
Cross city trail system	9,057,698	9,030,713	-	9,030,713	26,985
10th & Fanning park development	75,000	2,335	-	2,335	72,665
Tennis complex	3,259,852	3,235,498	(68)	3,235,430	24,422
Inland Greens acquisition	2,696,503	2,693,361	-	2,693,361	3,142
Portia Mills Hines Park	754,400	53,493	40,129	93,622	660,778
Greenfield Walkway/Dock	482,900	437,168	-	437,168	45,732
Legion Stadium equipment improvements	115,000	95,505	-	95,505	19,495
Bijou Park renovation	783,037	47,083	30,634	77,717	705,320
Echo Farms improvements	1,692,244	1,582,029	110,214	1,692,243	1
Riverfront Park development	33,805,641	9,370,841	19,887,773	29,258,614	4,547,027
Soccer complex	11,381,739	294,541	886,516	1,181,057	10,200,682
Derick Davis Center expansion	2,665,681	165,469	2,167,360	2,332,829	332,852
Park security enhancements	45,909	45,909	-	45,909	-
CCT-Eastwood Road parking	25,000	-	-	-	25,000
Wade Park building improvements	85,000	18,220	-	18,220	66,780
Tennis complex resurfacing	61,000	54,650	-	54,650	6,350
Parking lot improvements	24,000	23,150	-	23,150	850
Skate park office replacement	65,000	58,352	-	58,352	6,648
MLK Center expansion	1,830,000	60,907	171,454	232,361	1,597,639
Greenfield Park improvements	500,000	-	-	-	500,000
Olsen Park	2,000,000	-	175	175	1,999,825
Bradley Creek canoe/kayak	220,000	-	-	-	220,000
Halyburton maintenance building	305,000	-	-	-	305,000
Contingency 2016 Parks Bond	760,924	-	-	-	760,924
Riverfront park phase 1-A	725,708	-	36,885	36,885	688,823
Tennis reconstruction - Empie Park	488,000	-	-	-	488,000
Riverwalk maintenance	42,756	-	42,755	42,755	1
Riverwalk visitor center renovation	382,419	-	91,355	91,355	291,064
Riverfront Park promenade and alleys	510,300	-	-	-	510,300

(Continued)

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, 2021

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals to Date</u>	<u>Variance Positive (Negative)</u>
Expenditures: (continued)					
Tree mitigation plantings	\$ 315,293	\$ 165,515	\$ 101,584	\$ 267,099	\$ 48,194
Total expenditures	<u>87,710,485</u>	<u>39,237,883</u>	<u>23,711,148</u>	<u>62,949,031</u>	<u>24,761,454</u>
Excess of expenditures over revenues	<u>(73,599,680)</u>	<u>(27,495,821)</u>	<u>(23,087,413)</u>	<u>(50,583,234)</u>	<u>23,016,446</u>
Other financing sources (uses):					
Operating transfers - in:					
General Fund	4,329,358	3,912,057	279,898	4,191,955	(137,403)
Debt Service Fund	12,657,320	9,237,040	2,845,368	12,082,408	(574,912)
Streets and Sidewalks Fund	603,615	603,615	-	603,615	-
Storm Water Capital Project Fund	<u>552,923</u>	<u>552,923</u>	<u>-</u>	<u>552,923</u>	<u>-</u>
Total operating transfers - in	<u>18,143,216</u>	<u>14,305,635</u>	<u>3,125,266</u>	<u>17,430,901</u>	<u>(712,315)</u>
Operating transfers - out:					
General Fund	(330,000)	(330,000)	-	(330,000)	-
Golf Capital Projects Fund	<u>(1,165,000)</u>	<u>(200,000)</u>	<u>(965,000)</u>	<u>(1,165,000)</u>	<u>-</u>
Total operating transfers - out	<u>(1,495,000)</u>	<u>(530,000)</u>	<u>(965,000)</u>	<u>(1,495,000)</u>	<u>-</u>
Issuance of bonds	30,465,000	16,165,000	14,300,000	30,465,000	-
Issuance of installment obligations	14,991,100	11,917,576	2,046,279	13,963,855	(1,027,245)
Issuance of other long-term obligations	10,830,663	10,830,666	-	10,830,666	3
Premium on bonds	<u>664,701</u>	<u>27,038</u>	<u>637,663</u>	<u>664,701</u>	<u>-</u>
Total other financing sources	<u>73,599,680</u>	<u>52,715,915</u>	<u>19,144,208</u>	<u>71,860,123</u>	<u>(1,739,557)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 25,220,094</u>	<u>(3,943,205)</u>	<u>\$ 21,276,889</u>	<u>\$ 21,276,889</u>
Fund balance at beginning of year			<u>25,220,094</u>		
Fund balance at end of year			<u>\$ 21,276,889</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, 2021

	Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Revenues:					
Restricted intergovernmental					
Hurricane assistance	\$ 1,289,217	\$ 2,325,581	\$ 140,902	\$ 2,466,483	\$ 1,177,266
Other	<u>2,573,153</u>	<u>47,809</u>	<u>252,822</u>	<u>300,631</u>	<u>(2,272,522)</u>
Total restricted intergovernmental	3,862,370	2,373,390	393,724	2,767,114	(1,095,256)
Investment earnings	321,404	394,008	8,454	402,462	81,058
Sale of real estate	578,820	578,820	-	578,820	-
Rents	278,912	403,315	6,718	410,033	131,121
Miscellaneous	<u>134,473</u>	<u>134,472</u>	<u>35,521</u>	<u>169,993</u>	<u>35,520</u>
Total revenues	<u>5,175,979</u>	<u>3,884,005</u>	<u>444,417</u>	<u>4,328,422</u>	<u>(847,557)</u>
Expenditures:					
General government:					
Water Street/Riverfront ADA	136,899	128,685	-	128,685	8,214
Northern riverfront project	4,100,000	4,088,941	-	4,088,941	11,059
Florence recovery - buildings	2,873,550	1,284,485	256,635	1,541,120	1,332,430
Building security	270,708	238,490	-	238,490	32,218
Building improvements	3,441,220	2,738,627	528,361	3,266,988	174,232
City Hall improvements	1,923,368	1,918,183	-	1,918,183	5,185
Northern warehouse purchase	2,014,912	1,937,817	6,555	1,944,372	70,540
Administration building	1,000,000	-	-	-	1,000,000
Enterprise backup system	150,000	47,052	102,000	149,052	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
ADA compliance	3,046,141	3,046,140	-	3,046,140	1
HVAC replacement	2,301,522	1,026,049	154,893	1,180,942	1,120,580
IT core system replacement	4,967,320	2,524,358	679,669	3,204,027	1,763,293
Elevator modernization	402,500	-	283,264	283,264	119,236
Kenan fountain	192,086	-	-	-	192,086
Wellington station renovations	107,599	47,225	37,278	84,503	23,096
City Hall / Thalian Hall	195,000	-	81,354	81,354	113,646
800 MHZ radios	<u>2,710,200</u>	<u>2,710,161</u>	<u>-</u>	<u>2,710,161</u>	<u>39</u>
Total general government	<u>30,660,790</u>	<u>22,527,597</u>	<u>2,130,009</u>	<u>24,657,606</u>	<u>6,003,184</u>
Public safety:					
Building improvements	431,823	410,176	20,481	430,657	1,166
Firing range & training facility	12,624,160	11,912,543	173,207	12,085,750	538,410
Cinema Drive fire station	4,762,840	4,762,840	-	4,762,840	-
Shipyards fire station #5	5,207,037	5,044,549	(6,682)	5,037,867	169,170
River Lights fire station	368,250	20,247	126,987	147,234	221,016
Police headquarters chiller replacement	<u>700,000</u>	<u>-</u>	<u>40,880</u>	<u>40,880</u>	<u>659,120</u>
Total public safety	<u>24,094,110</u>	<u>22,150,355</u>	<u>354,873</u>	<u>22,505,228</u>	<u>1,588,882</u>

(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, 2021

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Expenditures: (continued)					
Transportation:					
Multi-modal facility study	\$ 4,284,728	\$ 995,748	\$ 315,050	\$ 1,310,798	\$ 2,973,930
Economic and physical development:					
Land acquisition and economic development	7,249,945	6,270,394	625,000	6,895,394	354,551
Cultural and recreational:					
Parks Maintenance Facility	3,502,250	49,931	901,464	951,395	2,550,855
Building improvements-1102 Orange	123,750	104,809	-	104,809	18,941
Greenfield Amphitheater repairs	117,229	-	15,434	15,434	101,795
Building improvements	644,811	644,811	-	644,811	-
Total cultural and recreational	4,388,040	799,551	916,898	1,716,449	2,671,591
Total expenditures	70,677,613	52,743,645	4,341,830	57,085,475	13,592,138
Excess of expenditures over revenues	(65,501,634)	(48,859,640)	(3,897,413)	(52,757,053)	12,744,581
Other financing sources (uses):					
Operating transfers - in:					
General Fund	29,150,068	27,521,267	1,576,179	29,097,446	(52,622)
Debt Service Fund	4,186,124	3,897,124	289,000	4,186,124	-
Streets and Sidewalks Fund	2,121,762	2,121,761	-	2,121,761	(1)
Parks & Recreation Fund	421,260	421,260	-	421,260	-
Public Improvements Fund	467,320	467,320	-	467,320	-
Storm Water Capital Project Fund	80,609	80,609	-	80,609	-
Total operating transfers - in	36,427,143	34,509,341	1,865,179	36,374,520	(52,623)
Operating transfers - out:					
General Fund	(545,614)	(545,614)	-	(545,614)	-
Streets and Sidewalks Fund	(47,000)	(47,000)	-	(47,000)	-
Parks and Recreation Fund	(26,666)	(26,666)	-	(26,666)	-
Total operating transfers - out	(619,280)	(619,280)	-	(619,280)	-
Issuance of bonds	-	477	-	477	477
Issuance of installment obligations	25,902,582	20,560,799	2,374,313	22,935,112	(2,967,470)
Issuance of other long-term obligations	1,535,488	1,535,488	-	1,535,488	-
Premium on installment obligations	2,255,701	1,817,690	438,010	2,255,700	(1)
Total other financing sources	65,501,634	57,804,515	4,677,502	62,482,017	(3,019,617)
Net change in fund balance	\$ -	\$ 8,944,875	780,089	\$ 9,724,964	\$ 9,724,964
Fund balance at beginning of year			8,944,875		
Fund balance at end of year			\$ 9,724,964		

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, 2021

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental	\$ 3,451,224	\$ 670,213	\$ 941,307	\$ 1,611,520	\$ (1,839,704)
Investment earnings	103,622	106,123	308	106,431	2,809
Total revenues	3,554,846	776,336	941,615	1,717,951	(1,836,895)
Expenditures:					
General government:					
Building improvements 2004-05	77,873	77,873	-	77,873	-
GTV upgrade	164,804	137,997	3,219	141,216	23,588
Main firewall replacement	80,000	67,824	-	67,824	12,176
ADA compliance	348,423	346,206	-	346,206	2,217
Total general government	671,100	629,900	3,219	633,119	37,981
Public safety:					
Fire SCBA replacement	893,624	892,932	-	892,932	692
OJP - Forensic Lab Information System	165,000	164,950	-	164,950	50
JAG equipment / NHC 2016	82,325	82,142	-	82,142	183
JAG equipment / NHC	88,928	-	88,277	88,277	651
DOJ COVID emergency supplement fund	234,749	-	147,324	147,324	87,425
Port Security Grant	655,686	-	651,486	651,486	4,200
JAG equipment 2019	86,357	-	64,936	64,936	21,421
JAG equipment / NHC 2018	90,639	-	43,421	43,421	47,218
Total public safety	2,297,308	1,140,024	995,444	2,135,468	161,840
Transportation:					
Emergency vehicle signal preemption	633,378	517,681	80	517,761	115,617
Emergency vehicle signal preemption II	1,271,020	-	-	-	1,271,020
Eastwood Road path	7,786	-	-	-	7,786
Pedestrian/bike improvements	548	548	-	548	-
Total transportation	1,912,732	518,229	80	518,309	1,394,423
Economic and physical development:					
DC fast charging station	163,430	-	110,780	110,780	52,650
Diesel emissions reduction grant	637,970	-	-	-	637,970
Total economic and physical development	801,400	-	110,780	110,780	690,620
Total expenditures	5,682,540	2,288,153	1,109,523	3,397,676	2,284,864
Excess of expenditures over revenues	(2,127,694)	(1,511,817)	(167,908)	(1,679,725)	447,969

(Continued)

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, 2021

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Other financing sources (uses):					
Operating transfers - in:					
General Fund	\$ 2,262,825	\$ 2,255,644	\$ -	\$ 2,255,644	\$ (7,181)
Recycling and Trash Services Fund	212,572	-	212,572	212,572	-
Equipment Maintenance and Replacement Fund	<u>154,812</u>	<u>-</u>	<u>154,812</u>	<u>154,812</u>	<u>-</u>
Total operating transfers - in	<u>2,630,209</u>	<u>2,255,644</u>	<u>367,384</u>	<u>2,623,028</u>	<u>(7,181)</u>
Operating transfers - out:					
General Fund	(35,195)	(35,195)	-	(35,195)	-
Building Improvements Fund	<u>(467,320)</u>	<u>(467,320)</u>	<u>-</u>	<u>(467,320)</u>	<u>-</u>
Total operating transfers - out	<u>(502,515)</u>	<u>(502,515)</u>	<u>-</u>	<u>(502,515)</u>	<u>-</u>
Total other financing sources	<u>2,127,694</u>	<u>1,753,129</u>	<u>367,384</u>	<u>2,120,513</u>	<u>(7,181)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 241,312</u>	199,476	<u>\$ 440,788</u>	<u>\$ 440,788</u>
Fund balance at beginning of year			<u>241,312</u>		
Fund balance at end of year			<u>\$ 440,788</u>		

DEBT SERVICE FUND TAB (FRONT)

DEBT SERVICE FUND TAB (BACK)

CITY OF WILMINGTON, NORTH CAROLINA

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

**Year Ended June 30, 2021
With Comparative Actual Amounts for Year Ended June 30, 2020**

	2021		Variance Positive (Negative)	2020 Actual
	Budget	Actual		
Revenues:				
Ad valorem taxes				
Current year	\$ 14,992,449	\$ 15,042,225	\$ 49,776	\$ 14,733,584
Prior years	-	39,456	39,456	53,352
Total ad valorem taxes	14,992,449	15,081,681	89,232	14,786,936
Restricted intergovernmental revenues	-	-	-	289,352
Investment earnings	130,147	42,530	(87,617)	335,179
Total revenues	15,122,596	15,124,211	1,615	15,411,467
Expenditures:				
Debt service:				
Principal retirement		11,406,280		8,914,671
Interest and other charges		6,491,355		5,414,949
Total expenditures	19,179,801	17,897,635	1,282,166	14,329,620
Excess (deficiency) of revenues over (under) expenditures	(4,057,205)	(2,773,424)	1,283,781	1,081,847
Other financing sources (uses):				
Operating transfer-in:				
General Fund	9,334,832	9,334,832	-	9,334,832
Operating transfers-out:				
Streets and Sidewalks Fund	(3,007,966)	(3,007,966)	-	(2,129,081)
Parks and Recreation Fund	(2,845,368)	(2,845,368)	-	(1,823,396)
Building Improvements Fund	(289,000)	(289,000)	-	(850,617)
Parking Facilities Fund	(2,322,000)	(1,948,790)	373,210	(102,233)
Golf Fund	-	-	-	(200,000)
Total operating transfers-out	(8,464,334)	(8,091,124)	373,210	(5,105,327)
Issuance of refunding bonds	3,770,000	3,770,000	-	-
Issuance of refunding installment obligations	11,740,000	9,157,200	(2,582,800)	11,785,000
Premium on refunding bonds	887,030	887,030	-	-
Premium on refunding installment obligations	-	-	-	2,312,362
Payment to refunded bond escrow agent	(4,629,133)	(4,629,133)	-	-
Payment to refunded installment obligation escrow agent	(11,539,231)	(9,000,601)	2,538,630	(14,000,000)
Appropriated fund balance	2,958,041	-	(2,958,041)	-
Total other financing sources	4,057,205	1,428,204	(2,629,001)	4,326,867
Net change in fund balance	\$ -	(1,345,220)	\$ (1,345,220)	5,408,714
Fund balance at beginning of year		26,244,936		20,836,222
Fund balance at end of year		\$ 24,899,716		\$ 26,244,936

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ENTERPRISE FUNDS TAB (FRONT)

ENTERPRISE FUNDS TAB (BACK)

CITY OF WILMINGTON, NORTH CAROLINA

**Recycling and Trash Services Fund
Schedule of Revenues and Expenditures -
Budget and Actual (Non - GAAP)**

**Year Ended June 30, 2021
With Comparative Actual Amounts for Year Ended June 30, 2020**

	2021		Variance	2020
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Operating revenues:				
Charges for services:				
Refuse collection	\$ 9,711,088	\$ 9,472,844	\$ (238,244)	\$ 9,570,235
Recycling	45,000	58,239	13,239	41,136
Fines and forfeitures	-	400	400	300
Other operating revenues	<u>6,860</u>	<u>17,608</u>	<u>10,748</u>	<u>20,231</u>
Total operating revenues	<u>9,762,948</u>	<u>9,549,091</u>	<u>(213,857)</u>	<u>9,631,902</u>
Nonoperating revenues:				
Restricted intergovernmental:				
Hurricane disaster assistance	-	-	-	4,959
Solid waste disposal tax	<u>92,000</u>	<u>91,979</u>	<u>(21)</u>	<u>92,256</u>
Total restricted intergovernmental	92,000	91,979	(21)	97,215
Investment earnings	<u>32,631</u>	<u>10,142</u>	<u>(22,489)</u>	<u>81,255</u>
Total nonoperating revenues	<u>124,631</u>	<u>102,121</u>	<u>(22,510)</u>	<u>178,470</u>
Total revenues	<u>9,887,579</u>	<u>9,651,212</u>	<u>(236,367)</u>	<u>9,810,372</u>
Expenditures:				
Operating expenditures:				
Administration		573,538		922,223
Customer refuse		3,431,485		3,899,610
Recycling		612,290		693,507
Yard waste		1,876,623		1,649,169
Downtown collection		989,118		1,004,819
Bulk/metal collections		631,538		723,420
Other operating expenditures		<u>874,171</u>		<u>843,283</u>
Total operating expenditures	<u>10,195,587</u>	<u>8,988,763</u>	<u>1,206,824</u>	<u>9,736,031</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(308,008)</u>	<u>662,449</u>	<u>970,457</u>	<u>74,341</u>

CITY OF WILMINGTON, NORTH CAROLINA

**Recycling and Trash Services Fund
Schedule of Revenues and Expenditures -
Budget and Actual (Non - GAAP) (Continued)**

**Year Ended June 30, 2021
With Comparative Actual Amounts for Year Ended June 30, 2020**

	2021		Variance	2020
	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	(7,383)	(7,383)	-	-
Public Improvements Fund	(212,572)	(212,572)	-	-
Appropriated fund balance	<u>498,097</u>	<u>-</u>	<u>(498,097)</u>	<u>-</u>
Total other financing sources (uses)	<u>308,008</u>	<u>(190,089)</u>	<u>(498,097)</u>	<u>29,866</u>
Net change in fund balance	<u>\$ -</u>	472,360	<u>\$ 472,360</u>	104,207
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Deferred inflows of resources for accounts receivable		(350)		(1,902)
Vacation and sick leave accrual		(23,094)		(2,383)
Other postemployment benefits expense		(360,856)		(230,630)
Deferred outflows of resources for contributions made to pension plan in current fiscal year		299,980		255,750
Pension expense		(488,870)		(515,996)
Depreciation		(4,988)		(3,036)
Capital asset expenditures		179,525		-
Change in inventory		39,574		-
Transfers of capital assets to enterprise funds		(179,525)		-
Transfers of capital assets from enterprise funds		<u>6,829</u>		<u>-</u>
Change in net position		<u>\$ (59,415)</u>		<u>\$ (393,990)</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2021

With Comparative Actual Amounts for Year Ended June 30, 2020

	2021		Variance Positive (Negative)	2020 Actual
	Budget	Actual		
Revenues:				
Operating revenues:				
Charges for services:				
Utility fees	\$ 9,825,988	\$ 9,447,968	\$ (378,020)	\$ 9,544,611
City streets	2,939,139	2,939,139	-	2,839,062
Other operating revenues	88,000	187,821	99,821	79,871
Total operating revenues	12,853,127	12,574,928	(278,199)	12,463,544
Nonoperating revenues:				
Restricted intergovernmental:				
Hurricane disaster assistance	-	-	-	80,935
Investment earnings	56,795	19,314	(37,481)	146,103
Total nonoperating revenue	56,795	19,314	(37,481)	227,038
Total revenues	12,909,922	12,594,242	(315,680)	12,690,582
Expenditures:				
Operating expenditures:				
Services		755,429		1,026,139
Maintenance		4,036,656		4,573,960
Engineering		148,912		-
Other operating expenditures		1,453,060		1,220,172
Total operating expenditures	7,725,295	6,394,057	1,331,238	6,820,271
Nonoperating expenditures:				
Interest and fiscal charges		866,097		916,944
Principal payments on bonds		715,000		840,000
Principal payments on installment obligations		75,000		80,000
Total nonoperating expenditures	1,674,230	1,656,097	18,133	1,836,944
Total expenditures	9,399,525	8,050,154	1,349,371	8,657,215
Excess of revenues over expenditures	3,510,397	4,544,088	1,033,691	4,033,367
Other financing sources (uses):				
Operating transfers out:				
Storm Water Capital Projects Fund	(3,400,000)	(3,400,000)	-	(2,707,558)
Payment to redeem outstanding bonds	(1,715,000)	(1,715,000)	-	-
Appropriated fund balance	1,604,603	-	(1,604,603)	-
Total other financing uses	(3,510,397)	(5,115,000)	(1,604,603)	(2,707,558)
Net change in fund balance	\$ -	(570,912)	\$ (570,912)	1,325,809

CITY OF WILMINGTON, NORTH CAROLINA

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

**Year Ended June 30, 2021
With Comparative Actual Amounts for Year Ended June 30, 2020**

	2021		Variance Positive (Negative)	2020 Actual
	Budget	Actual		
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Vacation and sick leave accrual		\$ 3,491		\$ (31,886)
Other postemployment benefits expense		618,511		(97,034)
Deferred outflow of resources for contributions made to pension plan in current fiscal year		204,303		190,710
Pension expense		(364,544)		(385,290)
Change in inventory		(15,650)		18,221
Capital asset expenditures		308,347		254,395
Depreciation		(1,193,107)		(1,142,818)
Amortization		(461)		(615)
Other noncapital expenses - Storm Water Capital Projects Fund		(1,559,619)		(5,090,405)
Operating transfer - Storm Water Capital Projects Fund		3,400,000		2,707,558
Investment earnings - Storm Water Capital Projects Fund		20,119		243,474
Principal payments on revenue bonds		715,000		840,000
Principal payments on installment obligations		75,000		80,000
Payment to redeem outstanding bonds		1,715,000		-
Payment to refund outstanding installment obligations		-		-
Issuance of refunding bonds		-		-
Interest expense adjustments		117,500		48,580
Capital contributions - others		532,202		-
Transfer of capital assets to Equipment Maintenance and Replacement Fund		(138,500)		-
Restricted intergovernmental		89,050		5,349,892
Other		(30,000)		8,000
Change in net position		<u>\$ 3,925,730</u>		<u>\$ 4,318,591</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, 2021

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Totals to Date	
Revenues:					
Investment earnings	\$ 899,804	\$ 1,552,587	\$ 20,119	\$ 1,572,706	\$ 672,902
Restricted intergovernmental:					
Grants and contributions	2,511,256	865,016	31,422	896,438	(1,614,818)
Hurricane disaster assistance	4,629,875	4,635,947	57,628	4,693,575	63,700
Total restricted intergovernmental	7,141,131	5,500,963	89,050	5,590,013	(1,551,118)
Total revenues	8,040,935	7,053,550	109,169	7,162,719	(878,216)
Expenditures:					
Brenda Drive drainage	496,046	489,197	-	489,197	6,849
Storm water inventory mapping	877,920	721,855	-	721,855	156,065
Lincoln outfall	372,874	351,591	-	351,591	21,283
Bradley Creek/Michelle Drive	5,051,424	5,051,423	-	5,051,423	1
Doctors branch bank stabilization	1,063,967	1,063,967	-	1,063,967	-
Wisteria/Clearbrook area	5,593,232	3,638,192	127,656	3,765,848	1,827,384
Greenville Avenue/White Avenue	1,213,500	302,954	619,917	922,871	290,629
Brookshire/Beasley drainage	3,917,766	1,394,330	21,332	1,415,662	2,502,104
Old McCumbers drainage improvements	21,392	21,392	-	21,392	-
Clear Run branch improvements	11,010,345	744,351	1,314,713	2,059,064	8,951,281
Cross City Trail drainage improvements	231,548	231,548	-	231,548	-
New Macumbers outfall	1,000,000	-	-	-	1,000,000
Red Berry drainage improvements	64,827	4,389	49,089	53,478	11,349
Eagles Nest drainage improvements	6,000	5,450	-	5,450	550
Pine Valley Road drainage rehabilitation	350,838	350,836	-	350,836	2
North/South 17th Street improvements	73,742	39,915	-	39,915	33,827
Beech Street culvert replacement	141,325	141,325	-	141,325	-
Storm drainage rehabilitation	7,234,062	3,247,562	279,021	3,526,583	3,707,479
River Road culvert replacement	1,883,848	1,716,150	-	1,716,150	167,698
Williston Middle drainage repair	517,064	517,063	-	517,063	1
Pirates Cove drainage improvements	640,917	-	45,775	45,775	595,142
Amber Drive drainage improvements	153,982	60,206	51,739	111,945	42,037
Red Cross brick street rehabilitation	489,451	-	205,633	205,633	283,818
Scotland Lane drainage improvements	183,388	-	153,341	153,341	30,047
Whispering Pines/Masonboro drainage	610,000	-	-	-	610,000
Mineral Springs/Burnt Mill bank stabilization	103,457	-	61,431	61,431	42,026
Downey branch bank stabilization	132,041	-	17,642	17,642	114,399
Storm rehabilitation annual needs 2021	576,600	-	198,460	198,460	378,140
Water Street drainage improvements	644,000	625,051	(76,640)	548,411	95,589
Water Street drainage improvements phase II	375,204	36,649	258,447	295,096	80,108
Chestnut/grace storm water reconstruction	194,857	-	124,203	124,203	70,654
Florence recovery - storm water	5,521,583	3,480,128	1,472,900	4,953,028	568,555
Total expenditures	50,747,200	24,235,524	4,924,659	29,160,183	21,587,017
Excess of expenditures over revenues	(42,706,265)	(17,181,974)	(4,815,490)	(21,997,464)	20,708,801

(Continued)

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, 2021

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Other financing sources (uses):					
Operating transfers - in:					
Storm Water Management Fund	\$ 29,902,743	\$ 26,532,816	\$ 3,400,000	\$ 29,932,816	\$ 30,073
Operating transfers - out:					
Streets and Sidewalks Fund	(263,970)	(263,970)	-	(263,970)	-
Parks and Recreation Fund	(533,523)	(533,523)	-	(533,523)	-
Building Improvements Fund	(80,609)	(80,609)	-	(80,609)	-
Total operating transfers - out	(878,102)	(878,102)	-	(878,102)	-
Issuance of bonds	12,913,149	11,953,561	-	11,953,561	(959,588)
Premium on bonds	768,475	768,474	-	768,474	(1)
Total other financing sources	42,706,265	38,376,749	3,400,000	41,776,749	(929,516)
Net change in fund balance	\$ -	\$ 21,194,775	\$ (1,415,490)	\$ 19,779,285	\$ 19,779,285

CITY OF WILMINGTON, NORTH CAROLINA

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

**Year Ended June 30, 2021
With Comparative Actual Amounts for Year Ended June 30, 2020**

	2021			
	Budget	Actual	Variance Positive (Negative)	2020 Actual
Revenues:				
Operating revenues:				
Charges for services:				
Parking fees	\$ 3,656,892	\$ 3,034,142	\$ (622,750)	\$ 2,677,201
Parking violations	<u>475,000</u>	<u>309,728</u>	<u>(165,272)</u>	<u>418,875</u>
Total operating revenues	4,131,892	3,343,870	(788,022)	3,096,076
Nonoperating revenues:				
Interest earned	<u>21,875</u>	<u>4,975</u>	<u>(16,900)</u>	<u>56,303</u>
Total revenues	<u>4,153,767</u>	<u>3,348,845</u>	<u>(804,922)</u>	<u>3,152,379</u>
Expenditures:				
Operating expenditures:				
Street parking		1,025,069		1,056,286
Second Street deck		339,172		334,664
Market Street deck		504,647		468,290
Second Street lot		239,424		242,591
Hannah Block lot		26,511		20,270
River Place deck		<u>301,654</u>		<u>108,300</u>
Total operating expenditures	<u>3,429,715</u>	<u>2,436,477</u>	<u>993,238</u>	<u>2,230,401</u>
Nonoperating expenditures:				
Interest and fiscal charges		818,840		373,544
Principal payments on installment obligations		<u>1,723,250</u>		<u>492,845</u>
Total nonoperating expenditures	<u>3,323,858</u>	<u>2,542,090</u>	<u>781,768</u>	<u>866,389</u>
Total expenditures	<u>6,753,573</u>	<u>4,978,567</u>	<u>1,775,006</u>	<u>3,096,790</u>
Excess (deficiency) of expenditures over (under) revenues	<u>(2,599,806)</u>	<u>(1,629,722)</u>	<u>970,084</u>	<u>55,589</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

**Year Ended June 30, 2021
With Comparative Actual Amounts for Year Ended June 30, 2020**

	2021		Variance	2020
	Budget	Actual	Positive (Negative)	Actual
Other financing sources (uses):				
Operating transfers - in:				
Debt Service Fund	\$ 2,322,000	\$ 1,948,790	\$ (373,210)	\$ 102,233
Special Purpose Fund	<u>300,000</u>	<u>-</u>	<u>(300,000)</u>	<u>-</u>
Total operating transfers - in	2,622,000	1,948,790	(673,210)	102,233
Operating transfers - out:				
Parking Facilities Capital Projects Fund	(51,000)	(51,000)	-	(1,593,472)
Issuance of refunding installment obligations	-	2,582,800	2,582,800	22,270,000
Payment to refunded installment obligations escrow agent	-	(2,538,631)	(2,538,631)	-
Payment to redeem other long-term obligations	-	-	-	(22,071,481)
Appropriated fund balance	<u>28,806</u>	<u>-</u>	<u>(28,806)</u>	<u>-</u>
Total other financing sources (uses)	<u>2,599,806</u>	<u>1,941,959</u>	<u>(657,847)</u>	<u>(1,292,720)</u>
Net change in fund balance	<u>\$ -</u>	312,237	<u>\$ 312,237</u>	(1,237,131)
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Vacation and sick leave accrual		(2,407)		(4,550)
Other postemployment benefits expense		(17,017)		103,955
Pension expense		(20,851)		(19,512)
Deferred outflows of resources for contributions made to pension plan in current fiscal year		12,819		10,908
Capital asset expenditures		-		88,671
Depreciation		(2,021,668)		(1,246,154)
Other noncapital expenses - Parking Facilities Capital Projects Fund		(84,692)		(506,944)
Interest expense adjustment		10,256		29,188
Investment earnings - Parking Facilities Capital Projects Fund		5,324		34,637
Capital contributions from governmental funds		-		15,000
Operating transfer - Parking Facilities Capital Projects Fund		51,000		1,593,472
Principal payments on installment obligations		1,723,250		492,845
Issuance of refunding installment obligations		(2,582,800)		(22,270,000)
Issuance of other long-term obligation				
Payment to refunded installment obligations escrow agent		2,538,631		-
Payment to redeem outstanding other long-term obligations		-		22,071,481
Interest expense accrual		<u>13,946</u>		<u>(14,055)</u>
Change in net position		<u>\$ (61,972)</u>		<u>\$ (858,189)</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, 2021

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Investment earnings	\$ -	\$ 123,601	\$ 5,324	\$ 128,925	\$ 128,925
Sale of air rights	1,015,338	1,015,338	-	1,015,338	-
Total revenues	1,015,338	1,138,939	5,324	1,144,263	128,925
Expenditures:					
Water Street parking deck	32,227,649	28,810,702	1,181,285	29,991,987	2,235,662
Hanna block parking lot	1,005,844	1,005,552	-	1,005,552	292
Second Street parking deck repair	1,037,150	369,005	3,625	372,630	664,520
Market Street parking deck lights	195,000	84,631	-	84,631	110,369
Parking facility equipment	144,383	144,383	-	144,383	-
Deck camera replacements	515,156	417,896	26,485	444,381	70,775
PARCS equipment replacement	486,327	340,042	118,460	458,502	27,825
Smart meters - phase II	300,000	85,444	67,981	153,425	146,575
Market Street parking deck access improvements	139,050	-	119,999	119,999	19,051
Market Street parking deck major repair	320,000	-	2,500	2,500	317,500
Second Street parking deck elevator modernization	206,000	-	-	-	206,000
Total expenditures	36,576,559	31,257,655	1,520,335	32,777,990	3,798,569
Excess of expenditures over revenues	(35,561,221)	(30,118,716)	(1,515,011)	(31,633,727)	3,927,494
Other financing sources:					
Operating transfers - in:					
Debt Service Fund	1,369,371	1,369,371	-	1,369,371	-
Parking Facilities Fund	5,305,369	5,254,369	51,000	5,305,369	-
Total operating transfers - in	6,674,740	6,623,740	51,000	6,674,740	-
Issuance of installment obligations	4,315,000	4,315,000	-	4,315,000	-
Issuance of other long-term obligations	24,571,481	24,571,481	-	24,571,481	-
Total other financing sources	35,561,221	35,510,221	51,000	35,561,221	-
Net change in fund balance	\$ -	\$ 5,391,505	\$ (1,464,011)	\$ 3,927,494	\$ 3,927,494

CITY OF WILMINGTON, NORTH CAROLINA

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

**Year Ended June 30, 2021
With Comparative Actual Amounts for Year Ended June 30, 2020**

	2021		Variance Positive (Negative)	2020 Actual
	Budget	Actual		
Revenues:				
Operating revenues:				
Fees and coupons	\$ 1,053,189	\$ 1,282,859	\$ 229,670	\$ 1,180,695
Cart rentals	259,390	304,463	45,073	263,911
Concessions	173,975	217,835	43,860	202,264
Other operating revenues	<u>56,396</u>	<u>57,999</u>	<u>1,603</u>	<u>26,778</u>
Total operating revenues	<u>1,542,950</u>	<u>1,863,156</u>	<u>320,206</u>	<u>1,673,648</u>
Nonoperating revenues:				
Interest earned	1,687	1,307	(380)	7,401
Sale of capital assets	<u>-</u>	<u>5,451</u>	<u>5,451</u>	<u>-</u>
Total nonoperating revenues	<u>1,687</u>	<u>6,758</u>	<u>5,071</u>	<u>7,401</u>
Total revenues	<u>1,544,637</u>	<u>1,869,914</u>	<u>325,277</u>	<u>1,681,049</u>
Expenditures:				
Operating expenditures:				
Golf course		1,372,277		1,283,415
Other operating expenditures		<u>159,754</u>		<u>143,861</u>
Total operating expenditures	<u>1,826,632</u>	<u>1,532,031</u>	<u>294,601</u>	<u>1,427,276</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(281,995)</u>	<u>337,883</u>	<u>619,878</u>	<u>253,773</u>
Other financing sources:				
Appropriated fund balance	<u>281,995</u>	<u>-</u>	<u>(281,995)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>337,883</u>	<u>\$ 337,883</u>	<u>253,773</u>
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Deferred inflows of resources for accounts receivable		3,553		26,698
Deferred inflows of resources for gift certificates		(13,349)		8,668
Vacation and sick leave accrual		(3,877)		(12,249)
Other postemployment benefits expense		(25,315)		(76,294)
Deferred outflows of resources for contributions made to pension plan in current fiscal year		49,093		41,777
Pension Expense		(79,857)		(82,164)
Change in inventory		(5,494)		(6,681)
Capital asset expenditures		13,155		-
Depreciation		(89,325)		(89,893)
Investment earnings - Golf Capital Projects Fund		1,569		1,509
Disposal of capital assets		(1,387)		-
Operating transfer - Golf Capital Projects Fund		<u>965,000</u>		<u>200,000</u>
Change in net position		<u>\$ 1,151,649</u>		<u>\$ 265,144</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, 2021

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Totals to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Investment earnings	\$ -	\$ 3,357	\$ 1,569	\$ 4,926	\$ 4,926
Expenditures:					
Golf course improvements	<u>1,365,000</u>	<u>82,930</u>	<u>763,982</u>	<u>846,912</u>	<u>518,088</u>
Excess of expenditures over revenues	<u>(1,365,000)</u>	<u>(79,573)</u>	<u>(762,413)</u>	<u>(841,986)</u>	<u>523,014</u>
Other financing sources:					
Operating transfers - in:					
Debt Service Fund	200,000	200,000	-	200,000	-
Parks and Recreation Fund	<u>1,165,000</u>	<u>200,000</u>	<u>965,000</u>	<u>1,165,000</u>	<u>-</u>
Total other financing sources	<u>1,365,000</u>	<u>400,000</u>	<u>965,000</u>	<u>1,365,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 320,427</u>	<u>\$ 202,587</u>	<u>\$ 523,014</u>	<u>\$ 523,014</u>

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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, 2021

	Equipment, Maintenance and Replacement Fund	Technology Replacement Fund	Total Internal Service Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 12,508,047	\$ 1,055,994	\$ 13,564,041
Due from other governments	87,771	44,630	132,401
Inventory of materials and supplies	42,742	-	42,742
Prepays	458,673	-	458,673
Total current assets	<u>13,097,233</u>	<u>1,100,624</u>	<u>14,197,857</u>
Noncurrent assets:			
Capital assets:			
Intangible software	19,000	-	19,000
Furniture, fixtures, machinery and equipment	27,673,342	-	27,673,342
Less accumulated depreciation	<u>(20,531,894)</u>	<u>-</u>	<u>(20,531,894)</u>
Total capital assets, net of accumulated depreciation	<u>7,160,448</u>	<u>-</u>	<u>7,160,448</u>
Total assets	<u>20,257,681</u>	<u>1,100,624</u>	<u>21,358,305</u>
DEFERRED OUTFLOWS OF RESOURCES			
Other postemployment benefits deferrals	81,850	-	81,850
Pension deferrals	112,788	-	112,788
Contributions to pension plan in current fiscal year	66,232	-	66,232
Total deferred outflows of resources	<u>260,870</u>	<u>-</u>	<u>260,870</u>
LIABILITIES			
Current liabilities:			
Accounts payable	262,951	23,330	286,281
Accrued liabilities	52,672	-	52,672
Current portion of long-term liabilities:			
Other long-term obligations	410,000	-	410,000
Accrued vacation and sick leave	70,660	-	70,660
Total current liabilities	<u>796,283</u>	<u>23,330</u>	<u>819,613</u>
Noncurrent liabilities:			
Accrued vacation and sick leave	40,701	-	40,701
Net other postemployment benefits liability	493,922	-	493,922
Net pension liability	331,851	-	331,851
Total noncurrent liabilities	<u>866,474</u>	<u>-</u>	<u>866,474</u>
Total liabilities	<u>1,662,757</u>	<u>23,330</u>	<u>1,686,087</u>
DEFERRED INFLOWS OF RESOURCES			
Other postemployment benefits deferrals	255,582	-	255,582
Pension deferrals	7,966	-	7,966
Total deferred inflows of resources	<u>263,548</u>	<u>-</u>	<u>263,548</u>
NET POSITION			
Net investment in capital assets	6,750,448	-	6,750,448
Unrestricted	11,841,798	1,077,294	12,919,092
Total net position	<u>\$ 18,592,246</u>	<u>\$ 1,077,294</u>	<u>\$ 19,669,540</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2021

	Equipment, Maintenance and Replacement Fund	Technology Replacement Fund	Total Internal Service Funds
Operating revenues:			
Charges for services	\$ 2,184,518	\$ -	\$ 2,184,518
Charges for equipment replacement	4,804,205	740,423	5,544,628
Other operating revenues	<u>45,483</u>	<u>-</u>	<u>45,483</u>
Total operating revenues	<u>7,034,206</u>	<u>740,423</u>	<u>7,774,629</u>
Operating expenses:			
Salaries, employee benefits and other personnel costs	907,753	-	907,753
Materials and fuels consumed	17,252	-	17,252
Services	1,190,595	-	1,190,595
Utilities	12,437	-	12,437
Depreciation	2,409,817	-	2,409,817
Other operating expenses	<u>799,169</u>	<u>866,500</u>	<u>1,665,669</u>
Total operating expenses	<u>5,337,023</u>	<u>866,500</u>	<u>6,203,523</u>
Operating income (loss)	<u>1,697,183</u>	<u>(126,077)</u>	<u>1,571,106</u>
Nonoperating revenues (expenses):			
Investment earnings	15,693	320	16,013
Interest and other charges	(9,061)	-	(9,061)
Loss on disposal of capital assets	<u>(861,274)</u>	<u>(25,519)</u>	<u>(886,793)</u>
Total nonoperating expenses	<u>(854,642)</u>	<u>(25,199)</u>	<u>(879,841)</u>
Income (loss) before transfers and capital contributions	842,541	(151,276)	691,265
Capital contributions	158,949	-	158,949
Transfers from other funds	318,025	673,194	991,219
Transfers to other funds	<u>(161,641)</u>	<u>-</u>	<u>(161,641)</u>
Change in net position	1,157,874	521,918	1,679,792
Net position at beginning of year	<u>17,434,372</u>	<u>555,376</u>	<u>17,989,748</u>
Net position at end of year	<u>\$ 18,592,246</u>	<u>\$ 1,077,294</u>	<u>\$ 19,669,540</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2021

	Equipment, Maintenance and Replacement Fund	Technology Replacement Fund	Total Internal Service Funds
Cash flows from operating activities:			
Receipts from customers and users	\$ (620,918)	\$ 15,036	\$ (605,882)
Receipts from interfund services provided	7,718,220	740,423	8,458,643
Payments to suppliers	(2,448,799)	(879,489)	(3,328,288)
Payments to or on behalf of employees	(909,234)	-	(909,234)
Payments for interfund services used	<u>(5,993)</u>	<u>-</u>	<u>(5,993)</u>
Net cash provided by (used in) operating activities	<u>3,733,276</u>	<u>(124,030)</u>	<u>3,609,246</u>
Cash flows from noncapital financing activities:			
Transfers from other funds	-	673,194	673,194
Transfers to other funds	<u>(154,812)</u>	<u>-</u>	<u>(154,812)</u>
Net cash provided by (used in) noncapital financing activities	<u>(154,812)</u>	<u>673,194</u>	<u>518,382</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(1,660,133)	(25,519)	(1,685,652)
Principal payments on other long-term obligations	(410,000)	-	(410,000)
Interest and other charges	(11,193)	-	(11,193)
Proceeds from sale of capital assets	<u>480,809</u>	<u>-</u>	<u>480,809</u>
Net cash used in capital and related financing activities	<u>(1,600,517)</u>	<u>(25,519)</u>	<u>(1,626,036)</u>
Cash flows from investing activities:			
Investment earnings	<u>15,693</u>	<u>320</u>	<u>16,013</u>
Net increases in cash and cash equivalents	1,993,640	523,965	2,517,605
Cash and cash equivalents at beginning of year	<u>10,514,407</u>	<u>532,029</u>	<u>11,046,436</u>
Cash and cash equivalents at end of year	<u>\$ 12,508,047</u>	<u>\$ 1,055,994</u>	<u>\$ 13,564,041</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2021

	Equipment, Maintenance and Replacement Fund	Technology Replacement Fund	Total Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 1,697,183	\$ (126,077)	\$ 1,571,106
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	2,409,817	-	2,409,817
Changes in assets and liabilities:			
Due from other governments	63,096	15,036	78,132
Inventory of materials and supplies	(24,305)	-	(24,305)
Prepays	(452,603)	-	(452,603)
Deferred outflows of resources for pensions	(27,397)	-	(27,397)
Deferred outflows of resources for other postemployment benefits	(239)	-	(239)
Net pension liability	67,551	-	67,551
Net other postemployment benefits liability	(107,673)	-	(107,673)
Deferred inflows of resources for pensions	3,275	-	3,275
Deferred inflows of resources for other postemployment benefits	71,143	-	71,143
Accounts payable and accrued liabilities	39,153	(12,989)	26,164
Accrued vacation and sick leave	<u>(5,725)</u>	<u>-</u>	<u>(5,725)</u>
Net cash provided by (used in) operating activities	<u>\$ 3,733,276</u>	<u>\$ (124,030)</u>	<u>\$ 3,609,246</u>
Noncash investing, capital and financing activities:			
Capital assets acquired on account	\$ 98,613	\$ -	\$ 98,613
Transfer of capital assets between proprietary funds	311,196	-	311,196
Capital contributions from governmental funds	158,949	-	158,949
Donation of capital assets to governmental funds	<u>(1,302,538)</u>	<u>(25,519)</u>	<u>(1,328,057)</u>
Net effect of noncash activities	<u>\$ (733,780)</u>	<u>\$ (25,519)</u>	<u>\$ (759,299)</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, 2021

With Comparative Actual Amounts for Year Ended June 30, 2020

	2021		Variance Positive (Negative)	2020 Actual
	Budget	Actual		
Revenues:				
Operating revenues:				
Charges for services	\$ 2,117,451	\$ 2,184,518	\$ 67,067	\$ 2,186,536
Charges for equipment replacement	4,830,599	4,804,205	(26,394)	5,841,127
Other operating revenues	5,000	19,502	14,502	8,265
Total operating revenues	<u>6,953,050</u>	<u>7,008,225</u>	<u>55,175</u>	<u>8,035,928</u>
Nonoperating revenues:				
Restricted intergovernmental:				
Hurricane disaster assistance	-	-	-	9,016
Investment earnings	159,108	15,693	(143,415)	125,539
Sale of capital assets	-	506,790	506,790	312,931
Total nonoperating revenues	<u>159,108</u>	<u>522,483</u>	<u>363,375</u>	<u>447,486</u>
Total revenues	<u>7,112,158</u>	<u>7,530,708</u>	<u>418,550</u>	<u>8,483,414</u>
Expenditures:				
Operating expenditures:				
Garage operations		2,705,367		2,408,252
Capital and noncapital equipment		2,003,955		5,920,020
Total operating expenditures	<u>9,120,593</u>	<u>4,709,322</u>	<u>4,411,271</u>	<u>8,328,272</u>
Nonoperating expenditures:				
Interest and other charges		11,193		17,589
Principal payments on other long-term obligations		410,000		410,000
Total nonoperating expenditures	<u>421,193</u>	<u>421,193</u>	<u>-</u>	<u>427,589</u>
Total expenditures	<u>9,541,786</u>	<u>5,130,515</u>	<u>4,411,271</u>	<u>8,755,861</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,429,628)</u>	<u>2,400,193</u>	<u>4,829,821</u>	<u>(272,447)</u>
Other financing sources (uses):				
Operating transfer-out:				
Public Improvements Fund	(154,812)	(154,812)	-	-
Appropriated fund balance	<u>2,584,440</u>	<u>-</u>	<u>(2,584,440)</u>	<u>-</u>
Total other financing sources (uses)	<u>2,429,628</u>	<u>(154,812)</u>	<u>(2,584,440)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>2,245,381</u>	<u>\$ 2,245,381</u>	<u>(272,447)</u>

(Continued)

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, 2021

With Comparative Actual Amounts for Year Ended June 30, 2020

	2021		2020 Actual
	Budget	Actual	
Reconciliation from budgetary basis (modified accrual) to full accrual basis:			
Vacation and sick leave accrual		\$ 5,725	\$ (22,071)
Other postemployment benefits expense		36,769	(272,285)
Deferred outflows of resources for contributions made to pension plan in current fiscal year		66,232	57,368
Pension Expense		(109,661)	(107,589)
Change in inventory		24,305	(11,167)
Capital asset expenditures		1,758,746	5,517,981
Depreciation		(2,409,817)	(2,332,456)
Principal payments on other long-term obligations		410,000	410,000
Interest expense accrual		2,132	2,132
Disposal of capital assets		(39,545)	(89,652)
Capital contributions from governmental funds		158,949	63,532
Transfers of capital assets from enterprise funds		318,025	-
Transfers of capital assets to enterprise funds		(6,829)	-
Donation of capital assets to governmental funds		<u>(1,302,538)</u>	<u>(13,863)</u>
Change in net position		<u>\$ 1,157,874</u>	<u>\$ 2,929,483</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

**Year Ended June 30, 2021
With Comparative Actual Amounts for Year Ended June 30, 2020**

	2021		Variance Positive (Negative)	2020 Actual
	Budget	Actual		
Revenues:				
Operating revenues:				
Charges for equipment replacement	\$ 730,388	\$ 740,423	\$ 10,035	\$ 709,493
Other operating revenues	-	-	-	3,667
Total operating revenues	730,388	740,423	10,035	713,160
Nonoperating revenues:				
Restricted intergovernmental:				
Hurricane disaster assistance	-	-	-	5,866
Investment earnings	-	320	320	2,003
Total nonoperating revenues	-	320	320	7,869
Total revenues	730,388	740,743	10,355	721,029
Expenditures:				
Operating expenditures:				
Information technology operations		711,887		593,564
Capital and noncapital equipment		180,132		418,399
Total expenditures	1,403,582	892,019	511,563	1,011,963
Excess of expenditures over revenues	(673,194)	(151,276)	521,918	(290,934)
Other financing sources:				
Operating transfer-in:				
General Fund	673,194	673,194	-	408,410
Net change in fund balance	\$ -	521,918	\$ 521,918	117,476
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Capital asset expenditures		25,519		-
Donations of capital assets to governmental funds		(25,519)		-
Change in net position		\$ 521,918		\$ 117,476

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SUPPLEMENTAL
FINANCIAL DATA TAB (FRONT)

SUPPLEMENTAL
FINANCIAL DATA TAB (BACK)

CITY OF WILMINGTON, NORTH CAROLINA

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

June, 30 2021

Governmental funds capital assets:	
Land	\$ 61,354,823
Easements	24,548,938
Improvements other than buildings	67,368,273
Buildings, plant and structures	163,510,852
Furniture, fixtures, machinery and equipment	28,884,930
Computer software	3,162,191
Streets and drainage	272,239,603
Construction in progress	<u>38,268,644</u>
Total governmental funds capital assets	<u>\$ 659,338,254</u>
Investment in governmental funds capital assets by source:	
Prior years for which detail is not available	\$ 16,570,315
General Fund	19,478,720
Special Purpose Fund	6,384,700
Capital Project Funds	436,416,966
Accepted dedications	<u>180,487,553</u>
Total governmental funds capital assets	<u>\$ 659,338,254</u>

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

CITY OF WILMINGTON, NORTH CAROLINA

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

June, 30 2021

Function and Activity	Land	Easements	Improvements other than Buildings	Buildings, Plant and Structures
General government:				
City Manager	\$ -	\$ -	\$ -	\$ -
Finance	-	-	-	-
Information technology services	-	-	-	-
Development services	-	-	-	-
General government	<u>6,962,659</u>	<u>10,026</u>	<u>3,960,992</u>	<u>31,683,632</u>
Total general government	<u>6,962,659</u>	<u>10,026</u>	<u>3,960,992</u>	<u>31,683,632</u>
Public safety:				
Police	2,016,744	-	-	31,949,029
Fire	<u>3,788,391</u>	-	<u>479,279</u>	<u>28,583,423</u>
Total public safety	<u>5,805,135</u>	-	<u>479,279</u>	<u>60,532,452</u>
Transportation:				
Traffic engineering	37,638	-	-	45,758
Transportation planning	294,882	-	-	625,459
Streets and drainage	<u>32,998,517</u>	<u>24,494,662</u>	<u>7,634,372</u>	<u>104,500</u>
Total transportation	<u>33,331,037</u>	<u>24,494,662</u>	<u>7,634,372</u>	<u>775,717</u>
Cultural and recreational:				
Parks and recreation	<u>9,012,798</u>	<u>44,250</u>	<u>55,268,630</u>	<u>22,298,547</u>
Economic and physical development	<u>6,243,194</u>	-	<u>25,000</u>	<u>48,220,504</u>
Total governmental funds capital assets	<u>\$ 61,354,823</u>	<u>\$ 24,548,938</u>	<u>\$ 67,368,273</u>	<u>\$ 163,510,852</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	\$ 106,147	\$ -	\$ -	\$ -	\$ 106,147
Finance	30,354	-	-	-	30,354
Information Technology Services	1,700,505	2,453,493	-	827,087	4,981,085
Development Services	216,120	13,120	-	-	229,240
General government	<u>864,167</u>	<u>-</u>	<u>-</u>	<u>502,587</u>	<u>43,984,063</u>
Total general government	<u>2,917,293</u>	<u>2,466,613</u>	<u>-</u>	<u>1,329,674</u>	<u>49,330,889</u>
Public safety:					
Police	5,964,371	341,055	-	162,179	40,433,378
Fire	<u>17,104,538</u>	<u>-</u>	<u>-</u>	<u>126,987</u>	<u>50,082,618</u>
Total public safety	<u>23,068,909</u>	<u>341,055</u>	<u>-</u>	<u>289,166</u>	<u>90,515,996</u>
Transportation:					
Traffic engineering	671,633	19,721	-	108,218	882,968
Transportation Planning	-	13,576	-	331,108	1,265,025
Streets and drainage	<u>478,858</u>	<u>218,773</u>	<u>270,945,517</u>	<u>6,400,054</u>	<u>343,275,253</u>
Total transportation	<u>1,150,491</u>	<u>252,070</u>	<u>270,945,517</u>	<u>6,839,380</u>	<u>345,423,246</u>
Cultural and recreational:					
Parks and recreation	<u>961,119</u>	<u>33,404</u>	<u>1,294,086</u>	<u>29,699,644</u>	<u>118,612,478</u>
Economic and physical development	<u>787,118</u>	<u>69,049</u>	<u>-</u>	<u>110,780</u>	<u>55,455,645</u>
Total governmental funds capital assets	<u>\$ 28,884,930</u>	<u>\$ 3,162,191</u>	<u>\$ 272,239,603</u>	<u>\$ 38,268,644</u>	<u>\$ 659,338,254</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June, 30 2021

Function and Activity	July 1, 2020	Additions	Deductions
General government:			
City Manager	\$ 118,247	\$ -	\$ (12,100)
Finance	30,354	-	-
Information Technology Services	4,440,334	515,232	-
Development Services	203,951	25,289	-
General government buildings	43,736,538	316,911	(69,386)
Total general government	<u>48,529,424</u>	<u>857,432</u>	<u>(81,486)</u>
Public safety:			
Police	39,731,973	1,252,373	(550,968)
Fire	49,945,854	288,302	(256,460)
Total public safety	<u>89,677,827</u>	<u>1,540,675</u>	<u>(807,428)</u>
Transportation:			
Traffic engineering	877,942	20,335	(15,309)
Transportation planning	13,576	314,740	-
Streets and drainage	336,408,634	7,925,404	-
Total transportation	<u>337,300,152</u>	<u>8,260,479</u>	<u>(15,309)</u>
Cultural and recreational:			
Parks and recreation	94,708,251	23,935,364	(31,137)
Economic and physical development			
	54,665,009	790,636	-
Total governmental funds capital assets	<u>\$ 624,880,663</u>	<u>\$ 35,384,586</u>	<u>\$ (935,360)</u>

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

Function and Activity	<u>Transfers</u>	<u>June 30, 2021</u>
General government:		
City Manager	\$ -	\$ 106,147
Finance	-	30,354
Information Technology Services	25,519	4,981,085
Development Services	-	229,240
General government buildings	-	43,984,063
Total general government	<u>25,519</u>	<u>49,330,889</u>
Public safety:		
Police	-	40,433,378
Fire	104,922	50,082,618
Total public safety	<u>104,922</u>	<u>90,515,996</u>
Transportation:		
Traffic engineering	-	882,968
Transportation planning	936,709	1,265,025
Streets and drainage	(1,058,785)	343,275,253
Total transportation	<u>(122,076)</u>	<u>345,423,246</u>
Cultural and recreational:		
Parks and recreation	-	118,612,478
Economic and physical development	-	55,455,645
Total governmental funds capital assets	<u>\$ 8,365</u>	<u>\$ 659,338,254</u>

CITY OF WILMINGTON, NORTH CAROLINA

Schedule of Change in Ad Valorem Taxes Receivable

June 30, 2021

Fiscal Year	Uncollected Balance July 1, 2020	Additions	Collections and Credits	Uncollected Balance June 30, 2021
2020-2021	\$ -	\$ 79,936,469	\$ 79,169,607	\$ 766,862
2019-2020	761,019	-	151,053	609,966
2018-2019	388,851	-	54,939	333,912
prior years	<u>1,871,519</u>	<u>-</u>	<u>205,572</u>	<u>1,665,947</u>
	3,021,389	79,936,469	79,581,171	3,376,687
Less allowance for uncollectible taxes	<u>(1,543,362)</u>	<u>79,897</u>	<u>-</u>	<u>(1,463,465)</u>
Totals ⁽¹⁾	<u>\$ 1,478,027</u>	<u>\$ 80,016,366</u>	<u>\$ 79,581,171</u>	<u>\$ 1,913,222</u>

Reconciliation of collections and credits:

New Hanover County tax office

remittances:

Taxes - ad valorem - current year - General Fund & Debt Service Fund \$ 79,394,577

Taxes - ad valorem - penalties and interest - General Fund 238,692

Total remittances 79,633,269

Other adjustments ⁽²⁾ 186,594

Less penalties and interest (238,692)

Total collections and credits \$ 79,581,171

(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, 2021, 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, 2021

	City - Wide			Total Levy	
	Property	Rate	Total	Property	Registered
	Valuation			Levy	excluding
				Registered	Motor
				Vehicles	Vehicles
Original levy: ⁽¹⁾					
Property taxed at current year's rate	\$15,758,134,595	\$ 0.4984	\$78,538,543	\$73,868,530	\$4,670,013
Motor vehicles taxed at					
prior and second prior year's rate	255,288,369	0.4984	1,272,357	-	1,272,357
third prior year's rate	423,012	0.4834	2,045	-	2,045
fourth and fifth prior year's rate	90,652	0.4850	440	-	440
sixth prior year's rate	15,622	0.4600	72	-	72
Penalties	-		124,842	124,842	-
Total	16,013,952,250		79,938,299	73,993,372	5,944,927
Discoveries: ⁽²⁾					
Current year taxes	-		157,655	157,655	-
Total	-		80,095,954	74,151,027	5,944,927
Abatements: ⁽²⁾	-		-	-	-
Other adjustments ⁽²⁾	<u>(32,852,876)</u>		<u>(\$159,485)</u>	<u>(159,485)</u>	<u>-</u>
Total property valuation	<u>\$15,981,099,374</u>				
Net levy			79,936,469	73,991,542	5,944,927
Uncollected taxes at June 30, 2021			<u>766,862</u>	<u>766,862</u>	<u>-</u>
Current year's taxes collected			<u>\$ 79,169,607</u>	<u>\$ 73,224,680</u>	<u>\$ 5,944,927</u>
Current levy collection percentage			<u>99.04%</u>	<u>98.96%</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, 2021, the software does not differentiate between discoveries, abatements and adjustments; therefore, the net change from original valuation 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, 2021

Receipts prior years	<u>\$ 46,365,980</u>
Receipts:	
July, 2020	391,020
August, 2020	364,402
September, 2020	340,809
October, 2020	269,664
November, 2020	157,247
December, 2020	239,112
January, 2021	158,799
February, 2021	206,899
March, 2021	371,770
April, 2021	444,119
May, 2021	529,828
June, 2021	<u>603,566</u>
Receipts current year	<u>4,077,235</u>
Receipts to date	<u>\$ 50,443,215</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

From Inception and Year Ended June 30, 2021

Disbursements prior years	\$ 40,512,732
Disbursements:	
Operating costs - Convention Center	1,232,056
Facility repairs and maintenance	94,251
Marketing	430,000
Debt service	2,422,600
Fiscal agent fees	<u>2,200</u>
Disbursements current year	<u>4,181,107</u>
Disbursements to date	<u>\$ 44,693,839</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 (unaudited)

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	204 - 217
These schedules contain trend information to help the readers understand how the city’s financial performance and well-being have changed over time.	
Revenue Capacity	218 - 221
These schedules contain information to help the reader assess the city’s most significant local revenue source, the property tax.	
Debt Capacity	222 - 228
These schedules present information to help the reader assess the affordability of the city’s current levels of outstanding debt and the city’s ability to issue additional debt in the future.	
Demographic and Economic Information	229
These schedules offer demographic and economic indicators to help the reader understand the environment within which the city’s financial activities take place.	
Operating Information	230 - 235
These schedules contain service and infrastructure data to help the reader understand how the information in the city’s financial report relates to the services the city provides and the activities it performs.	

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

CITY OF WILMINGTON, NORTH CAROLINA

Net Position by Component

Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Year			
	2012	2013	2014	2015
Governmental activities:				
Net investment in capital assets (1)	\$ 194,247,449	\$ 200,558,434	\$ 212,542,837	\$ 208,606,209
Restricted	36,203,247	35,729,753	40,472,965	39,505,449
Unrestricted (2), (3), (4), (5)	41,790,077	43,041,191	32,846,564	42,766,980
Total governmental activities net assets	<u>\$ 272,240,773</u>	<u>\$ 279,329,378</u>	<u>\$ 285,862,366</u>	<u>\$ 290,878,638</u>
Business-type activities:				
Net investment in capital assets (1)	\$ 30,255,544	\$ 28,826,675	\$ 31,426,724	\$ 29,662,351
Restricted	2,368,578	2,104,545	2,005,412	1,938,140
Unrestricted (2), (5)	11,040,383	14,151,447	14,894,628	19,539,071
Total business-type activities net assets	<u>\$ 43,664,505</u>	<u>\$ 45,082,667</u>	<u>\$ 48,326,764</u>	<u>\$ 51,139,562</u>
Primary government:				
Net investment in capital assets	\$ 224,502,993	\$ 229,385,109	\$ 243,969,561	\$ 238,268,560
Restricted	38,571,825	37,834,298	42,478,377	41,443,589
Unrestricted	52,830,460	57,192,638	47,741,192	62,306,051
Total primary government net assets	<u>\$ 315,905,278</u>	<u>\$ 324,412,045</u>	<u>\$ 334,189,130</u>	<u>\$ 342,018,200</u>

Notes:

- (1) 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.
- (2) 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.
- (3) 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.
- (4) 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.
- (5) 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					
2016	2017	2018	2019	2020	2021
\$ 220,482,002	\$ 222,453,072	\$ 222,365,472	\$ 240,380,429	\$ 244,648,339	\$ 260,026,675
40,527,283	41,349,356	42,500,030	52,687,351	55,579,604	53,089,657
53,837,868	49,108,721	36,410,461	19,982,339	52,073,409	54,048,205
<u>\$ 314,847,153</u>	<u>\$ 312,911,149</u>	<u>\$ 301,275,963</u>	<u>\$ 313,050,119</u>	<u>\$ 352,301,352</u>	<u>\$ 367,164,537</u>
\$ 30,970,797	\$ 33,518,870	\$ 32,935,755	\$ 33,297,271	\$ 32,725,013	\$ 39,343,595
1,549,898	1,455,998	1,055,998	1,055,998	485,936	543,492
23,497,622	27,162,767	31,660,796	38,490,587	42,964,463	41,244,317
<u>\$ 56,018,317</u>	<u>\$ 62,137,635</u>	<u>\$ 65,652,549</u>	<u>\$ 72,843,856</u>	<u>\$ 76,175,412</u>	<u>\$ 81,131,404</u>
\$ 251,452,799	\$ 255,971,942	\$ 255,301,227	\$ 273,677,700	\$ 277,373,352	\$ 299,370,270
42,077,181	42,805,354	43,556,028	53,743,349	56,065,540	53,633,149
77,335,490	76,271,488	68,071,257	58,472,926	95,037,872	95,292,522
<u>\$ 370,865,470</u>	<u>\$ 375,048,784</u>	<u>\$ 366,928,512</u>	<u>\$ 385,893,975</u>	<u>\$ 428,476,764</u>	<u>\$ 448,295,941</u>

CITY OF WILMINGTON, NORTH CAROLINA

Changes in Net Position

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

	Fiscal Year			
	2012	2013	2014	2015
Expenses				
Governmental activities:				
General government	\$ 20,114,233	\$ 19,005,283	\$ 19,631,088	\$ 20,942,970
Public safety	44,197,292	43,916,157	46,131,851	45,301,661
Transportation	14,764,044	13,431,747	13,850,270	14,623,301
Economic and physical development	6,200,611	6,045,907	6,196,637	7,758,498
Environmental protection	-	-	-	6,229
Cultural and recreational	9,049,044	9,398,082	9,465,475	9,992,088
Transit system	1,242,136	1,296,849	1,285,000	1,678,074
Interest and other charges	9,974,724	9,008,791	8,399,202	7,868,677
Total governmental activities expenses	<u>105,542,084</u>	<u>102,102,816</u>	<u>104,959,523</u>	<u>108,171,498</u>
Business-type activities:				
Solid waste management	8,348,911	9,576,553	10,433,131	9,689,997
Storm water management	6,943,112	6,718,269	6,788,592	7,195,516
Parking facilities	2,694,467	2,695,420	2,802,364	3,143,322
Golf	1,285,853	1,294,985	1,293,363	1,331,375
Total business-type activities expenses	<u>19,272,343</u>	<u>20,285,227</u>	<u>21,317,450</u>	<u>21,360,210</u>
Total primary government expenses	<u>\$ 124,814,427</u>	<u>\$ 122,388,043</u>	<u>\$ 126,276,973</u>	<u>\$ 129,531,708</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 2,928,020	\$ 3,466,422	\$ 3,961,251	\$ 3,757,329
Public safety	1,317,184	1,369,009	1,078,557	991,754
Transportation	1,841,929	1,396,371	1,469,697	1,522,176
Economic and physical development	1,798,487	2,865,612	3,252,606	3,307,837
Environmental protection	58,679	18,147	11,886	10,497
Cultural and recreational	669,215	725,220	777,142	858,460
Operating grants and contributions	9,455,773	9,487,283	7,113,819	8,368,567
Capital grants and contributions	5,868,811	5,392,585	5,128,944	2,260,265
Total governmental activities program revenues	<u>23,938,098</u>	<u>24,720,649</u>	<u>22,793,902</u>	<u>21,076,885</u>
Business-type activities:				
Charges for services:				
Solid waste management	8,272,400	8,385,641	8,433,430	8,803,224
Storm water management	7,815,701	8,372,383	8,810,446	9,441,985
Parking facilities	2,577,363	3,105,607	3,156,906	3,253,754
Golf	1,227,520	1,129,265	852,982	874,778

TABLE 2

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 21,981,320	\$ 24,897,698	\$ 26,388,276	\$ 47,767,484	\$ 25,863,172	\$ 32,303,341
48,796,835	51,805,339	52,304,423	62,138,353	58,668,628	58,555,020
15,483,263	17,757,240	16,938,651	18,469,985	18,192,731	21,380,068
6,890,269	6,918,462	7,249,221	7,910,229	8,249,770	7,237,706
17,854	-	-	-	-	-
10,187,498	11,290,134	11,401,557	11,362,869	13,762,924	12,782,133
1,523,022	2,799,556	1,437,257	1,460,155	1,696,925	1,555,018
8,773,139	7,169,163	7,569,643	7,366,318	6,970,781	7,852,939
<u>113,653,200</u>	<u>122,637,592</u>	<u>123,289,028</u>	<u>156,475,393</u>	<u>133,404,931</u>	<u>141,666,225</u>
8,800,178	8,260,576	8,500,496	8,832,873	10,232,326	9,347,492
6,909,622	7,152,715	7,989,010	7,759,203	13,973,357	9,141,384
2,925,836	2,927,402	4,477,517	3,216,815	4,162,438	5,364,931
1,365,365	1,458,687	1,444,079	1,650,273	1,652,780	1,673,651
<u>20,001,001</u>	<u>19,799,380</u>	<u>22,411,102</u>	<u>21,459,164</u>	<u>30,020,901</u>	<u>25,527,458</u>
<u>\$ 133,654,201</u>	<u>\$ 142,436,972</u>	<u>\$ 145,700,130</u>	<u>\$ 177,934,557</u>	<u>\$ 163,425,832</u>	<u>\$ 167,193,683</u>
\$ 1,614,695	\$ 1,424,614	\$ 1,341,845	\$ 1,066,542	\$ 1,822,490	\$ 1,642,496
936,090	1,028,767	1,011,421	1,117,151	928,093	1,021,619
1,645,916	1,770,500	1,733,382	1,644,353	1,587,388	1,653,218
3,860,193	3,821,324	4,206,857	4,616,434	4,155,768	841,187
26,446	44,500	95,078	61,956	60,381	-
883,347	846,872	857,897	1,073,155	880,433	559,857
7,553,003	8,803,433	6,479,533	24,933,225	17,634,226	16,898,636
15,403,679	3,779,344	1,253,284	6,463,891	17,674,759	2,439,909
<u>31,923,369</u>	<u>21,519,354</u>	<u>16,979,297</u>	<u>40,976,707</u>	<u>44,743,538</u>	<u>25,056,922</u>
8,996,252	9,168,326	9,245,211	9,329,350	9,611,671	9,531,483
9,928,041	10,678,945	11,517,793	11,837,173	12,383,673	12,387,107
3,399,380	3,367,787	3,408,219	3,551,650	3,096,076	3,343,870
1,247,303	1,204,706	1,240,596	1,460,888	1,682,236	1,795,361

CITY OF WILMINGTON, NORTH CAROLINA

Changes in Net Position (Continued)

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

	Fiscal Year			
	2012	2013	2014	2015
Program Revenues (continued)				
Business-type activities (continued):				
Operating grants and contributions	\$ 72,977	\$ 161,026	\$ 97,018	\$ 106,836
Capital grants and contributions	451,260	137,394	49,500	774,874
Total business-type activities program revenues	<u>\$ 20,417,221</u>	<u>\$ 21,291,316</u>	<u>\$ 21,400,282</u>	<u>\$ 23,255,451</u>
Total primary government program revenues	<u>\$ 44,355,319</u>	<u>\$ 46,011,965</u>	<u>\$ 44,194,184</u>	<u>\$ 44,332,336</u>
Net (expense)/revenue				
Governmental activities	\$ (81,603,986)	\$ (77,382,167)	\$ (82,165,621)	\$ (87,094,613)
Business-type activities	1,144,878	1,006,089	82,832	1,895,241
Total primary government net expense	<u>\$ (80,459,108)</u>	<u>\$ (76,376,078)</u>	<u>\$ (82,082,789)</u>	<u>\$ (85,199,372)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Ad valorem taxes	\$ 52,713,699	\$ 57,152,307	\$ 58,981,967	\$ 60,524,844
Room occupancy tax	2,470,357	2,582,709	2,771,391	3,080,208
Local option sales tax	16,543,702	17,384,331	19,168,840	21,216,765
Franchise tax	5,993,214	5,985,128	6,120,923	8,174,142
Video programming sales tax	1,425,834	1,404,639	1,397,010	1,442,808
Rental vehicle tax	209,722	233,079	224,043	267,219
Unrestricted grants and contributions	1,778,549	1,804,127	1,943,781	1,949,695
Investment earnings	368,432	342,649	346,850	263,771
Net decrease in fair value of investments	-	(429,320)	-	-
Miscellaneous	969,485	612,071	589,940	1,794,794
Transfers from (to) other funds	(2,640,816)	(729,380)	(2,846,136)	(279,647)
Total governmental activities	<u>79,832,178</u>	<u>86,342,340</u>	<u>88,698,609</u>	<u>98,434,599</u>
Business-type activities:				
Investment earnings	81,825	85,108	90,641	69,492
Net decrease in fair value of investments	-	(117,037)	-	-
Miscellaneous	3,260	-	224,488	1,364,753
Transfers from (to) other funds	2,640,816	729,380	2,846,136	279,647
Total business-type activities	<u>2,725,901</u>	<u>697,451</u>	<u>3,161,265</u>	<u>1,713,892</u>
Total primary government	<u>\$ 82,558,079</u>	<u>\$ 87,039,791</u>	<u>\$ 91,859,874</u>	<u>\$ 100,148,491</u>

TABLE 2

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 73,830	\$ 449,020	\$ 77,899	\$ 93,833	\$ 5,528,043	\$ 149,607
405,208	-	1,015,338	121,175	-	563,624
<u>\$ 24,050,014</u>	<u>\$ 24,868,784</u>	<u>\$ 26,505,056</u>	<u>\$ 26,394,069</u>	<u>\$ 32,301,699</u>	<u>\$ 27,771,052</u>
<u>\$ 55,973,383</u>	<u>\$ 46,388,138</u>	<u>\$ 43,484,353</u>	<u>\$ 67,370,776</u>	<u>\$ 77,045,237</u>	<u>\$ 52,827,974</u>
\$ (81,729,831)	\$ (101,118,238)	\$ (106,309,731)	\$ (115,498,686)	\$ (88,661,393)	\$ (116,609,303)
4,049,013	5,069,404	4,093,954	4,934,905	2,280,798	2,243,594
<u>\$ (77,680,818)</u>	<u>\$ (96,048,834)</u>	<u>\$ (102,215,777)</u>	<u>\$ (110,563,781)</u>	<u>\$ (86,380,595)</u>	<u>\$ (114,365,709)</u>
\$ 65,339,216	\$ 66,670,221	\$ 72,729,763	\$ 76,858,987	\$ 78,232,370	\$ 80,518,378
3,337,377	3,824,615	3,780,078	5,061,597	3,811,622	4,077,235
22,990,436	24,371,379	24,689,205	28,923,348	30,274,790	34,416,611
8,392,055	8,251,577	8,280,297	8,730,544	8,392,030	8,247,813
1,390,363	1,408,749	1,374,281	1,323,879	1,278,838	1,261,462
298,745	313,471	296,213	382,984	384,757	400,361
2,078,287	2,314,364	2,179,507	2,900,175	2,475,238	3,506,998
336,799	506,832	1,459,258	2,889,157	1,827,459	177,171
-	-	-	-	-	-
970,198	791,188	783,117	1,353,525	1,582,621	1,278,964
(535,736)	(771,186)	(955,300)	(1,151,354)	(347,099)	(2,412,505)
<u>104,597,740</u>	<u>107,681,210</u>	<u>114,616,419</u>	<u>127,272,842</u>	<u>127,912,626</u>	<u>131,472,488</u>
93,856	135,225	334,606	920,501	570,681	62,751
-	-	-	-	-	-
200,150	143,503	209,978	184,547	132,978	237,142
535,736	771,186	955,300	1,151,354	347,099	2,412,505
<u>829,742</u>	<u>1,049,914</u>	<u>1,499,884</u>	<u>2,256,402</u>	<u>1,050,758</u>	<u>2,712,398</u>
<u>\$ 105,427,482</u>	<u>\$ 108,731,124</u>	<u>\$ 116,116,303</u>	<u>\$ 129,529,244</u>	<u>\$ 128,963,384</u>	<u>\$ 134,184,886</u>

CITY OF WILMINGTON, NORTH CAROLINA

Changes in Net Position (Continued)

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

	Fiscal Year			
	2012	2013	2014	2015
Change in Net Position				
Governmental activities (1), (2), (3), (4), (5)	\$ (1,771,808)	\$ 8,960,173	\$ 6,532,988	\$ 11,339,986
Business-type activities (1), (2), (5)	<u>3,870,779</u>	<u>1,703,540</u>	<u>3,244,097</u>	<u>3,609,133</u>
Total primary government	<u>\$ 2,098,971</u>	<u>\$ 10,663,713</u>	<u>\$ 9,777,085</u>	<u>\$ 14,949,119</u>

Notes:

- (1) 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.
- (2) 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.
- (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 governmental activities as an adjustment to beginning net position in the amount of \$1,100,606.
- (4) 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.
- (5) 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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 22,867,909	\$ 6,562,972	\$ 8,306,688	\$ 11,774,156	\$ 39,251,233	\$ 14,863,185
<u>4,878,755</u>	<u>6,119,318</u>	<u>5,593,838</u>	<u>7,191,307</u>	<u>3,331,556</u>	<u>4,955,992</u>
<u>\$ 27,746,664</u>	<u>\$ 12,682,290</u>	<u>\$ 13,900,526</u>	<u>\$ 18,965,463</u>	<u>\$ 42,582,789</u>	<u>\$ 19,819,177</u>

CITY OF WILMINGTON, NORTH CAROLINA

Fund Balances of Governmental Funds

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

	Fiscal Year			
	2012	2013	2014	2015
General fund				
Nonspendable	\$ 1,645,226	\$ 1,669,337	\$ 1,562,635	\$ 1,538,800
Restricted	10,454,446	11,237,732	11,435,444	12,008,976
Committed (1)	-	9,613	42,970	88,073
Assigned	1,000,000	1,295,158	1,610,000	2,090,966
Unassigned	<u>23,791,938</u>	<u>29,245,251</u>	<u>31,383,688</u>	<u>39,880,339</u>
Total general fund	<u>\$ 36,891,610</u>	<u>\$ 43,457,091</u>	<u>\$ 46,034,737</u>	<u>\$ 55,607,154</u>
All other governmental funds				
Nonspendable	\$ 12,415	\$ 8,102	\$ 16,891	\$ 13,533
Restricted	52,939,929	49,882,087	39,854,806	40,316,562
Committed	12,167,997	12,732,992	10,659,480	19,142,750
Assigned	-	-	-	-
Unassigned deficit	<u>(2,143,278)</u>	<u>(7,526,870)</u>	<u>(3,235,662)</u>	<u>(1,451,305)</u>
Total all other governmental funds	<u>\$ 62,977,063</u>	<u>\$ 55,096,311</u>	<u>\$ 47,295,515</u>	<u>\$ 58,021,540</u>

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

(1) 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					
2016	2017	2018	2019	2020	2021
\$ 1,507,848	\$ 1,491,417	\$ 1,335,687	\$ 1,236,657	\$ 1,280,350	\$ 1,179,009
12,717,909	12,895,809	13,637,741	19,729,125	19,926,185	17,039,944
1,066,118	1,332,296	1,430,717	1,510,695	1,350,283	4,919,605
6,744,343	8,960,200	3,215,840	4,020,000	4,376,519	10,171,500
<u>39,322,702</u>	<u>34,473,018</u>	<u>36,831,068</u>	<u>31,052,237</u>	<u>44,267,810</u>	<u>47,910,034</u>
<u>\$ 61,358,920</u>	<u>\$ 59,152,740</u>	<u>\$ 56,451,053</u>	<u>\$ 57,548,714</u>	<u>\$ 71,201,147</u>	<u>\$ 81,220,092</u>
\$ 11,344	\$ 63,349	\$ 77,325	\$ 5,156	\$ 4,797	\$ 6,585
41,923,582	51,622,940	63,116,382	43,135,094	66,937,129	93,325,717
17,542,590	20,318,880	26,972,671	42,179,716	62,116,259	60,656,797
-	-	-	-	100,000	3,187,787
<u>(686,906)</u>	<u>(721,702)</u>	<u>(2,403,053)</u>	<u>(343,687)</u>	<u>(86,422)</u>	<u>(21,393)</u>
<u>\$ 58,790,610</u>	<u>\$ 71,283,467</u>	<u>\$ 87,763,325</u>	<u>\$ 84,976,279</u>	<u>\$ 129,071,763</u>	<u>\$ 157,155,493</u>

CITY OF WILMINGTON, NORTH CAROLINA

Changes in Fund Balances of Governmental Funds

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

	Fiscal Year			
	2012	2013	2014	2015
Revenues				
Taxes:				
Ad valorem taxes (1)	\$ 52,869,871	\$ 57,193,858	\$ 59,403,121	\$ 60,530,615
Room occupancy tax	2,470,357	2,582,709	2,771,391	3,080,208
Local option sales tax	16,543,702	17,384,331	19,168,840	21,216,765
Franchise tax	5,993,214	5,985,128	6,120,923	8,174,142
Video programming sales tax	1,425,834	1,404,639	1,397,010	1,442,808
Rental vehicle tax	209,722	233,079	224,043	267,219
Unrestricted intergovernmental	1,585,367	1,627,624	1,771,881	1,782,895
Restricted intergovernmental	17,215,569	17,940,589	13,062,264	12,852,324
Licenses and permits	2,534,736	2,808,334	3,092,735	2,962,469
Sales and services	4,888,935	5,358,905	5,394,557	6,119,686
Fines and forfeits	175,075	142,141	253,712	206,164
Investment earnings	334,754	286,621	337,943	237,956
Net decrease in fair value of investments	-	(384,493)	-	-
Donations	278,042	623,174	74,273	374,911
Miscellaneous	1,699,959	1,432,588	1,510,756	2,232,889
Total revenues	<u>108,225,137</u>	<u>114,619,227</u>	<u>114,583,449</u>	<u>121,481,051</u>
Expenditures				
General government	19,378,427	17,345,766	21,834,095	19,231,860
Public safety	43,736,654	41,719,713	42,382,161	46,861,709
Transportation	15,706,490	18,240,703	17,109,467	15,486,218
Economic and physical development	5,222,736	4,846,784	4,705,182	6,401,630
Environmental protection	-	-	-	30,000
Cultural and recreational	9,829,260	9,536,408	10,484,545	10,390,225
Transit system	1,242,136	1,296,849	1,285,000	1,678,074
Debt service				
Principal retirement	10,529,457	12,531,308	12,915,558	12,183,558
Interest and other charges	10,211,066	9,256,345	8,893,071	8,348,321
Total expenditures	<u>115,856,226</u>	<u>114,773,876</u>	<u>119,609,079</u>	<u>120,611,595</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,631,089)</u>	<u>(154,649)</u>	<u>(5,025,630)</u>	<u>869,456</u>

TABLE 4

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 65,195,129	\$ 66,565,824	\$ 72,719,264	\$ 76,893,451	\$ 77,906,517	\$ 80,082,446
3,337,377	3,824,615	3,780,078	5,061,597	3,811,622	4,077,235
22,990,436	24,371,379	24,689,205	28,923,348	30,274,789	34,416,611
8,392,055	8,251,577	8,280,297	8,730,544	8,392,030	8,247,813
1,390,363	1,408,749	1,374,281	1,323,879	1,278,838	1,261,462
298,745	313,471	296,213	382,984	384,757	400,361
1,917,812	2,036,486	2,030,182	2,745,750	2,326,113	3,361,998
9,294,002	9,599,088	6,873,658	25,634,324	19,199,391	17,706,619
739,925	691,594	666,089	778,125	840,146	869,878
6,310,273	6,311,529	7,317,144	7,588,543	6,769,508	3,056,345
208,172	170,291	183,557	134,763	109,275	136,909
306,476	462,236	1,325,685	2,723,319	1,699,918	161,159
-	-	-	-	-	-
2,850,402	321,736	57,285	173,792	425,215	499,231
1,897,323	1,931,162	1,829,057	2,167,679	2,327,793	1,938,103
<u>125,128,490</u>	<u>126,259,737</u>	<u>131,421,995</u>	<u>163,262,098</u>	<u>155,745,912</u>	<u>156,216,170</u>
21,022,781	23,550,837	25,031,197	47,976,747	25,108,826	31,006,461
48,728,194	50,644,028	51,920,607	61,347,469	59,838,805	55,978,248
16,259,346	18,541,367	19,894,256	17,063,854	21,368,980	22,533,186
5,821,479	7,640,212	6,058,398	7,436,076	7,074,814	6,543,447
-	-	-	-	-	-
9,387,653	9,958,608	10,567,078	12,257,425	17,908,795	33,509,358
1,523,022	1,379,556	1,437,257	1,460,155	1,696,925	1,555,018
9,865,621	8,710,370	10,248,620	8,623,090	9,419,671	11,931,280
9,142,250	7,079,902	7,354,834	7,549,609	7,329,924	8,391,180
<u>121,750,346</u>	<u>127,504,880</u>	<u>132,512,247</u>	<u>163,714,425</u>	<u>149,746,740</u>	<u>171,448,178</u>
<u>3,378,144</u>	<u>(1,245,143)</u>	<u>(1,090,252)</u>	<u>(452,327)</u>	<u>5,999,172</u>	<u>(15,232,008)</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			
	2012	2013	2014	2015
Other financing sources (uses)				
Transfers from other funds	\$ 13,688,174	\$ 12,440,785	\$ 23,093,276	\$ 14,766,335
Transfers to other funds	(14,171,174)	(13,672,844)	(26,419,412)	(15,524,249)
Issuance of bonds	-	-	3,050,000	-
Issuance of refunding bonds	-	-	-	-
Issuance of installment obligations	-	-	-	18,562,657
Issuance of refunding installment obligations	24,673,750	-	-	23,195,000
Premium on bonds	-	-	59,359	-
Premium on refunding bonds	-	-	-	-
Premium on refunding installment obligations	3,044,534	-	-	2,400,578
Premium on installment obligations	-	-	-	1,230,241
Payment to redeem installment obligations	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Payment to refunded installment obligation escrow agent	-	-	-	-
Payment to refund outstanding installment obligations	(12,976,827)	-	-	(25,267,632)
Payment to defeased other long-term obligation escrow agent	-	-	-	-
Payment to refund outstanding other long-term obligations	(14,022,484)	-	-	-
Total other financing sources (uses)	<u>235,973</u>	<u>(1,232,059)</u>	<u>(216,777)</u>	<u>19,362,930</u>
Net change in fund balances (2)	<u>\$ (7,395,116)</u>	<u>\$ (1,386,708)</u>	<u>\$ (5,242,407)</u>	<u>\$ 20,232,386</u>
Debt service as a percentage of noncapital expenditures	20.2%	21.7%	21.1%	19.0%

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

(1) Includes related penalties and interest.

(2) 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					
2016	2017	2018	2019	2020	2021
\$ 16,159,158	\$ 23,004,926	\$ 26,812,830	\$ 46,630,514	\$ 16,551,039	\$ 20,414,882
(17,178,498)	(24,141,773)	(28,102,056)	(47,844,139)	(17,291,548)	(23,656,965)
2,925,000	-	15,300,000	-	16,165,000	43,000,000
6,650,000	-	-	-	-	3,770,000
-	11,835,000	-	-	31,450,000	7,450,000
48,940,000	-	-	-	11,785,000	9,157,200
50,259	-	956,434	-	27,038	4,994,294
1,286,956	-	-	-	-	887,030
5,942,920	-	-	-	2,312,362	-
-	735,310	-	-	4,676,071	1,057,788
-	-	-	-	(14,000,000)	-
(7,831,032)	-	-	-	-	(4,629,133)
(54,381,288)	-	-	-	-	(9,000,601)
-	-	-	-	-	-
(605,613)	-	-	-	-	-
-	-	-	-	-	-
<u>1,957,862</u>	<u>11,433,463</u>	<u>14,967,208</u>	<u>(1,213,625)</u>	<u>51,674,962</u>	<u>53,444,495</u>
<u>\$ 5,336,006</u>	<u>\$ 10,188,320</u>	<u>\$ 13,876,956</u>	<u>\$ (1,665,952)</u>	<u>\$ 57,674,134</u>	<u>\$ 38,212,487</u>
16.9%	13.7%	14.9%	11.1%	13.2%	14.8%

TABLE 5

CITY OF WILMINGTON, NORTH CAROLINA

Assessed and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

Fiscal Year Ended June 30	Real Property	Personal Property	Public Service Companies	Total Taxable Assessed Value	Total Direct Tax Rate	Assessed Taxable Value as a Percentage of Actual Value
2012	\$ 12,639,603,074	\$ 1,464,781,289	\$ 143,265,912	\$ 14,247,650,275	\$ 0.3700	100 %
2013	11,125,165,816	1,485,306,622	145,138,176	12,755,610,614	(1) 0.4500	100
2014	11,226,688,818	1,802,866,972	(2) 137,249,826	13,166,805,616	0.4500	100
2015	11,361,218,431	1,660,382,686	130,003,476	13,151,604,593	0.4600	100
2016	11,586,636,726	1,690,135,456	162,132,117	13,438,904,299	0.4850	100
2017	11,740,731,169	1,789,601,995	157,903,065	13,688,236,229	0.4850	100
2018	12,863,094,528	1,913,844,363	163,430,006	14,940,368,897	(1) 0.4834	100
2019	13,115,266,637	1,999,764,065	164,418,917	15,279,449,619	0.4984	100
2020	13,294,244,266	2,100,147,355	173,212,406	15,567,604,027	0.4984	100
2021	13,582,179,209	2,235,024,676	163,895,489	15,981,099,374	0.4984	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			
2012	\$ 0.3700	\$ -	\$ -	\$ 0.3700	\$ 0.4655	\$ 0.8355
2013	0.4000	0.0453 ⁽¹⁾	0.0047 ⁽¹⁾	0.4500	0.5540	1.0040
2014	0.4000	0.0453	0.0047	0.4500	0.5540	1.0040
2015	0.4100	0.0453	0.0047	0.4600	0.5540	1.0140
2016	0.4150	0.0613	0.0087	0.4850	0.5740	1.0590
2017	0.4150	0.0613	0.0087	0.4850	0.6230	1.1080
2018	0.3887	0.0826	0.0121	0.4834	0.5700	1.0534
2019	0.4037	0.0826	0.0121	0.4984	0.5550	1.0534
2020	0.4037	0.0826	0.0121	0.4984	0.5550	1.0534
2021	0.4037	0.0826	0.0121	0.4984	0.5550	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.

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

TABLE 7

CITY OF WILMINGTON, NORTH CAROLINA

Top Ten Taxpayers

Current Year and Nine Years Ago

Taxpayer	2021			2012		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Corning Inc.	\$ 229,982,837	1	1.44 %	\$ 221,664,276	1	1.56 %
Bedrock Holdings LLC	79,194,800	2	0.50	-		-
River Ventures LLC	74,924,600	3	0.47	55,803,840	3	0.39
Mayfaire Town Center LP	69,712,271	4	0.44	34,739,297	6	0.24
Duke Energy Progress	67,961,363	5	0.43	59,412,172	2	0.42
Live Oak Banking Company	64,647,375	6	0.40	-		-
RSE Independence LLC (mall)	47,747,600	7	0.30	50,442,138	4	0.35
Carolina Bay Properties of Wilm LLC	45,340,528	8	0.28	-		-
Wilmington Independent Living LLC	45,181,338	9	0.28	-		-
SCP-EW River Place LLC	41,600,000	10	0.26	-		-
BellSouth Tel Co.	-		-	39,186,571	5	0.28
GS II University Centre LLC	-		-	34,689,178	7	0.24
NNP IV Cape Fear River LLC	-		-	33,665,393	8	0.24
Wal Mart	-		-	31,024,704	9	0.22
Mayfaire Spe/B LLC	-		-	29,903,505	10	0.21
	<u>\$ 766,292,712</u>		<u>4.80 %</u>	<u>\$ 590,531,074</u>		<u>4.15 %</u>

Source: New Hanover County Tax Office

TABLE 8

CITY OF WILMINGTON, NORTH CAROLINA

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Total Tax Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2012	\$ 52,949,958	\$ 52,020,321	98.24 %	\$ 781,432	\$ 52,801,753	99.72 %
2013	57,290,274	56,262,465	98.21	832,150	57,094,615	99.66
2014	59,345,505	58,401,236	98.41	698,645	59,099,881	99.59
2015	60,699,959	59,873,924	98.64	577,589	60,451,513	99.59
2016	65,268,084	64,538,131	98.88	447,436	64,985,567	99.57
2017	66,617,502	65,992,717	99.06	365,742	66,358,459	99.61
2018	72,487,354	71,879,009	99.16	338,778	72,217,787	99.63
2019	76,556,885	75,989,085	99.26	233,888	76,222,973	99.56
2020	77,774,831	77,013,812	99.02	151,053	77,164,865	99.22
2021	79,936,469	79,169,607	99.04	-	79,169,607	99.04

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	Revenue Bonds	Installment Obligations	Other Long-term Obligations			
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	4.16	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	3.92	1,828
2019 (3)	34,315,874	133,730,197	11,844,881	22,814,417	4,450,005	16,932,954	224,088,328	3.83	1,838
2020 (3)	48,126,128	162,739,963	10,684,658	21,913,312	30,389,771	-	273,853,832	N/A	2,228
2021 (3)	92,863,406	162,449,048	9,351,554	19,354,145	28,566,621	-	312,584,774	N/A	2,707

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 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 CFPUA refunded the installment obligations in June 2016 and accordingly the obligations are considered defeased.

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

CITY OF WILMINGTON, NORTH CAROLINA

Ratios of General Bond Debt Outstanding

Last Ten Fiscal Years

Fiscal Year Ended June 30,	General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
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 (3)	24,828,722	0.18	215
2017 (3)	22,591,838	0.17	193
2018 (3)	36,733,135	0.25	303
2019 (3)	34,315,874	0.22	281
2020 (3)	48,126,128	0.31	392
2021 (3)	92,863,406	0.58	804

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) 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, 2021

Jurisdiction	Debt Outstanding	Estimated Percentage Applicable ⁽¹⁾	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes:			
New Hanover County	\$ 473,916,198	44.16 %	\$ 209,281,393
City of Wilmington direct debt			<u>264,664,008</u>
Total direct and overlapping debt			<u>\$ 473,945,401</u>

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

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

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

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CITY OF WILMINGTON, NORTH CAROLINA

Legal Debt Margin Information

Last Ten Fiscal Years

	Fiscal Year			
	2012	2013	2014	2015
Debt limit	\$1,139,812,022	\$1,020,448,849	\$ 1,053,344,449	\$ 1,052,128,367
Total net debt applicable to debt limit	<u>200,567,750</u>	<u>193,885,509</u>	<u>186,131,634</u>	<u>196,111,641</u>
Legal debt margin	<u>\$ 939,244,272</u>	<u>\$ 826,563,340</u>	<u>\$ 867,212,815</u>	<u>\$ 856,016,726</u>
Total net debt applicable to the debt limit as a percentage of the debt limit	17.60%	19.00%	17.67%	18.64%
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)	16.17%	17.49%	16.29%	17.35%

Legal Debt Margin Calculation for Fiscal Year 2021

Total assessed valuation at June 30, 2021	<u>\$ 15,981,099,374</u>
Debt limit: 8% of total assessed value	\$ 1,278,487,950
Amount of debt applicable to debt limit:	
General obligation bonds	\$ 85,060,000
Other debt (excluding revenue bonds)	<u>181,543,646</u>
Gross debt	266,603,646
Total net debt applicable to debt limit	<u>266,603,646</u>
Legal debt margin	<u>\$ 1,011,884,304</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					
2016	2017	2018	2019	2020	2021
\$1,075,112,344	\$1,095,058,898	\$1,195,229,512	\$1,222,355,970	\$1,245,408,322	\$1,278,487,950
<u>173,712,584</u>	<u>175,309,527</u>	<u>181,546,469</u>	<u>185,743,646</u>	<u>230,393,176</u>	<u>266,603,646</u>
<u>\$ 901,399,760</u>	<u>\$ 919,749,371</u>	<u>\$1,013,683,043</u>	<u>\$1,036,612,324</u>	<u>\$1,015,015,146</u>	<u>\$1,011,884,304</u>
16.16%	16.01%	15.19%	15.20%	18.50%	20.85%
14.98%	N/A	N/A	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 ⁽¹⁾	Less Operating Expenses ⁽²⁾	Net Available Revenue	Debt Service ⁽³⁾		Coverage
				Principal	Interest	
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
2019	12,548,121	5,746,174	6,801,947	840,000	887,509	3.94
2020	18,291,948	11,961,560	6,330,388	865,000	856,244	3.68
2021	12,673,412	7,197,565	5,475,847	740,000	745,925	3.69

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

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

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

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

CITY OF WILMINGTON, NORTH CAROLINA

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year Ended June 30	Population ⁽¹⁾	Personal Income (amounts expressed in thousands)	Per Capita Income ⁽²⁾	Median Age ⁽³⁾	School Enrollment ⁽⁴⁾	Unemployment Ratio ⁽⁵⁾
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	5,186,892	44,236	38.2	12,824	4.4
2018	121,150	5,648,861	46,627	38.5	12,364	4.1
2019	121,910	5,855,215	48,029	38.6	12,171	4.2
2020	122,891	N/A	N/A	39.0	12,381	7.9
2021	115,465 ⁽⁶⁾	N/A	N/A	39.4	12,329	4.7

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.
- (6) With the completion of the 2020 Census, the Office of State Budget and Management's certified municipal population estimate was corrected downward. The data to restate the reported populations for prior years in this table is not yet available as of the date of this report.

TABLE 15

CITY OF WILMINGTON, NORTH CAROLINA

Principal Employers

Current Year and Nine Years Ago

Employer	2021			2012		
	Employees	Rank	Percentage of Total County Employment (1)	Employees	Rank	Percentage of Total County Employment (1)
New Hanover Health Network*	7,477	1	6.29 %	5,213	1	5.39 %
New Hanover County Schools**	3,663	2	3.08	3,458	2	3.57
University of North Carolina (Wilmington)*	2,479	3	2.08	1,843	4	1.90
New Hanover County**	1,843	4	1.55	1,574	6	1.63
Pharmaceutical Products Development*	1,800	5	1.51	1,600	5	1.65
General Electric Nuclear Fuel/Aircraft***	1,626	6	1.37	2,195	3	2.27
Cape Fear Community College*	1,096	7	0.92	1,141	8	1.18
City of Wilmington*	1,090	8	0.92	985	10	1.02
Corning, Inc*	1,000	9	0.84	1,100	9	1.14
Wal-mart**	973	10	0.82	-	-	-
Verizon Wireless*	-	-	-	1,229	7	1.27
Total	<u>23,047</u>		<u>19.38 %</u>	<u>20,338</u>		<u>21.02 %</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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government	145	146	147	160	163	170	172	176	179	188
Public Safety										
Police										
Sworn personnel	250	266	266	273	273	278	278	281	281	278
Civilians	56	58	59	63	73	76	78	78	71	76
Fire										
Sworn personnel	210	210	210	210	208	211	210	207	207	207
Civilians	10	10	10	10	11	13	13	13	15	15
Code enforcement	8	8	8	5	5	6	6	6	6	6
Transportation	54	56	57	58	58	58	59	60	60	59
Economic and Physical Development	8	8	8	8	8	8	8	8	8	8
Cultural and Recreational	74	74	74	75	88	92	93	100	102	100
Solid Waste	88	83	83	83	83	75	75	75	75	75
Storm Water Management	59	60	60	60	60	60	60	60	60	62
Parking Facilities	2	2	2	2	2	2	2	2	2	3
Golf Course	11	11	11	11	14	13	13	13	13	13
Total	<u>975</u>	<u>992</u>	<u>995</u>	<u>1,018</u>	<u>1,046</u>	<u>1,062</u>	<u>1,067</u>	<u>1,079</u>	<u>1,079</u>	<u>1,090</u>

(1)

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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police										
Calls dispatched	177,042	173,980	176,195	178,865	200,474	185,576	186,668	178,039	161,001	163,504
Part I crimes	6,556	6,094	6,024	5,880	5,840 (1)	4,985	4,674	4,188	4,273	4,016
Fire										
Actual fires	517	497	492	453	492	485	494	511	499	504
Fire department responses	10,574	10,548	12,386	12,545	13,310	14,025	13,482	14,047	11,540	9,425
Fire inspections completed	4,786	4,680	5,964	5,082	4,400	5,336	4,855	5,079	5,458	5,298
Streets and Sidewalks Maintenance										
Miles of streets resurfaced	4	8	22	11	15	11	16	9	21	14
Solid Waste										
Tons of residential refuse	23,808	22,475	22,120	22,661	22,955	24,265	27,030	28,999	28,859	26,174
Tons of recyclables	5,643	6,109	5,853	6,096	7,059	6,998	7,232	7,573	7,186	6,745
Storm Water										
Number of customers	29,208	29,238	29,354	29,378	31,273	36,890	37,633	37,859	38,217	38,479
ERUs	92,027	92,113	92,345	92,650	92,650	94,577	95,193	95,462	99,277 (3)	100,878
Golf Course										
Total number of regular rounds	49,866	45,460	32,605 (2)	26,126 (2)	34,678	34,642	35,849	41,406	44,874	48,180

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.

(3) Approximately every four years aerial photography is completed which illustrates additional impervious structures thereby increasing ERUs. Additionally, two large developments, CenterPoint and Riverlights increased ERU's in fiscal year 2020.

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CITY OF WILMINGTON, NORTH CAROLINA

Capital Asset Statistics by Function

Last Ten Fiscal Years

	Fiscal Year		
	2012	2013	2014
Police			
Stations / facilities	2	2	2
Patrol units	271	270	283
Fire			
Fire stations	11	11	11
Transportation			
Streets (miles)	398	398	399
Streetlights (2)	548	686	688
Cultural and Recreational			
Parks	36	37	39
Parks acreage	412	414	421
Trail miles	19	23	23
Athletic and recreation facilities	16	16	16
Athletic and recreation facilities acreage	323	323	323
Solid Waste			
Collection trucks	54	52	56
Storm Water			
Storm sewers (miles)	452	452	509
Parking			
Parking Decks	3	4	4
Fleet			
Vehicles (excluding patrol units)	247	226	242

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.
- (3) The athletic and recreation facilities acreage increase between fiscal year 2020 and 2021 is due to the acquisition of land for the nCino Sports Park & Complex. Completion of project expected fall of 2022.

TABLE 18

Fiscal Year						
2015	2016	2017	2018	2019	2020	2021
2	2	2	2	2	2	2
285	271	286	290	296	299	337
11	10	10	10	9	9	9
399	400	403	404	406	412	413
690	716	740	761	763	774	854
39	39	39	39	40	40	40
421	421	421	421	421	421	421
27	27	27	27	29	32	32
16	16	16	16	16	16	16
323	323	323	323	323	323	380 (3)
46	46	46	47	47	47	46
509	526	528	529	530	557	575
4	4	4	3	3	4	4
237	215	215	226	239	238	230

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COMPLIANCE SECTION TAB (FRONT)

COMPLIANCE SECTION TAB (BACK)



**INDEPENDENT AUDITOR’S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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, the aggregate remaining fund information, and budgetary comparison of the General Fund of City of Wilmington, North Carolina (the City), as of and for the year ended June 30, 2021, 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 December 20, 2021.

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) as a basis for designing 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 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, 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 financial statements. 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.

PBMares, LLP

Morehead City, North Carolina
December 20, 2021



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited City of Wilmington, North Carolina's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on the City's major federal programs for the year ended June 30, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The City's basic financial statements include the operations of Cape Fear Public Transportation Authority, a discretely presented component unit of the City, which received \$5,609,913 in federal awards during the year ended June 30, 2021. 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 programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Those standards, 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 programs. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

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

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

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

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

PBMares, LLP

Morehead City, North Carolina
December 20, 2021



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR THE MAJOR STATE PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

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, 2021. 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 \$1,957,782 in State awards during the year ended June 30, 2020. Our audit, described below, did not include the operations of Cape Fear Public Transportation Authority because this component unit separately engaged us to perform an audit in accordance with the Uniform Guidance and the State Single Audit Implementation Act.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City's major state program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, 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, 2021.

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.

PBMares, LLP

Morehead City, North Carolina
December 20, 2021

CITY OF WILMINGTON, NORTH CAROLINA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021**

I – Schedule of Findings and Questioned Costs

Financial Statements

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

Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified? _____ Yes X None Reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified? _____ Yes X None Reported

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

Unmodified

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

_____ Yes X No

Identification of major federal programs:

CITY OF WILMINGTON, NORTH CAROLINA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended June 30, 2021**

I – Schedule of Findings and Questioned Costs (Continued)

Federal Assistance Listing	Name of Federal Program or Cluster
14.218	Community Development Block Grants
21.019	Coronavirus Relief Fund
21.027	American Rescue Plan Act
20.325	Federal Railroad Administration
97.036	Public Assistance Grant
Dollar threshold used to distinguish between Type A and Type B programs:	
	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<u>State Awards</u>	
Internal control over the major State program:	
Material weakness(es) identified?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Significant deficiency(ies) identified?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> None reported
Type of auditor’s report issued on compliance for the major State program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Identification of major State program:	
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)
NCDOT 4	Non-State System Street-Aid Allocation
20.325	Federal Railroad Administration

CITY OF WILMINGTON, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended June 30, 2021

II – Financial Statement Findings

None reported.

III – Federal Award Findings and Questioned Costs

None reported.

IV – State Award Findings and Questioned Costs

None reported.

CITY OF WILMINGTON, NORTH CAROLINA

**Corrective Action Plan
For the Year Ended June 30, 2021**

No corrective action plan is required for the year ended June 30, 2021.



Finance Department
305 Chestnut St. 5th Floor
PO Box 1810
Wilmington, NC 28402-1810
910 341-7822
910 254-0906 fax
wilmingtonnc.gov
Dial 711 TTY/Voice



**City of Wilmington, North Carolina
Status of Prior Year Audit Findings
For the Year Ended June 30, 2021**

FY 2020 Finding 2020-001

Material Weakness in Internal Control

Corrective Action Taken: The City of Wilmington has taken the following steps to correct the findings identified in the FY 2020 report:

- Staff has made process changes to assist with identifying billing invoice dates that include a dual approval process when billing invoices are created to check for the correct fiscal year.
- A report in the new Munis financial billing system has been created that will provide all billing invoices that have invoice dates outside of the fiscal year that it is recorded in to allow for corrections to be made if any errors are detected on the report.
- Staff has made a process change that requires a second approval to review the request for adjustment and verify all adjustments are made within the same fiscal year.
- A review of the adjusted customer account will be performed to verify the adjustment was made accurately.

Staff have reviewed reports from the Munis financial billing system and have made all correcting entries that were identified for FY2021.

CITY OF WILMINGTON, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2021

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing or State DOT Number	Grant Award Number	WBS Number	Federal Expenditures	State Expenditures	Pass-Through to Subrecipient	Local Expenditures
Federal Awards:							
<u>U.S. Department of Housing and Urban Development</u>							
Office of Community Planning & Development:							
Direct Programs:							
Community Development Block Grants:							
Community Development Block Grants	14.218	B-06-MC-370010	-	\$ 1,017	\$ -	\$ -	\$ -
Community Development Block Grants	14.218	B-07-MC-370010	-	10,322	-	-	-
Community Development Block Grants	14.218	B-08-MC-370010	-	10,228	-	-	-
Community Development Block Grants	14.218	B-09-MC-370010	-	5,000	-	-	-
Community Development Block Grants	14.218	B-10-MC-370010	-	24,882	-	-	-
Community Development Block Grants	14.218	B-11-MC-370010	-	3,782	-	-	-
Community Development Block Grants	14.218	B-12-MC-370010	-	20,368	-	-	-
Community Development Block Grants	14.218	B-13-MC-370010	-	34,101	-	-	-
Community Development Block Grants	14.218	B-20-MC-370010	-	782,963	-	-	468,530
Community Development Block Grants	14.218	B-20-MW-370010	-	580,902	-	-	-
Total Community Development Block Grants				<u>1,473,565</u>	<u>-</u>	<u>-</u>	<u>468,530</u>
Home Investment Partnerships Program:							
Home Investment Partnerships Program	14.239	M-14-MC-37-0207	-	(35,298)	-	-	-
Home Investment Partnerships Program	14.239	M-15-MC-37-0207	-	35,298	-	-	-
Home Investment Partnerships Program	14.239	M-16-MC-37-0207	-	115,255	-	-	-
Home Investment Partnerships Program	14.239	M-20-MC-37-0207	-	775,534	-	-	636,945
Total Home Investment Partnerships Program				<u>890,789</u>	<u>-</u>	<u>-</u>	<u>636,945</u>
Lead Hazard Reduction Demonstration Grant Program:							
HUD-Lead Based Paint Hazard Reduction	14.905	NCLHB0725-19	-	115,269	-	-	-
Total U.S. Department of Housing and Urban Development				<u>2,479,623</u>	<u>-</u>	<u>-</u>	<u>1,105,475</u>

See Notes to Schedule of Expenditures
of Federal and State Awards

CITY OF WILMINGTON, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards (Continued)

Year Ended June 30, 2021

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing or State DOT Number	Grant Award Number	WBS Number	Federal Expenditures	State Expenditures	Pass-Through to Subrecipient	Local Expenditures
Federal Awards (continued):							
<u>U.S. Department of Transportation</u>							
DOT Federal Railroad Administration:							
Direct Program:							
Wilmington Rail Realignment	20.325	69A36520501370CRSN	-	\$ 924,706	\$ -	\$ -	\$ -
Federal Transit Administration:							
Pass-through N.C. Department of Transportation:							
Metropolitan Transportation Planning:							
Transportation Planning	20.505	20-08-016	36230.27.19.6	60,856	-	65,350	7,610
Transportation Planning	20.505	20-08-016	36230.27.19.6	-	7,606	-	-
Total Metropolitan Transportation Planning				<u>60,856</u>	<u>7,606</u>	<u>65,350</u>	<u>7,610</u>
Federal Highway Administration:							
Pass-through N.C. Department of Transportation:							
Highway Planning and Construction Cluster:							
Wrightsville/Greenville Improvement	20.205	U-5534 C	44096.1.F4; .2.F4; .3.F4	147	-	-	16
Park Avenue Multiuse Path	20.205	U-5534 F	44096.1.F7; .2.F7; .3.F7	5,774	-	-	1,356
Hinton Avenue Multiuse Path	20.205	U-5534 H	44096.1.F9; .2.F9; .3.F9	374	-	-	27
Hooker Road Multiuse Path	20.205	U-5534 G	44096.1.F8; .2.F8; .3.F8	505	-	-	52
5th Avenue & Wooster	20.205	U-5527 B	50077.1.F3; .2.F3; .3.F3	(4,000)	-	-	(1,000)
Gregory / Williston Streets	20.205	SR-5001CL	40924.3.88	9,358	-	-	-
Gregory / Williston Streets	20.205	SR-5001CL	40924.3.88	(123,871)	-	-	(32,074)
Holly Tree / College Crosswalk	20.205	U-5534 Q	44096.1.F18; .2.F18; .3.F18	28,257	-	-	6,715
Signal Pre-empt Emergency Vehicle	20.205	U-5534 T	44096.1.22; .3.22	80	-	-	-
Multi Modal Phase 1B	20.205	U-6234	48930.1.1; .3.1	252,821	-	-	61,919
Market Street HAWK Signal	20.205	EB-6028	48749.1.1; .3.1	838	-	-	189
Transportation Planning	20.205	7500022251	47476.1.18	282,570	-	-	70,643
Transportation Planning	20.205	7500022251	44094.1.2	457,006	-	-	114,252
Transportation Planning	20.205	7500022251	44094.1.2	8,000	-	-	2,000
Total Highway Planning and Construction Cluster				<u>917,859</u>	<u>-</u>	<u>-</u>	<u>224,095</u>
Total U.S. Department of Transportation				<u>1,903,421</u>	<u>7,606</u>	<u>65,350</u>	<u>231,705</u>

See Notes to Schedule of Expenditures
of Federal and State Awards

CITY OF WILMINGTON, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards (Continued)

Year Ended June 30, 2021

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing or State DOT Number	Grant Award Number	WBS Number	Federal Expenditures	State Expenditures	Pass-Through to Subrecipient	Local Expenditures
Federal Awards (continued):							
<u>U.S. Department of Agriculture (USDA)</u>							
Direct Program:							
Emergency Watershed Protection	10.923	NR204532XXXXC020	-	\$ 199,189	\$ -	\$ -	\$ -
<u>U.S. Department of Commerce</u>							
Office for Coastal Management: National Oceanic and Atmospheric Administration Pass-through National Fish and Wildlife Foundation							
Clear Run Branch Improv	11.473	0318.19.06996	-	31,422	-	-	927,330
<u>U.S. Department of Justice</u>							
OJP Bureau of Justice Assistance:							
DOJ Covid Emergency Support Fund	16.034	2020-VD-BX-1369	-	147,324	-	-	-
Edward Byrne Memorial Justice Assistance							
Grant Program:							
'17 JAG-Equipment with New Hanover County	16.738	2017-DJ-BX-0243	-	88,277	-	43,987	-
'18 JAG-Equipment with New Hanover County	16.738	2018-DJ-BX-0077	-	43,421	-	-	-
'19 JAG-Equipment with New Hanover County	16.738	2019-DJ-BX-0609	-	64,936	-	-	-
Total Edward Byrne Memorial Justice				196,634	-	43,987	-
Criminal Division:							
Equitable Sharing Program-Federal Forfeiture	16.922	-	-	92,611	-	-	-
Total U.S. Department of Justice				436,569	-	43,987	-

CITY OF WILMINGTON, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards (Continued)

Year Ended June 30, 2021

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing or State DOT Number	Grant Award Number	WBS Number	Federal Expenditures	State Expenditures	Pass-Through to Subrecipient	Local Expenditures
Federal Awards (continued):							
<u>U.S. Department of The Treasury</u>							
Departmental Offices:							
Direct Program:							
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	SLT-0864	-	\$ 559,562	\$ -	\$ -	\$ -
COVID-19 - Pass-through New Hanover County Coronavirus Relief Fund	21.019	City of Wilmington - 02-63-001	-	1,645,285	-	-	860
Total U.S. Department of The Treasury				<u>2,204,847</u>	<u>-</u>	<u>-</u>	<u>860</u>
<u>U.S. Department of Homeland Security</u>							
Federal Emergency Management Agency:							
Direct Program:							
Port Security Grant Program	97.056	EMW-2019-PU- 00343-S01	-	486,488	-	-	162,163
Pass-through N.C. Department of Public Safety:							
Public Assistance Grant	97.036	FEMA-4393-DR-NC	-	105,677	35,226	-	-
Public Assistance Grant	97.036	FEMA-4393-DR-NC	-	1,583,913	-	-	-
Public Assistance Grant	97.036	FEMA-4568-DR-NC	-	2,429,832	809,944	-	-
Public Assistance Grant	97.036	FEMA-4568-DR-NC	-	142,461	47,487	-	-
Public Assistance Grant	97.036	FEMA-4568-DR-NC	-	85,925	28,642	-	-
Public Assistance Grant	97.036	FEMA-4568-DR-NC	-	71,488	23,830	-	-
Public Assistance Grant	97.036	FEMA-4568-DR-NC	-	45,099	-	-	-
Total Pass-through N.C. Dept. of Crime Control and Public Safety:				<u>4,464,395</u>	<u>945,129</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Homeland Security				<u>4,950,883</u>	<u>945,129</u>	<u>-</u>	<u>162,163</u>
Total Federal Awards				<u>12,205,954</u>	<u>952,735</u>	<u>109,337</u>	<u>2,427,533</u>

See Notes to Schedule of Expenditures
of Federal and State Awards

CITY OF WILMINGTON, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards (Continued)

Year Ended June 30, 2021

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing or State DOT Number	Grant Award Number	WBS Number	Federal Expenditures	State Expenditures	Pass-Through to Subrecipient	Local Expenditures
State Awards:							
<u>NC Department of Agriculture and Consumer Services</u>							
EWP - Watershed Restoration	N/A	Contract #19-091-4029	-	\$ -	\$ 48,819	\$ -	\$ -
<u>N.C. Department of Environmental Quality</u>							
Community Waste Reduction / Recycling	N/A	CWRAR-8175	-	-	12,962	-	2,592
Backyard Composting 2020 Campaign	N/A	CW17878	-	-	16,179	-	3,236
VW Settlement - DC Fast Charging Station	N/A	45523VW	-	-	110,780	-	-
Total N.C. Department of Environmental Quality				-	139,921	-	5,828
<u>N.C. Department of Public Safety</u>							
OPIOID Pilot Project	-	OPIOIDPRJ2017-2019	-	-	47,214	47,214	-
<u>N.C. Department of Transportation</u>							
Powell Bill Funds	DOT - 4	Agmt 2000032596	32570	-	2,871,940	-	189
Municipal Agreement - Schedules C and D	-	-	3.1065SM; 3.2065SM	-	438,219	-	-
Transit Development Program	DOT - 11	20-RS-126	36225.7.11.1	-	43,764	-	43,767
Small Construction Agreement	-	Agmt 5416	44342	-	83	-	-
Small Construction Agreement	-	-	48935	-	236,100	-	-
Total N.C. Department of Transportation				-	3,590,106	-	43,956
Total State Awards				-	3,826,060	47,214	49,784
Total Federal and State Awards				\$ 12,205,954	\$ 4,778,795	\$ 156,551	\$ 2,477,317

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, 2021

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, 2021:

<u>Program Title</u>	<u>Federal AL Number</u>	<u>Amount</u>
Edward Byrne Memorial Justice Assistance	16.738	\$ 43,987
Transportation Planning	20.505	\$ 65,350
OPIOID Pilot Project	-	\$ 47,214

NOTE 4 – INDIRECT COST

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

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