



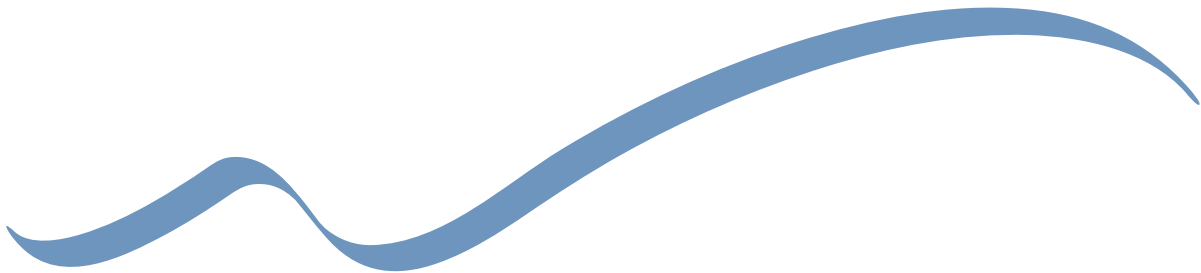
Annual Comprehensive  
**FINANCIAL REPORT**  
City of Wilmington, North Carolina  
For the Fiscal Year Ended June 30, 2023



**(BACK OF COVER)**



# Annual Comprehensive **FINANCIAL REPORT** City of Wilmington, North Carolina For the Fiscal Year Ended June 30, 2023



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, 2023

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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

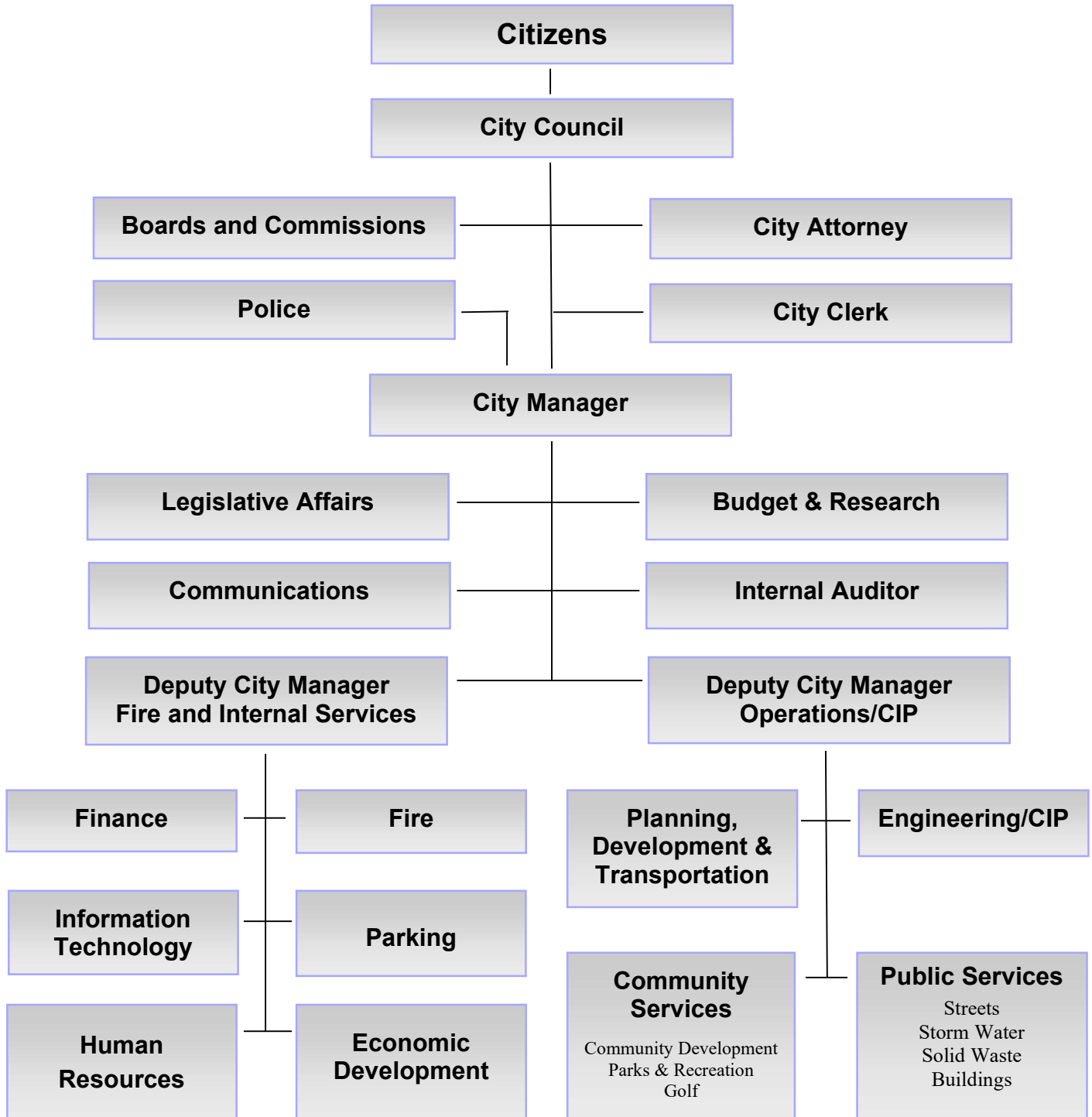
**City Manager**

Anthony N. Caudle

**Finance Director**

Jennifer R. Maready





November 29, 2023



**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, 2023. 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, 2023 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, 2023 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 121,309 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.

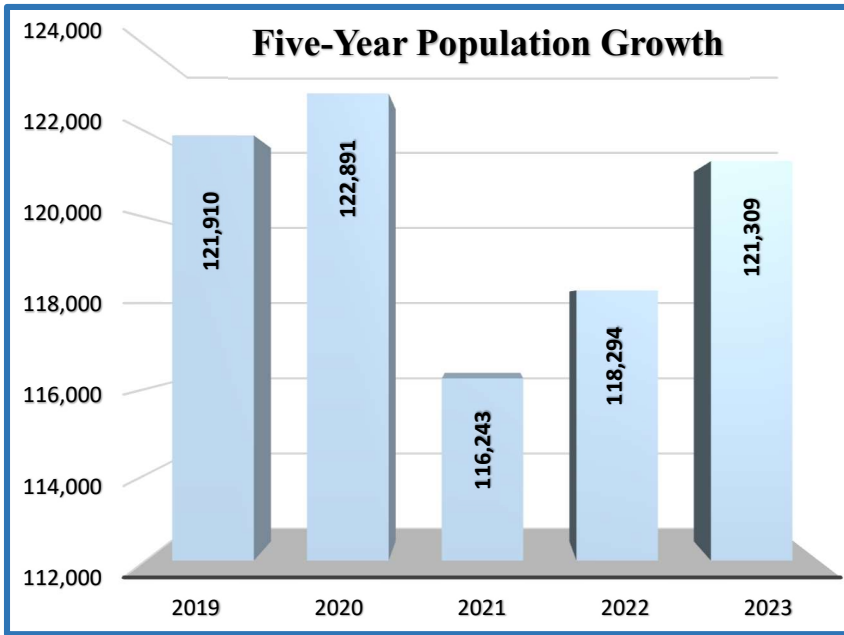
- In its *Best Performing Cities 2023* report, the Milken Institute ranked the Wilmington MSA 7th in the U.S., moving up 14 spots from its 2022 ranking.
- USA Today's 2023 reader's choice travel award contest named the City of Wilmington's Riverwalk as the 7th best in the nation and the North Carolina Battleship a top 5 ship museum in the U.S.
- Niche.com a neighborhood and school research website, ranked Wilmington 35th in 2023 for cities with the best public schools and the 34<sup>th</sup> best city to retire in America.
- The City of Wilmington was ranked best place to move in 2023 by the United Van Lines National Movers Study.
- Forbes Advisor ranked the City of Wilmington the 2<sup>nd</sup> best City to live in North Carolina in 2023.
- Conde Nast Traveler voted Thalian Hall one of the best movie theaters in America noting the late Victorian architecture.

The City of Wilmington was also ranked as one of the top four "Cleanest Cities" in the country for air quality per the American Lung Association's 2023 annual *State of the Air* report. The Association prepares an annual "report card" on air quality Americans are exposed to. This marks the seventh consecutive year the City has been ranked in the top 10.

Wilmington North Carolina is celebrating a banner year for calendar 2022, tourism is a major factor for the City's robust economy and has produced record figures for airport travel and the transportation of goods from our port as well as record amounts of occupancy tax revenue from hotel room stays. It also has strong economic figures from our film industry and fine cuisine reviews for our downtown restaurants.

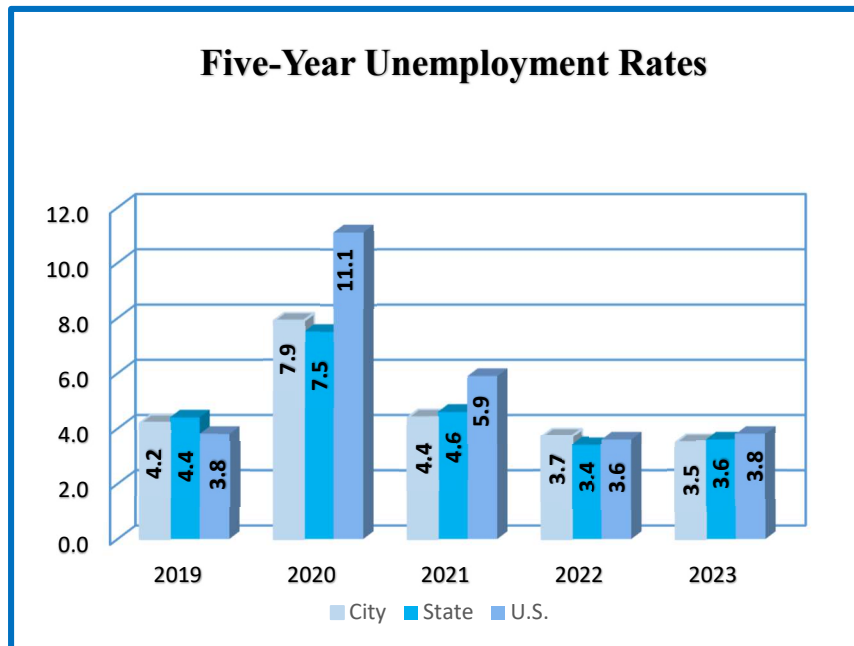
Whether you are a sightseeing visitor or a resident, the Battleship North Carolina and events such as the Azaleafest, Riverfest, and the Cucalorus film festival are available destinations for entertainment and have received accolades from numerous fans and connoisseurs alike. Our Thalian Hall is historic and renowned, the Live Oak Amphitheatre and Wilson Center are building a large, dedicated fan base to support the future of Wilmington's economy. The City is exponentially expanding its population and infrastructure on an annual basis, so this is a very exciting time for the future of the economy here.





The City's population has increased 59.96% 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 near or below state levels and very close to or below the federal levels. This is in part due to the diversity of the local economy with professional services, trade, health care, the hospitality industry, telecommunications equipment, construction and pharmaceuticals.



### Top Ten Taxpayers

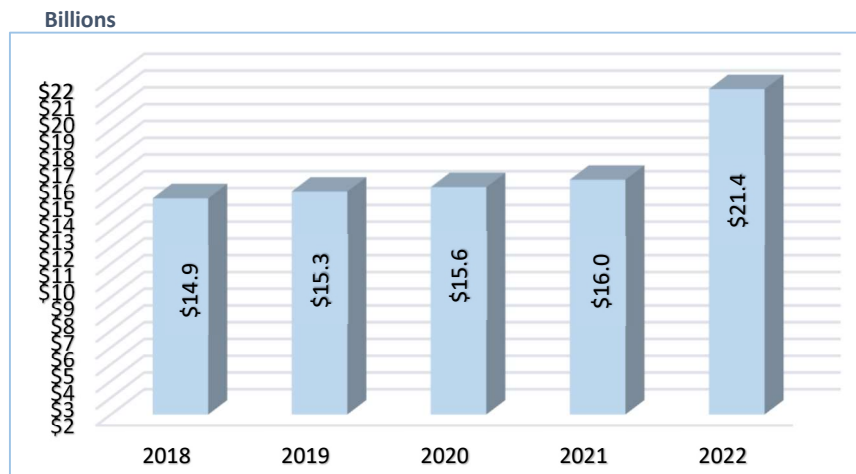
Taxpayer	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
Corning Inc.	\$ 245,327,563	1.12 %
River Ventures LLC	91,256,600	0.42
Mayfaire Town Center LP	90,527,447	0.41
Bedrock Holdings II LLC	88,171,000	0.40
Live Oak Bank Company	79,928,420	0.37
Duke Energy Progress	77,380,864	0.35
RPP Holdings LLC	73,781,600	0.34
Arboretum West Mixed Use LLC	62,103,900	0.28
Triangle Avalon Wilmington LLC	60,180,200	0.27
Wilmington Independent Living LLC	58,960,100	0.27
	<u>\$ 927,617,694</u>	<u>4.23 %</u>

Source: New Hanover County Tax Office

No single taxpayer comprises more than 1.12% 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)
Novant Health *	Health Care	8,581	6.73 %
New Hanover County Schools**	Education	3,702	2.90
University of North Carolina (Wilmington)*	Education	2,236	1.75
New Hanover County**	Government	1,982	1.55
General Electric Nuclear Fuel/Aircraft***	Uranium Enrichment & Nuclear Fuel	1,888	1.48
Thermo Fisher Scientific (PPD)*	Pharmaceuticals	1,800	1.41
City of Wilmington*	Government	1,116	0.88
Cape Fear Community College*	Education	1,083	0.85
Coming Inc.*	Optical Fiber	1,000	0.78
Wilmington Health*	Health Care	1,000	0.78
<b>Total</b>		<b>24,388</b>	<b>19.13 %</b>

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

\* Located within the City of Wilmington

\*\* Located partially in the City of Wilmington

\*\*\* Located within New Hanover County

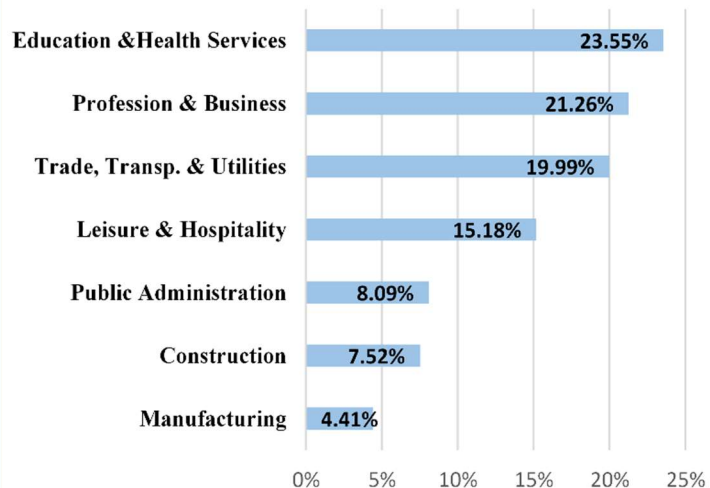
(1) Total employment numbers available from North Carolina Employment Security Commission only on a county basis.

**No industry or employer dominates the local economy.** The 10 largest employers continue to show the diversity of the City's economy by representing 6 different sectors. Education, Government and Health Care represent the only 3 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 the corporate home to PPD, a subsidiary of Thermo Fisher Scientific, 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 2022

## 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 Modular 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 October of 2022, GE and TerraPower broke ground on their Sodium fuel facility which will provide the raw material for nuclear reactors on their existing site in Wilmington and would support an additional 100 jobs to the area. The new hires will support advanced nuclear growth and deployment of the BWRX-300 Small Modular Reactors. These reactors are designed to reduce construction and operating costs that are typically associated with nuclear power generation technology.

**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. CFM International is also

developing an open rotor engine, possibly for use on a new narrowbody aircraft coming to market in the 2030s.

**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 more than 900 employees and is title sponsor of the Riverfront Park Amphitheater. In 2023, construction has begun on a 66,500 square-foot mass timber building on the Live Oak campus

in Wilmington. When completed, it will be the 4<sup>th</sup> employee building on the campus, providing additional jobs to the Wilmington area.

**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 300 banks and credit unions and has over 240 employees. Apiture was recognized among North Carolina's great tech places to work in 2023 NC Tech awards.

**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 1,600 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. In May 2021, City Council voted to enter into an agreement with nCino for a \$1.3 million title sponsorship of the new sports complex currently under construction to be completed in 2023. The complex will be known as nCino Sports Park for the 17 year duration of the sponsorship.

**MegaCorp Logistics** is one of the top 30 brokerage firms in the U.S. based on Transport Topics top 100 rankings in 2023. They were named to INC TOP 5,000 for fastest growing companies for the 5<sup>th</sup> time. Headquartered in Wilmington since 2009, MegaCorp specializes in full and less-than-truckload shipments (dry van, refrigerated, flatbed, intermodal, air, etc.) 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 over 500 full-time employees at its Wilmington headquarters.

### **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 December of 2021, Thermo Fisher Scientific concluded its acquisition of PPD for \$17.4 billion. With more than 65 locations around the world, Thermo Fisher Scientific provides an end-to-end drug development offering that includes API, biologics, viral vector services, cGMP plasmids, early and late phase development, clinical trial services, logistics services, and commercial manufacturing. PPD remains a brand of Thermo Fisher Scientific providing them contract research services.

**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 2023, Alcami announced that a buildout is underway in North Carolina of a 65,000 square-foot biostorage facility that includes cryogenic storage of pharmaceuticals.



**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 expanded its main building nearly doubling its footprint in 2023. It plans on bringing more pharmaceutical jobs to the area.

**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. In 2023, Vantaca announced its new software IQ, a business intelligence solution built exclusively for community association management.



**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.

Multiple other contract research organizations have recently expanded to the City including: IQVIA, INC Research, Modoc Research, Covance Clinical Biotech, and Wilmington Pharmatech.

**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

**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 development was recently completed. Interest, in the form of a Pre-TRC application, has been expressed in developing an outparcel with a drive thru restaurant along the intersection of Carolina Beach and Independence Boulevard.

**The Pointe at Barclay** is a multi-phase commercial development located at the corner of Independence Boulevard and S. 17<sup>th</sup> Street. Six buildings have been constructed to date and three additional commercial buildings have been released for construction. A 4-story hotel with 104 rooms is currently under construction. Plans for a 4-story apartment building with 299 residential units with a structured parking deck are currently in review. On July 18, 2023, City Council approved a modification to the existing master-planned development and will likely result in additional development permits in the vicinity.



**Covey Restaurant** is a 6,500 square-foot, high-end restaurant located within the Tiburon Office Park. The project is currently under construction.

**Kilimanjaro** is a 2,500 square foot restaurant located at 215 Wright Street. The project is currently under review.

**Live Oak Bank** is located within the Tiburon Office Park near the intersection of Independence and Shipyard boulevards. The campus includes a 2 story, 89,000 square foot facility, two, 4-story 64,000 square-foot buildings, one 1 story 25,000 square-foot building, and a 3.5-story parking garage accommodating approximately 560 cars. A four-story, 66,500 square-foot office building is currently under construction.

**Cargo West** is a 4-building commercial development featuring food service, retail and a parking facility located at 615 15<sup>th</sup> Street. The project has recently been released for construction.

**Center for Christian Thought** is a 2-story community center located at 398 & 400 Pine Hills Drive. This project is currently under review.

**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.

**Tru by Hilton** is a 4-story, 101-room hotel located at 1010 Ashes Drive. This project is currently under construction.



**Megacorp Logistics** is expanding their parking facility located at 1011 Ashes Drive. This project is currently under review.

**Novant Health Family Medical Clinic-North** is a 7,500 square foot medical office located at 3009 Princess Place Drive. This project is currently under construction.

**Spark Academy** is a 1-story, 14,035 square foot early childhood development center located at 1802 S 17<sup>th</sup> Street. This project is currently under construction.

**Wilmington Parks Maintenance Facility** is a 30,250 square foot complex for office space and storage located at 111 Melton Road. This project is currently under review.



## MIXED-USE

**The Range on Oleander** is mixed-use project located on Oleander Drive on the site of the old driving range, adjacent to the municipal golf course. The project includes 346 residential apartment units and nearly 14,000 square-feet of commercial space, as well as 35 units of affordable housing. The project has set aside 10% of the residential units for workforce housing. The project is currently under construction.



**720 Castle** is a mixed-use project located at 720 Castle Street. The project includes 10 residential units and 1,014 square feet of commercial space. This project is currently under review.

**The Avenue** is a large-scale mixed-use development located on the northern end of Military Cutoff Road at Station Road. The project includes 525 apartments, a 241 room hotel, 131,700 square-feet of office space, and 115,000 square-feet of retail space, and 16,000 square-feet of restaurant space. Construction plans are 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 construction.

**Haven at Galleria (formerly The Residences at Galleria)** is a mixed-use development on Wrightsville Avenue east of Military Cutoff Road. The project includes two phases in two structures. Phase 1 of the project includes 256 residential units and 1,500 square-feet of restaurant space. Phase 2 includes over 400 residential units and 4,000 square-feet of commercial space. The preliminary subdivision plan has recently been approved. Construction plans remain under review.

**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 construction.



**Mayfaire Town Center** Located on 400 Acres along Military Cutoff Road, Mayfair Town Center, 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 has recently opened. Shops included in this phase are an H&M retail store and Palmetto Moon. Plans for a new 139-room hotel (Element by Marriot) on a former restaurant site are currently under review.

**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 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 consists 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 were required for the future build-out of the project, are now complete. A new bank building located at the entrance to Autumn Hall is currently under construction. Two, 2-story commercial buildings with 34,000 square-foot of office and commercial space are currently under construction. A 34,000 square foot medical office located at 5505 Currituck Drive is currently under review.

## TOURISM



Tourism is the area's largest economic component in terms of employment and revenues. Nearby beaches, the historic river front area, the USS North Carolina Battleship Memorial, and The Live Oak Amphitheatre 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 2022, travel and tourism generated an economic impact of \$1,059.4 million in New Hanover County, an increase of 13.9% from 2021 spending. An estimated 6,676 jobs in the region were supported by tourism, generating \$276.6 million in payroll last year. State tax revenue generated in New Hanover

County totaled \$34.9 million through state sales and excise taxes, and taxes on personal and corporate income. About \$38.9 million in local taxes were generated from sales and property tax revenue from travel-generated and travel-supported businesses. Travel-generated state and local tax revenues saved each New Hanover County resident an estimated \$317.76. New Hanover County ranked 7<sup>th</sup> in visitor spending among North Carolina’s 100 counties in 2022.

## FILM

Film and television productions continue to be a vibrant sector in North Carolina’s economy, especially for Wilmington. Production companies generated more than \$258 million of direct in-state expenses, which is the 6th highest year-end total since 2000. 16,000 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.



Being a top filming destination for production companies is due in large part to **EUE/Screen Gems Studios**, which was recently purchased by Cinespace Studios in September of 2023. The new company now 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. Some recent shows filmed by EUE in Wilmington include “*Stranger Things*” & “*The Summer I Turned Pretty*”.

**Dark Horse Studios**, which was founded in 2020, has an 11.5-acre property and a 90,000 square-foot warehouse as well as a 5,000 square-foot office here in Wilmington. The studios two current sound stages, 17,000 and 25,000 square-feet respectively, have been used for several productions including “*George and Tammy*” and “*Florida Man*”. There was a ground breaking in 2023 for two more new state of the art stages to be built on the existing property costing around \$20 million.



## RESIDENTIAL

**5500 Wrightsville Avenue** is a 32-unit townhome project located at the corner of Wrightsville Avenue and French Road. Development plans are currently under review.

**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.

**Riverlights** is a large-scale, multi-phase residential and mixed-use development located on River Road in south Wilmington. Fifteen single-family subdivisions with a total of 1,961 lots have been approved by the City's Subdivision Review Board and Design Adjustment Committee. 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 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, 2-building apartment development (Middleburg Apartments), located in the MX-zoned portion of Riverlights, was recently completed. 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. Plans for a 120-unit independent living facility and a 60-bed assisted living facility are currently under review. Refuel is a 6,507 square foot convenience food store with fuel pumps located at 505 Arnold Street. This project is currently under review.



**Barclay West North** is a large-scale 570-unit residential project located on the northwestern corner of Independence Boulevard and S. 17th Street. The project includes a residential apartment community (Mosby) and a mixed housing residential community (The Hamlet) that includes single-dwellings, duplexes, townhomes as well as 25 units of affordable housing. Development plans are currently under review.

**Vivo Apartments** is a residential redevelopment project located on Market Street that is converting an existing hotel into studio apartments. The redevelopment project includes 234 units and is 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. Plans for a 46-unit townhome development are currently under review.

**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.

**Franklin Forest Phase 2** is an expansion of an existing 12-unit multi-family development that includes an additional 14 units. This project is under construction.

**Ansley Park** is an infill development located at the old fairgrounds 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 first and second phases of the development have been recorded and homes are being constructed.

**Switchyard** is a 192-unit multi-family development which also includes 19 units of affordable housing. 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. This project is currently under construction.

**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. This project is currently under construction.



**The Cottages at Bradley Creek** is a 56-lot single-family residential development located at 321 Hooker Road. This project is currently under construction.

**The Townhomes at Allens Lane** is a 16-unit townhome development located at 6825 Wrightsville Avenue. The project includes a total of 16 units within 7 structures. Construction plans for this project are currently under review.

**Proximity at Watermark** is a multiple-dwelling residential redevelopment project located at 4126 River Road. The project is located on the site of a former marina along the Cape Fear River and includes 248-units within two, 4-story buildings. The preliminary subdivision plan has been approved for this project. This project is currently under review.

**Starway Village** is a multiple-dwelling affordable housing project that includes 278 units within 8 buildings located at 2346 Carolina Beach Road. Construction plans for this project remain under review.

**Makai Subdivision** is a 14-lot single-dwelling residential subdivision located at 6261 Wrightsville Avenue. Construction plans for this project are currently under review.

# HEALTHCARE

**New Hanover Regional Medical Center (NHRMC)** is the 8th largest hospital in North Carolina with 800 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. In 2022, the American Cancer society awarded Novant Health NHRMC, the health system patient support team of the year, one of only two hospitals to win this award nationally. NHRMC has demonstrated innovative and collaborative approaches to enhancing prevention, early detection, medical care, and quality of life for cancer patients and their families while committing to advancing health equity.

In 2021, when NHRMC was sold to Novant, a 1.25 billion community endowment was set aside for uses such as mental health awareness and substance abuse treatment. This includes the training of first aid and education to team members of the resources available to them to help give appropriate treatment.



**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. In 2023,

NHRMC Orthopedic Hospital won a joint replacement excellence award from Healthgrades.com as well as voted one of America's top 100 best hospitals for spine surgery in 2021 & 2022.

**Wilmington Health** is the largest private, fully integrated, multi-specialty medical group practice in the area with 19 locations (including Convenient Care and Urgent Care) and 23 specialty care departments. Wilmington Health has provided premier healthcare to the residents of Southeastern North Carolina for over 50 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 Manager, 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 August of 2023, Wave Transit announced the hiring of their new executive director Mark Hairr formerly the executive director at The University of Tennessee at Knoxville’s parking and transportation department. He brings in over 30 years of experience spanning public transportation and urban planning.

A private management firm oversees the daily operations of the authority, managing a system of



10 routes, UNCW Shuttle service, as well as the historic downtown trolley. 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 June 2023, the NCDOT awarded \$6 million to Northeastern North Carolina and the Wilmington area to improve 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 ports in the country, now annually moving 330,000 TEUs (20-foot equivalent units).

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 expanded its refrigerated cargo yard adding additional refrigerated container plugs, increasing their capacity from 775 to almost 1600. The North Carolina State Ports Authority reported record operating revenue of \$79.3 million in FY23, a 16.7% increase over last year's previous record year.

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 88,200 jobs and \$660 million each year in state and local tax revenues.

## 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. Recently in 2023, a new express service was launched that provides daily, overnight rail service between the Port of Wilmington and

CSX's new Carolina Connector intermodal terminal in Rocky Mount, North Carolina.



## 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 4<sup>th</sup> largest in the State. The Airport set a new record in 2022 by serving 1,086,245 passengers, an increase of 20% from last year. 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. One of two new commercial airline additions to ILM is Avelo, which offers direct flights to Philadelphia, Washington D.C., Wilmington DE, Orlando, Tampa, and Ft. Lauderdale Florida.

The second is Sun Country Airline who offers a direct flight to and from Minneapolis-St. Paul Minnesota.

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 \$2.5 billion and 13,550 jobs.



The airport has a capital improvement plan to help keep up with the airport's growth of \$165 million. At the end of 2023, they expect to start working on terminal curb front improvements. Between 2023 and 2025 they will realign Airport Boulevard. By 2027, they plan to have three phases of parking improvements completed that will add an additional 1,000 space parking lot and an additional 1,000 space parking deck. Additional funds will be spent on runway, taxiway, airfield and infrastructure improvements.

# EDUCATION

**The University of North Carolina at Wilmington (UNCW)**, founded in 1947 as Wilmington College, was the 6<sup>th</sup> 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 2022 enrollment of over 18,000 full-time-equivalent undergraduate and graduate students.

UNCW ranks 109<sup>th</sup> among Top Public National Universities and 18<sup>th</sup> in Best Online Bachelor's Program Nationally in 2023, according to *U.S. News & World Report*. It was one of only four UNC system schools featured yearly in the *Fiske Guide to Colleges* since 2017, 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 6<sup>th</sup> 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 22,000 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

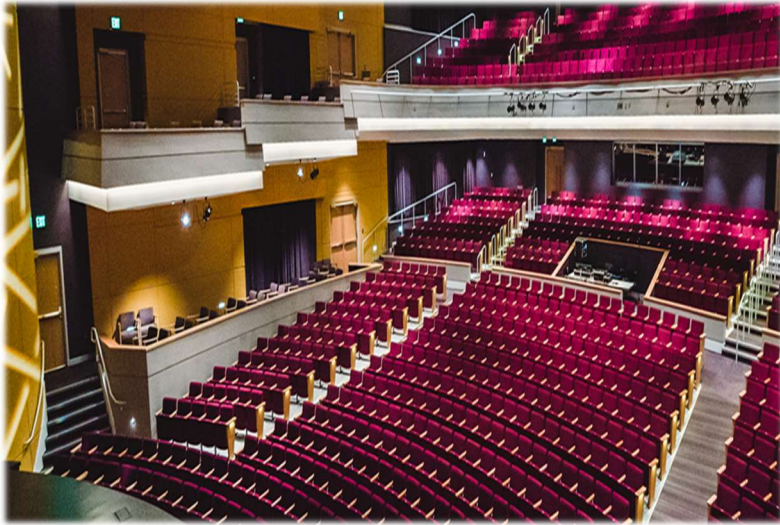
Platforms" dedicated to each of our Nation's Armed Services. A hull repair project started in 2009 was completed in 2021, the first major repairs to the ship since the 1950's.

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 2023, The Arts Council and New Hanover County chose two artists to paint the mural on the side wall of our new Bijou Park on Front Street.

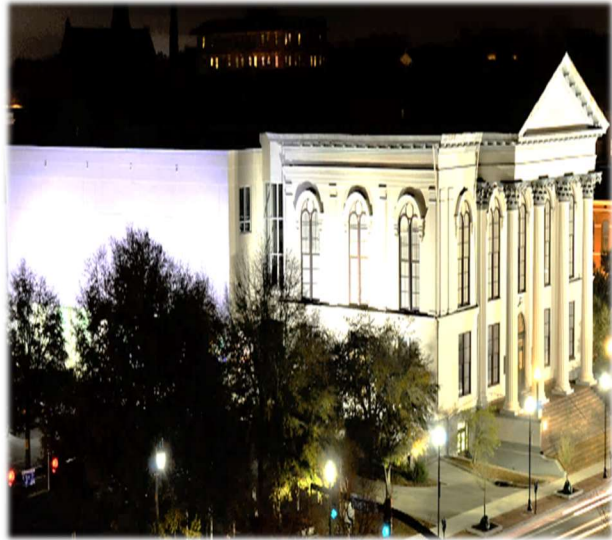
CFCC's **Wilson Center** is home to a 1500-seat performance hall designed with three floors that



wrap the stage, 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. Behind the main stage is the studio theater, which hosts professional and student performances meant for a

smaller venue. 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.

**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 many 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 its flair for the dramatic revival and late Victorian architecture and frequent film festivals and acts on stage. In October of 2023, free tours were given of Thalian Hall in celebration of its 165-year existence. Attendees were able to hear a demonstration of the Thunder Roll, one of the oldest operating sound effect systems in the world.

# RECREATION



The city offers its citizens an array of recreational activities by providing 41 parks, athletic facilities, trails, golf courses, a nature & event center, a fitness center, preschool activity center and two first class performance venues that drew A-listed talent.. 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. Most 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 and 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.

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.

The City has three **community centers**, MLK Community Center, Derick GS Davis Center at 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.



## 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 hosts up to 30 Live Nation events and 10 to 20 civic events and other rentals yearly. In 2022 and 2023 the venue hosted international bands such as Tame Impala, Dave Matthews and Phish. The pavilion is located in 6.8-acre Riverfront Park, a park that features open space, a playground and gardens.

**Hugh Morton Amphitheater at 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 2021 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 a 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. This year marked the 76<sup>th</sup> anniversary since the inception of the event in 1948. An estimated 250,000 people attend, generating \$50 million 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.

The **Battleship Half Marathon and Battleship 5K** have been held for over 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 **Ironman North Carolina Triathlon**. This race has been named one of the top five 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 3,200 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 over 20,000 visitors and screens over 90 films from around the world. Cucalorus takes place every November, celebrating independent and international film for five days in historic downtown Wilmington, NC. MovieMaker Magazine has named Cucalorus one of the top 25 coolest film festivals in 2023.

# 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 360-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 121,000 residents and the thousands of motorists who visit the Port City daily.



In June of 2023, the WPD hosted Demo Day. It is a great opportunity for the public to meet the WPD and check out their equipment. This family friendly event is now an annual tradition that is very enjoyable and open to everyone. Building strong relationships within the community is important to the WPD. It became so popular, a second one was held for the first time in 2023.

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** is led by Fire Chief Steve Mason. The 238 personnel are managed in four divisions: Operations, Support Services, Training, and Fire Marshal's Office. The Operations Division consists of fire suppression personnel. Support Services oversees the Administration Division which includes budget, human resources, GIS, and accreditation. Support services also oversees the garage, and logistics. Training oversees safety and wellness as well as all training functions of department. The Fire Marshal's Office oversees fire inspections, investigations, and community risk reduction.

In calendar year 2022, the fire department responded to 12,277 calls for service. These responses included 5,911 emergency medical and rescue incidents and 733 fire related incidents. The fire department performed life saving measures on more than 260 individuals during the year, saving countless lives. 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 \$8.56 million, but the amount saved exceeded \$24 million. The department completed more than 72,000 hours of training and 6,700 fire inspections.



The Fire Marshal's Office provides fire safety inspections of businesses, plan reviews of new and existing buildings, and conducts fire investigations. The division also provides community risk reduction (CRR) coordination which plays an integral part in the department's efforts to reduce fire and unintentional injuries. Individual companies work with CRR to evaluate hazards in their areas



and develop plans to address those risks. In 2022, 105 smoke alarms were installed in homes throughout the community and another 301 caregivers were trained on the proper installation of a child safety seat. CRR also coordinates public education for our citizens to include fire extinguisher training, smoke alarms installations, fire drills, school visits, and station tours. WFD estimates more than 31,776 contacts were made in 2022. WFD conducts two Citizen Fire Academy's each year to allow residents to gain knowledge on how

the fire department operates and a Junior Fire Academy to promote the fire service as a career amongst the City's youth. Both programs include hands-on training to provide them a better understanding of what the fire department does daily.

# 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 funded already existing debt as well as 80% debt service and 20% pay-go (80/20 Plan) for \$41.1 million of tax-supported projects in the CIP. In FY 2015, the voters approved a \$44 million Streets and Sidewalks Bond Referendum with a 2 cents property tax set aside. In FY 2016, the voters approved a \$30.465 million General Obligation Bond Referendum for parks and recreation projects. In FY 2017, City Council authorized a \$25.8 million installment purchase contract with PNC Bank, National Association for the construction of the parking deck component of the Water Street parking deck redevelopment project. In FY 2018, City Council approved the 2<sup>nd</sup> 80/20 Plan to fund \$57.6 million of projects over a six-year period. In connection with the FY 2018 property tax revaluation, the existing dedicated tax rates for the 1<sup>st</sup> 80/20 Plan and the Streets and Sidewalks Bond were reduced to revenue neutral rates of 4.68 cents and 1.87 cents, respectively. To fund the additional initiatives, City Council included property tax set asides in the FY 2018 adopted budget of 1.8 cents for the Parks and Recreation Bonds, .94 cents for the Water Street parking deck redevelopment and .18 cents for the 2<sup>nd</sup> 80/20 Plan. The FY 2022 property tax revaluation resulted in reducing the original 9.47 cents total property tax set aside for the aforementioned CIP programs to a revenue neutral total rate of 7.13 cents.

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 2023 results that are built into the 2023-2024 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.



<b>Convention Center</b>						<b>2023 vs. 2022</b>
<b>Event Types</b>	<b>FYE 2019</b>	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>	<b>% Growth</b>
Convention/TS/Conference	12	13	2	19	27	42.1%
Public Shows	14	9	4	8	8	0.0%
Meetings/Other	35	58	154	49	25	-49.0%
Banquets	75	49	6	28	41	46.4%
<b>TOTALS</b>	<b>136</b>	<b>129</b>	<b>166</b>	<b>104</b>	<b>101</b>	<b>-2.9%</b>
Attendance	73,640	53,963	16,870	56,407	69,311	22.9%
Total Room Nights	12,885	10,907	1,160	15,037	21,076	40.2%
Repeat Users	101	74	10	40	32	-20.0%

**Source: Wilmington Convention Center**

- The Center hosted 101 events representing 69,311 in event attendance and 21,076 in hotel room nights during FY 2023. Total number of events decreased by 2.9% compared to FY 2022.
- A few of the Convention highlights: NC Association of School Resource Officers, NC Police Executives Association, NC Association of County Commissioners, NC State Biological & Agricultural Engineering, NC League of Municipalities and NC Local Government Information Systems.



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

**PUBLIC-PRIVATE PARTNERSHIP**

**Wilmington Transload Facility** is a 151,200 square-foot industrial transload facility located at 100 Raleigh Street. This project is the result of a collaborative effort between the NC Ports Authority, Wilmington Business Development, the City of Wilmington, and the facility operator. Construction plans for this project are currently under review.

## 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, 2022. 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 1983. 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, Katherine Dimopoulos, Regina Hopkins, Holly Bruhn, Jina Armia, Michael Pirsch, Chrissy Roane and Pearl Bandringa 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  
for Excellence  
in Financial  
Reporting

Presented to

**City of Wilmington  
North Carolina**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morill*

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 Audit of the Financial Statements**

#### ***Opinions***

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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, the aggregate remaining fund information, and the budgetary comparison of the general fund of City of Wilmington, North Carolina as of June 30, 2023, and the respective changes in financial position and cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (Government Auditing Standards). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and information on Other Postemployment Benefits, the Local Governmental Employees' Retirement System and the Law Enforcement Officers' Special Separation Allowance on pages 126 - 139 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 GAAS, 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of City of Wilmington as of and for the year ended June 30, 2022 (not presented herein), and have issued our report thereon dated November 29, 2022, which contained unmodified opinions on the respective 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 respective budgetary schedules. The major fund schedules, combining and individual fund statements, budgetary schedules, other schedules, as well as the accompanying 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 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion based on our audit, the procedures performed as described above and the report of another auditor, such information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical tables of the Annual Comprehensive Financial Report but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2023, 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  
November 29, 2023



**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, 2023. 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.

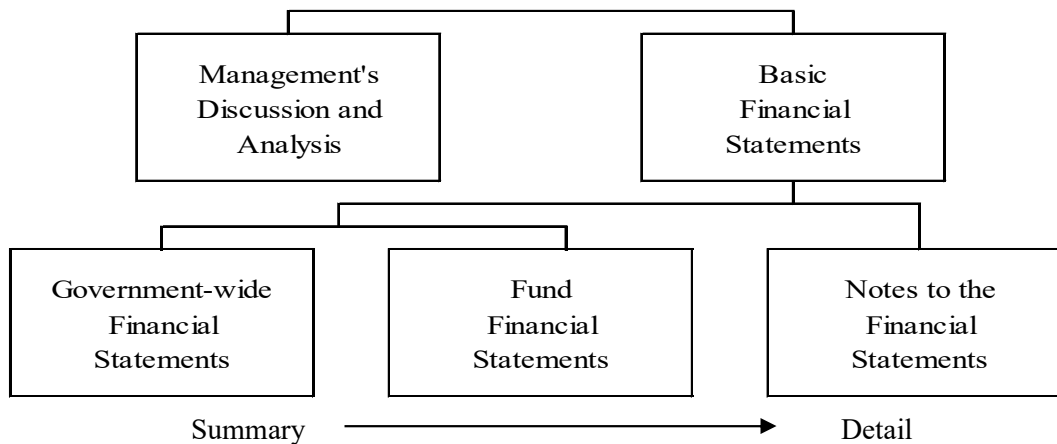
### **Financial Highlights**

- 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 of \$12,964,976 was received in June 2022. The City continues to manage these funds through various programs within the community to assist the City and our community in the recovery of the pandemic as well as maintain financial stability.
- The City continues to recover from Hurricane Florence that made landfall in September 2018 and Hurricane Isaias that made landfall in August 2020. Repairs continue to be made on City facilities damaged by Hurricane Florence. The eligible reimbursements remaining from both storms are \$8.5 million for Florence and \$.092 million for Isaias.
- 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 \$521,664,294 (*net position*).
- The government's total net position increased by \$36,859,953. Included in this amount are increases in the net position of governmental activities and business-type activities of \$29,929,909 and \$6,930,044 respectively.
- As of the close of the current fiscal year, the City of Wilmington's governmental funds combined ending fund balances increased \$19,783,315 from the prior year to a total of \$255,214,368. Approximately 15.4% of this amount, or \$39,344,932, is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$39,444,932 or 32.9% of total general fund expenditures and 29.3% of total general fund expenditures, including transfers for the fiscal year. This follows 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 \$39,329,055 or 10.6% during the current fiscal year. Total long-term liabilities increased for governmental activities by \$39,683,463 and decreased by \$354,408 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 Comprehensive 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 - 123 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 125 of this report.

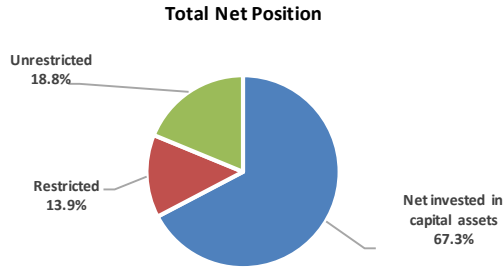
**Interdependence with Other Entities** – The City depends on financial resources flowing from, or associated with, both the Federal Government and the State of North Carolina. Because of this dependency, the City is subject to changes in specific flows in intergovernmental revenues based on modifications 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 \$521,664,294 as of June 30, 2023. The City’s net position increased by \$36,859,953 for the fiscal year ended June 30, 2023. A significant portion of the City’s net position \$351,053,735 (67.3%) reflects the City’s net investment in capital assets (e.g. land, buildings, machinery, and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the City’s net position, \$72,762,074 (13.9%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$97,848,485 (18.8%) is unrestricted.

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

- **Governmental Activities:** The City received an increase in Sales tax revenue and Property tax revenue of \$1,099,160 and \$4,262,965, respectively that exceeded the prior year. Charges for services increased by \$1,874,934 as there was more activity with the convention center events. A large increase in revenues was seen with investment earnings increasing by \$7,843,674 due to the change in market conditions. In addition to revenue increases, the City also had expense increases over the prior year mainly due to the implementation of a city-wide compensation study, an increase in pension costs, and the increase in streets and sidewalk projects.
- **Business-type Activities:** Overall revenues increased from the prior by \$5,706,028 mostly due to charges for services that were higher than the prior year by \$2,530,445. Increases of investment earnings were \$1,247,431 over the prior year and operating grants and contributions increased by \$1,686,650 related to a grant for a major stormwater drainage project.



**Net Position  
Figure 2**

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>ASSETS:</b>						
Current and other assets	\$ 323,290,141	\$ 306,930,680	\$ 61,579,690	\$ 64,574,176	\$ 384,869,831	\$ 371,504,856
Capital assets	<u>489,684,308</u>	<u>468,552,477</u>	<u>94,777,668</u>	<u>87,283,640</u>	<u>584,461,976</u>	<u>555,836,117</u>
Total assets	<u>812,974,449</u>	<u>775,483,157</u>	<u>156,357,358</u>	<u>151,857,816</u>	<u>969,331,807</u>	<u>927,340,973</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
	<u>35,649,061</u>	<u>28,188,977</u>	<u>4,715,754</u>	<u>3,287,691</u>	<u>40,364,815</u>	<u>31,476,668</u>
<b>LIABILITIES:</b>						
Long-term liabilities	359,367,851	319,684,388	52,538,203	52,892,611	411,906,054	372,576,999
Current and other liabilities	<u>27,542,083</u>	<u>34,078,824</u>	<u>5,957,863</u>	<u>4,181,413</u>	<u>33,499,946</u>	<u>38,260,237</u>
Total liabilities	<u>386,909,934</u>	<u>353,763,212</u>	<u>58,496,066</u>	<u>57,074,024</u>	<u>445,406,000</u>	<u>410,837,236</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
	<u>31,303,180</u>	<u>49,428,435</u>	<u>11,323,148</u>	<u>13,747,629</u>	<u>42,626,328</u>	<u>63,176,064</u>
<b>NET POSITION:</b>						
Net investment in capital assets	298,127,945	280,909,012	52,925,790	42,597,241	351,053,735	323,506,253
Restricted	72,080,664	64,217,735	681,410	602,047	72,762,074	64,819,782
Unrestricted	<u>60,201,787</u>	<u>55,353,740</u>	<u>37,646,698</u>	<u>41,124,566</u>	<u>97,848,485</u>	<u>96,478,306</u>
Total net position	<u>\$ 430,410,396</u>	<u>\$ 400,480,487</u>	<u>\$ 91,253,898</u>	<u>\$ 84,323,854</u>	<u>\$ 521,664,294</u>	<u>\$ 484,804,341</u>

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 11,846,453	\$ 9,971,519	\$ 31,616,108	\$ 29,085,663	\$ 43,462,561	\$ 39,057,182
Operating grants and contributions	15,136,420	17,424,837	1,718,016	31,366	16,854,436	17,456,203
Capital grants and contributions	8,840,402	6,148,569	363,983	141,566	9,204,385	6,290,135
General revenues:						
Property taxes	86,821,341	82,558,376	-	-	86,821,341	82,558,376
Other taxes	56,729,808	54,725,001	-	-	56,729,808	54,725,001
Investment earnings	8,159,701	316,027	1,290,399	42,968	9,450,100	358,995
Other	6,807,466	6,498,497	476,457	457,372	7,283,923	6,955,869
Total revenues	<u>194,341,591</u>	<u>177,642,826</u>	<u>35,464,963</u>	<u>29,758,935</u>	<u>229,806,554</u>	<u>207,401,761</u>
<b>Expenses:</b>						
General government	40,088,557	34,635,188	-	-	40,088,557	34,635,188
Public safety	67,596,845	57,680,970	-	-	67,596,845	57,680,970
Transportation	24,843,344	20,691,751	-	-	24,843,344	20,691,751
Economic and physical development	8,050,333	8,718,652	-	-	8,050,333	8,718,652
Culture and recreation	15,156,155	13,097,808	-	-	15,156,155	13,097,808
Transit system	1,712,255	1,599,708	-	-	1,712,255	1,599,708
Interest and other charges	7,439,442	7,737,500	-	-	7,439,442	7,737,500
Recycling and Trash Svcs	-	-	9,026,763	9,777,524	9,026,763	9,777,524
Storm water management	-	-	10,064,788	8,327,457	10,064,788	8,327,457
Parking facilities	-	-	7,139,881	6,770,339	7,139,881	6,770,339
Golf	-	-	1,828,238	1,856,464	1,828,238	1,856,464
Total expenses	<u>164,886,931</u>	<u>144,161,577</u>	<u>28,059,670</u>	<u>26,731,784</u>	<u>192,946,601</u>	<u>170,893,361</u>
Increase in net position before transfers	29,454,660	33,481,249	7,405,293	3,027,151	36,859,953	36,508,400
Transfers from (to) other funds	<u>475,249</u>	<u>(165,299)</u>	<u>(475,249)</u>	<u>165,299</u>	<u>-</u>	<u>-</u>
Increase in net position	<u>29,929,909</u>	<u>33,315,950</u>	<u>6,930,044</u>	<u>3,192,450</u>	<u>36,859,953</u>	<u>36,508,400</u>
Net position at beginning of year	<u>400,480,487</u>	<u>367,164,537</u>	<u>84,323,854</u>	<u>81,131,404</u>	<u>484,804,341</u>	<u>448,295,941</u>
Net position at end of year	<u>\$ 430,410,396</u>	<u>\$ 400,480,487</u>	<u>\$ 91,253,898</u>	<u>\$ 84,323,854</u>	<u>\$ 521,664,294</u>	<u>\$ 484,804,341</u>

**Governmental activities.** Governmental activities increased the City's net position by \$29,929,909. Key elements of this net increase are as follows:

- The increase in net position before transfers in the prior year was \$33,481,249 compared to this year of \$29,454,660, a decrease of \$4,026,589.
  - Revenues increased by \$16,698,765 or 9.4% from the prior year. The current year increases over prior year were predominantly due to increases in investment earnings of \$7,843,674, property taxes of \$4,262,965, sales tax revenue of \$1,099,160 and room occupancy tax revenue of \$511,106. Charges for services increased by \$1,874,934 from the prior year mostly due to an increase in convention center activities. Capital grants and contributions increased by \$2,691,833 mostly related to various easements and other streets and drainage assets accepted by the City for multiple transportation related projects. These increases in revenues are offset by the decrease in revenue for operating grants and contributions of \$2,288,417 due to less American Rescue Plan Act (ARPA) funding being recognized in FY23.
  - Expenses increased by \$20,725,354 or 14.4% over the prior year. The largest increases were \$9.9 million in Public Safety and \$5.5 million in General Government. The next largest increase in expenses was seen in Transportation by \$4.2 million. These increases are mostly attributed to the implementation of a city-wide compensation study, an increase in pension costs, and the increase in streets and sidewalk projects.
- Transfers from (to) the Business-type Activities in the prior year were (\$165,299) compared to this year of \$475,249 an increase of \$640,548.
  - In the current fiscal year, transfers were made from the debt service fund to the parking fund for \$1,908,405 to cover the Riverplace parking deck debt service.
  - \$38,366 was transferred from the general fund to the recycling and trash services fund to continue working with the police department on neighborhood cleanup efforts.
  - \$71,277 of committed revenue was transferred from the general fund to the golf fund to pay for a feasibility study to improve the safety of the Municipal Golf Course crossings.
  - A transfer of \$2,514,313 was made to the fleet fund from the recycling and trash fund for the purchase of nine new automated side-loading packer trucks.
  - A net transfer of capital assets of \$21,016 was made to the fleet fund from the parking fund (\$8,495) and from the fleet fund to the stormwater fund (\$29,511) relative to the equipment and vehicles on lease from the fleet fund.

**Business-type activities.** Business activities increased the City's net position by \$6,930,044. Key elements of the increase are as follows:

- The increase in net position before transfers in the prior year was \$3,027,151 compared to this year of \$7,405,293, an increase of \$4,378,142.
  - The increase in charges for service of \$2,530,445 is mainly from the parking fund due to the increase in users as well as parking rates followed by the recycling and trash fund that also had an increase in rates. The next largest increase in revenue is in operating grants and contributions of \$1,686,650 related to the grants received for stormwater.
  - Expenses increased by \$1,327,886 or 5% from the prior year mainly due to improvements made to the stormwater system.
- Transfers from (to) the Governmental Activities in the prior year were \$165,299 compared to this year of (\$475,249), a decrease of \$640,548.
  - In the current fiscal year, transfers were made from the debt service fund to the parking fund for \$1,908,405 to cover the Riverplace parking deck debt service.
  - \$38,366 was transferred from the general fund to the recycling and trash services fund to continue working with the police department on neighborhood cleanup efforts.
  - \$71,277 of committed revenue was transferred from the general fund to the golf fund to pay for a feasibility study to improve the safety of the Municipal Golf Course crossings.
  - A transfer of \$2,514,313 was made to the fleet fund from the recycling and trash fund for the purchase of nine new automated side-loading packer trucks.

- A net transfer of capital assets of \$21,016 was made to the fleet fund from the parking fund (\$8,495) and from the fleet fund to the stormwater fund (\$29,511) relative to the equipment and vehicles 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 \$39,444,932, a 14.5% decrease from the prior year; while total fund balance was \$75,559,622, a 3.3% 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 continued to have economic impacts from the COVID-19 pandemic as well as extended vacancies and high staff turnover. With these events, the minimum level of unassigned fund balance was still achieved.

The City currently has an unassigned fund balance of 27.9% of the operating budget, while total fund balance represents 53.4% of the same amount. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures (not including transfers). Unassigned fund balance represents 32.9% of total General Fund expenditures, while total fund balance represents 63% of that same amount.

At June 30, 2023, the governmental funds of the City of Wilmington reported a combined fund balance of \$255,214,368, a 8.4% increase or \$19,783,315 more than the prior year. The General Fund, Special Purpose Fund, Streets and Sidewalks Fund, Convention Center Fund, Debt Service Fund, and non-major special revenue and capital project funds are included in this combined amount.

The General Fund realized a \$2.4 million increase to fund balance due to revenues coming in higher than expected. Revenues exceeded the budget by \$7.9 million. Sales tax revenues and Property tax receipts were higher than budgeted by \$3.4 million due continued growth. Other increases in revenue came from ABC revenue at \$1.4 million over budget and investment earnings of \$2 million over budget. The General Fund expenditures were \$6.5 million less than budgeted due to continued position vacancies experienced by several departments throughout the City as well as reduced operating expenses. The Convention Center Fund has an increase of \$1.6 million due mostly to revenue from increases in events and room occupancy tax. The Streets and Sidewalks Fund saw an increase of \$1.5 million due to an increase in investment earnings and the proceeds from a limited obligation bond issuance for street and sidewalk capital improvements. The Debt Service Fund had a decrease of \$3.9 million as funding was transferred to other capital projects. The non-major funds saw an increase of \$17.9 million due to an increase in investment earnings and the proceeds from a limited obligation bond issuance for projects in parks and recreation as well as building capital improvement funds.

**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 \$7,881,933 for the fiscal year. This increase was mostly related to investment earnings, sales tax and ad valorem tax coming in higher than budget by \$2,063,245, \$2,197,852, and \$1,184,198, respectively. The City also received \$1,425,666 higher than estimated for ABC Revenues. The general fund revenues continue to receive positive impacts from growth and the economy as sales tax revenues and investment earnings have resulted positively from the prior year as well as an increase of activity in City services and recreational participation increasing revenues over budget in these areas by \$556,883. Miscellaneous revenue from sale of assets and insurance reimbursement increased by

\$342,504. The City continued to receive lower than expected revenues from the telecommunication taxes as businesses continue to change the way they operate.

Expenditures (excluding transfers) in the General Fund were \$6,493,454 less than the \$126,211,654 amended budget. The City experienced levels below the authorized budget in salaries and benefits due to continued vacancies as well as other operational expenditures such as utilities and insurance coverages. The reductions in expenditures include the lingering adjustments from the pandemic as several of the City staff trainings continue to be held through video conference connections in place of in-person experiences.

**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 \$3,114,245, \$26,064,197, and \$7,740,408, respectively. These balances are all in-line with the previous year except for the Storm Water Fund which had a decrease related to the increase in capitalization of drainage assets. The unrestricted net position of the non-major Golf enterprise fund totaled \$727,848. This is an increase over the prior year as the golf course continues to have increased activity, bringing in higher revenue.

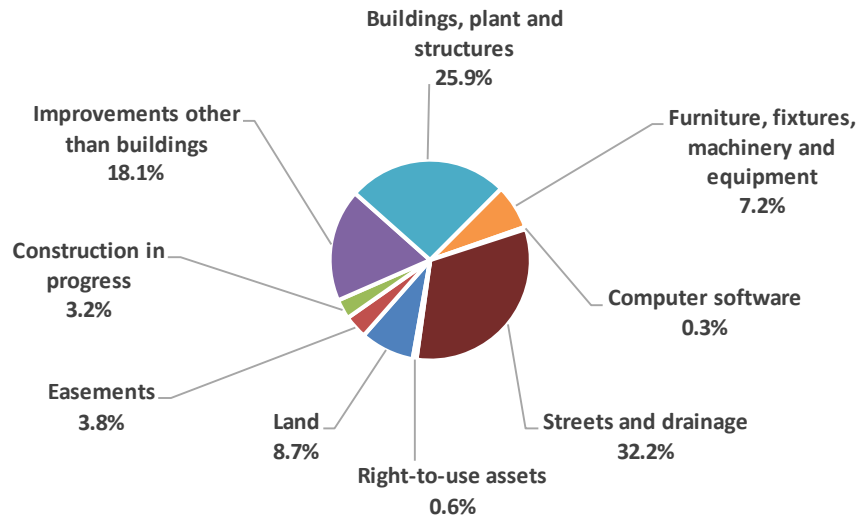
### **Capital Assets, Leases, and Debt Administration**

**Capital assets.** The City of Wilmington's investment in capital assets for its governmental and business-type activities as of June 30, 2023, was \$584,461,976 (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, software, and right to use assets for leases and IT subscriptions.

Major capital asset transactions during the year include the following:

- An increase of \$11,189,723 in streets and drainage for governmental activity capital assets (see Figure 4) represented the largest increase. Of this amount, \$2,669,841 is for various streets and drainage assets the city accepted from new developments. The City acquired land valued at \$5,724,392 to be used for economic development opportunities. Of this, \$4.8 million was purchased from the Salvation Army and \$900 thousand was acquired through a settlement agreement. Construction in progress increased by \$12,000,297 for various projects the City is currently working on. This increase was offset by the decrease of \$6,844,469 where assets under construction previously were capitalized in the current year. While, not significant, the implementation of GASB 96 added \$2,369,183 of right to use assets for IT subscriptions.
- An increase of \$4,919,059 in improvements other than buildings for business-type activities represented the largest increase related mostly to various storm water and drainage improvement projects throughout the City. Additionally, construction in progress also increased by \$4,723,660 for additional stormwater and drainage improvement projects under construction.

## Capital Assets



**Capital Assets  
Figure 4**

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 69,732,090	\$ 64,007,698	\$ 8,491,754	\$ 8,491,754	\$ 78,223,844	\$ 72,499,452
Easements	30,399,194	25,500,997	3,953,643	3,424,585	34,352,837	28,925,582
Construction in progress	19,634,403	14,478,575	9,004,260	4,280,600	28,638,663	18,759,175
Total non-depreciable assets	<u>119,765,687</u>	<u>103,987,270</u>	<u>21,449,657</u>	<u>16,196,939</u>	<u>141,215,344</u>	<u>120,184,209</u>
Improvements other than buildings	88,234,356	86,549,337	73,732,275	68,813,216	161,966,631	155,362,553
Buildings, plant and structures	191,379,049	186,822,300	41,738,275	40,969,364	233,117,324	227,791,664
Furniture, fixtures, machinery and equipment	62,219,519	59,200,888	2,918,948	2,759,832	65,138,467	61,960,720
Computer software	3,361,240	3,181,191	102,792	102,792	3,464,032	3,283,983
Streets and drainage	289,715,852	278,526,129	-	-	289,715,852	278,526,129
Right-to-use leased land	84,270	-	1,815,439	1,815,439	1,899,709	1,815,439
Right-to-use leased equipment	529,088	191,567	-	-	529,088	191,567
Right-to-use leased buildings	76,162	44,382	-	-	76,162	44,382
Right-to-use subscription assets	2,369,183	2,272,060	-	-	2,369,183	2,272,060
Total assets being depreciated and amortized	637,968,719	616,787,854	120,307,729	114,460,643	758,276,448	731,248,497
Accumulated depreciation/amortization	<u>(268,050,098)</u>	<u>(249,950,587)</u>	<u>(46,979,718)</u>	<u>(43,373,942)</u>	<u>(315,029,816)</u>	<u>(293,324,529)</u>
Total capital assets being depreciated and amortized, net	<u>369,918,621</u>	<u>366,837,267</u>	<u>73,328,011</u>	<u>71,086,701</u>	<u>443,246,632</u>	<u>437,923,968</u>
Total capital assets, net	<u>\$ 489,684,308</u>	<u>\$ 470,824,537</u>	<u>\$ 94,777,668</u>	<u>\$ 87,283,640</u>	<u>\$ 584,461,976</u>	<u>\$ 558,108,177</u>



Additional information on the City's capital assets can be found in note 3 on pages 73 - 76 of this report.

**Long-term Debt.** At June 30, 2023, the City does not have general obligation bonds authorized but unissued. The total bonded debt outstanding is \$91,315,000. Of the amount outstanding, \$74,840,000 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.

The City of Wilmington's total bonded debt decreased by \$5,910,000 during the past fiscal year. At June 30, 2023, 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 \$1,751,609,581.

The City's total debt increased by \$39,329,055 (11%) during the past fiscal year. The addition of debt was offset by principal retirements for the year ended June 30, 2023 totaling \$18,351,454. The City's net pension liability for LGERS saw an increase of \$34,163,093 due to the City's proportionate share of the liability increasing from .79558% to .822% for FY23 based on experience adjustments and earnings on the plan investments.

**Total Debt Outstanding  
Figure 5**

	Governmental		Business-type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
General obligation bonds	\$ 74,840,000	\$ 79,910,000	\$ -	\$ -	\$ 74,840,000	\$ 79,910,000
Revenue bonds	-	-	16,475,000	17,315,000	16,475,000	17,315,000
Installment Obligations	150,998,086	136,742,175	24,801,914	26,657,825	175,800,000	163,400,000
Other Long term obligations	5,604,490	6,465,944	-	-	5,604,490	6,465,944
Plus deferred amounts for						
issuance premiums	27,267,432	25,263,250	1,053,055	1,229,911	28,320,487	26,493,161
Lease liability	459,092	202,431	1,503,967	1,661,434	1,963,059	1,863,865
Subscription liability	1,368,109	-	-	-	1,368,109	-
Compensated absences	9,064,698	8,566,809	629,638	610,245	9,694,336	9,177,054
Net OPEB Liability	33,247,666	34,533,455	3,207,269	4,058,311	36,454,935	38,591,766
Net pension liability (LGERS)	41,496,716	10,841,098	4,867,360	1,359,885	46,364,076	12,200,983
Total pension liability (Separation Allowance)	<u>15,021,562</u>	<u>17,159,226</u>	<u>-</u>	<u>-</u>	<u>15,021,562</u>	<u>17,159,226</u>
<b>Total</b>	<b><u>\$359,367,851</u></b>	<b><u>\$319,684,388</u></b>	<b><u>\$ 52,538,203</u></b>	<b><u>\$ 52,892,611</u></b>	<b><u>\$411,906,054</u></b>	<b><u>\$372,576,999</u></b>

Additional information on the City of Wilmington's long-term debt can be found in note 3 on pages 95 - 113 of this report.

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

The following key economic indicators reflect the conservative growth projections:

- The City of Wilmington's unemployment rate was 3.5% at June 30, 2023 and was just below both the State average of 3.6% and the national average of 3.8%. In January of 2023, the national unemployment rate reached over a 50-year record low at 3.4% and sat at 3.6% in February of 2023. North Carolina remained the same during this period. The labor market is tighter in Wilmington. Tight labor markets have led to high numbers of vacancies and have contributed to rising wages. Concerns that the U.S. economy is heading for a recession has been a topic of discussion by politicians, economists, and financial professionals for over a year. In an effort to shift the recession, the Federal Reserve raised interest rates 10 times from March of 2022 to May of 2023.
- Sales tax receipts for the City of Wilmington's distribution saw a 13.2% increase from FY21 actuals (\$34,416,611) to FY22 actuals (\$38,986,075). The city's sales tax receipt distribution for FY23 was \$40,085,234 and represents 2.8 percent over the FY22 actuals and 5.8 percent over the FY23 adopted budget (\$37,869,936). The FY24 sales tax receipt projection totals \$45,226,362 is 12.8% over the FY23 year-end and 20.1% over the FY23 adopted. These increases have been impacted by changes in projected property levies that affect the distribution method, the continued normalizing of consumer behavior in a post-pandemic environment as well as the looming threat of a recession. The FY24 growth represents the average growth rate budgeted pre-pandemic years. Sales Tax represents 30.6% of the total FY24 General Fund revenues. Sales tax revenues for the FY24 budget were developed based on the City's trends of recent monthly collections and growth at the time the budget was being prepared. Sales tax revenues are received 3 months in arrears of actually earning them.

All of these factors were included in preparing the City of Wilmington's budget for the 2024 fiscal year.

### Budget Highlights for the Fiscal Year Ending June 30, 2024

**Governmental Activities.** The FY24 budget includes a real property tax rate of 39.50 cents per \$100 assessed value which reflects no property tax adjustment. The value of one penny of the tax rate is equivalent to approximately \$2,250,579 based on a 99.47% collection rate for Property and a 100% collection rate for Motor Vehicles. Of the \$0.3950, \$0.0825, representing a shift of 1.12 cents from the general fund's rate allocation, is dedicated to the Debt Service Fund to support capital projects related to the multi-year 80/20 Debt Service CIPs, voter approved bonds and public collaboration projects. The remaining property tax \$0.3125 supports general government services in the general fund.

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 includes an unchanged real property tax rate of \$0.0647 per \$100 assessed value, for both real and personal property, based on the total district's property values totaling \$904 million. The assessed values have increased by 9.4% over FY23. Expected ad valorem revenues totaling \$582,871 have been budgeted for FY24.

The FY24 General Fund budgeted expenditures, excluding transfers, increased by \$8.4 million or 7.2% to \$125,578,478 from the adopted FY23 budget of \$117,145,400. The General Fund budget appropriates \$8.5 million of unassigned fund balance toward the acquisition of property to allow the city's administration to be housed together and vacate seven properties currently used for these services. The city-wide FY24 adopted budget reflects a net increase of 19.08 positions. Each position request directly associates with the strategic plan and overall mission of the City.

**Business-type Activities.** Stormwater rates increased by 1% to \$8.60 per month per residence ERU. Recycling and Trash Services will see an average adjustment of \$2.40 per month effective beginning of the fiscal year as a result of continued on-going increases with personnel expenses, inflation cost, landfill costs and fleet expenses. Similar responses were required for both Golf and Parking to respond to increased operating costs. Golf green fees will increase by \$2 and parking implemented the 2nd year of a 3-year plan for various fees to be in-line

with a recently completed benchmark study. The Golf and Parking advisory boards are in support of these changes.

### **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, 929 N. Front St, Wilmington, N.C. 28401. You can also call 910-341-7822, visit our website [www.wilmingtonnc.gov](http://www.wilmingtonnc.gov) or send an email to [finance@wilmingtonnc.gov](mailto:finance@wilmingtonnc.gov).

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## **BASIC FINANCIAL STATEMENTS**



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

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Net Position**

**June 30, 2023**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents/investments	\$ 168,064,846	\$ 39,501,505	\$ 207,566,351	\$ 2,289,479
Taxes receivable, net	959,227	-	959,227	-
Accounts receivable, net	1,202,434	2,526,377	3,728,811	17,726
Other receivables	1,434,158	351,066	1,785,224	-
Due from other governments	25,539,632	5,793,065	31,332,697	408,133
Due from management company	412,832	-	412,832	-
Inventories	795,186	133,498	928,684	360,831
Notes receivable	25,868,407	-	25,868,407	-
Prepays	760,815	128,215	889,030	-
Restricted assets for capital outlay:				
Cash and cash equivalents/investments	80,821,661	3,134,600	83,956,261	-
Lease receivable:				
Due within one year	555,926	38,853	594,779	-
Due in more than one year	16,875,017	9,972,511	26,847,528	-
Capital assets:				
Land, easements and construction in progress	119,765,687	21,449,657	141,215,344	4,117,288
Other capital assets, net of accumulated depreciation/amortization	<u>369,918,621</u>	<u>73,328,011</u>	<u>443,246,632</u>	<u>21,248,031</u>
Total assets	<u>812,974,449</u>	<u>156,357,358</u>	<u>969,331,807</u>	<u>28,441,488</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>35,649,061</u>	<u>4,715,754</u>	<u>40,364,815</u>	<u>585,620</u>
<b>LIABILITIES</b>				
Accounts payable	4,329,902	3,718,777	8,048,679	8,942
Due to other governments	180,115	5,323	185,438	-
Accrued liabilities	7,309,473	627,570	7,937,043	51,216
Customer and escrow deposits	1,025,109	119,105	1,144,214	-
Unearned revenues	8,095	186,985	195,080	-
Restricted liabilities:				
Accounts payable	3,940,838	1,300,103	5,240,941	-
Unearned revenues	10,748,551	-	10,748,551	-
Long-term liabilities:				
Due within one year	24,592,027	3,261,403	27,853,430	261,733
Due in more than one year	<u>334,775,824</u>	<u>49,276,800</u>	<u>384,052,624</u>	<u>808,981</u>
Total liabilities	<u>386,909,934</u>	<u>58,496,066</u>	<u>445,406,000</u>	<u>1,130,872</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>31,303,180</u>	<u>11,323,148</u>	<u>42,626,328</u>	<u>8,678</u>
<b>NET POSITION</b>				
Net investment in capital assets	298,127,945	52,925,790	351,053,735	25,365,319
Restricted for:				
Stabilization by State statute	20,563,487	-	20,563,487	-
Leases	326,819	137,918	464,737	-
Community development housing loans	33,811,232	-	33,811,232	-
Convention center facility	12,938,315	-	12,938,315	-
Capital projects	3,060,485	543,492	3,603,977	-
Public safety	999,732	-	999,732	-
Economic and physical development	297,014	-	297,014	-
Cultural and recreational	83,580	-	83,580	-
Unrestricted	<u>60,201,787</u>	<u>37,646,698</u>	<u>97,848,485</u>	<u>2,522,239</u>
Net position	<u>\$ 430,410,396</u>	<u>\$ 91,253,898</u>	<u>\$ 521,664,294</u>	<u>\$ 27,887,558</u>

See notes to financial statements.

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Activities**

**Year Ended June 30, 2023**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 40,088,557	\$ 1,924,761	\$ 6,400,699	\$ -
Public safety	67,596,845	1,068,204	1,174,093	251,658
Transportation	24,843,344	2,128,902	5,552,645	8,310,370
Economic and physical development	8,050,333	5,289,810	1,508,300	28,584
Cultural and recreational	15,156,155	1,434,776	500,683	249,790
Transit system	1,712,255	-	-	-
Interest and other charges	7,439,442	-	-	-
Total governmental activities	<u>164,886,931</u>	<u>11,846,453</u>	<u>15,136,420</u>	<u>8,840,402</u>
Business-type activities:				
Recycling and trash services	9,026,763	10,914,525	95,178	-
Storm water management	10,064,788	12,932,139	1,622,838	363,983
Parking facilities	7,139,881	5,525,902	-	-
Golf	1,828,238	2,243,542	-	-
Total business-type activities	<u>28,059,670</u>	<u>31,616,108</u>	<u>1,718,016</u>	<u>363,983</u>
Total primary government	<u>\$ 192,946,601</u>	<u>\$ 43,462,561</u>	<u>\$ 16,854,436</u>	<u>\$ 9,204,385</u>
Component unit	<u>\$ 13,039,325</u>	<u>\$ 1,986,648</u>	<u>\$ 7,357,421</u>	<u>\$ 869,173</u>



Functions/Programs	Net (Expenses) Revenues and Changes in Net Position			
	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Primary government:				
Governmental activities:				
General government	\$ (31,763,097)	\$ -	\$ (31,763,097)	\$ -
Public safety	(65,102,890)	-	(65,102,890)	-
Transportation	(8,851,427)	-	(8,851,427)	-
Economic and physical development	(1,223,639)	-	(1,223,639)	-
Cultural and recreational	(12,970,906)	-	(12,970,906)	-
Transit system	(1,712,255)	-	(1,712,255)	-
Interest and other charges	(7,439,442)	-	(7,439,442)	-
Total governmental activities	<u>(129,063,656)</u>	<u>-</u>	<u>(129,063,656)</u>	<u>-</u>
Business-type activities:				
Recycling and trash services	-	1,982,940	1,982,940	-
Storm water management	-	4,854,172	4,854,172	-
Parking facilities	-	(1,613,979)	(1,613,979)	-
Golf	-	415,304	415,304	-
Total business-type activities	<u>-</u>	<u>5,638,437</u>	<u>5,638,437</u>	<u>-</u>
Total primary government	<u>(129,063,656)</u>	<u>5,638,437</u>	<u>(123,425,219)</u>	<u>-</u>
Component unit	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,826,083)</u>
General revenues:				
Ad valorem taxes	86,821,341	-	86,821,341	-
Room occupancy tax	6,370,476	-	6,370,476	-
Grants and contributions not restricted to specific programs	4,276,513	-	4,276,513	-
Operating subsidy from primary government	-	-	-	1,626,419
Operating subsidy from other governments	-	-	-	383,451
Local option sales tax	40,085,234	-	40,085,234	-
Franchise tax	8,676,707	-	8,676,707	-
Video programming sales tax	1,097,987	-	1,097,987	-
Rental vehicle tax	499,404	-	499,404	-
Investment earnings	8,159,701	1,290,399	9,450,100	-
Miscellaneous	2,530,953	476,457	3,007,410	337,197
Total general revenues not including transfers	<u>158,518,316</u>	<u>1,766,856</u>	<u>160,285,172</u>	<u>2,347,067</u>
Transfers from (to) other funds	<u>475,249</u>	<u>(475,249)</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers	<u>158,993,565</u>	<u>1,291,607</u>	<u>160,285,172</u>	<u>2,347,067</u>
Change in net position	<u>29,929,909</u>	<u>6,930,044</u>	<u>36,859,953</u>	<u>(479,016)</u>
Net position at beginning of year	<u>400,480,487</u>	<u>84,323,854</u>	<u>484,804,341</u>	<u>28,366,574</u>
Net position at end of year	<u>\$ 430,410,396</u>	<u>\$ 91,253,898</u>	<u>\$ 521,664,294</u>	<u>\$ 27,887,558</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Balance Sheet -  
Governmental Funds**

**June 30, 2023**

	<u>General Fund</u>	<u>Special Purpose Fund</u>	<u>Convention Center Fund</u>	<u>Streets and Sidewalks Fund</u>
<b>ASSETS</b>				
Cash and cash equivalents/investments	\$ 63,463,849	\$ 1,271,371	\$ 10,613,053	\$ 28,584,275
Taxes receivable, net	792,465	-	-	-
Accounts receivable, net	1,155,578	-	-	39,751
Other receivables	381,062	31,516	55,076	97,059
Due from other funds	273,265	-	-	-
Due from management company	-	-	412,832	-
Due from other governments	17,781,547	621,424	2,410,778	483,596
Notes receivable, net	217,620	70,947	-	-
Leases receivable	7,074,773	-	10,046,115	-
Inventories	746,471	-	-	-
Prepays	423,156	4,772	-	312,559
Restricted assets:				
Cash and cash equivalents/investments	<u>-</u>	<u>10,820,244</u>	<u>2,672</u>	<u>45,177,528</u>
Total assets	<u>\$ 92,309,786</u>	<u>\$ 12,820,274</u>	<u>\$ 23,540,526</u>	<u>\$ 74,694,768</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,074,730	\$ 253,776	\$ 552,096	\$ 837,129
Due to other funds	-	-	-	-
Due to other governments	2,836	-	-	-
Accrued liabilities	6,201,499	39,741	-	-
Customer and escrow deposits	515,754	-	-	-
Unearned revenue	4,095	-	4,000	-
Restricted liabilities:				
Accounts payable	-	-	-	3,325,192
Unearned revenue	<u>-</u>	<u>10,382,568</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>7,798,914</u>	<u>10,676,085</u>	<u>556,096</u>	<u>4,162,321</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Taxes receivable, net	792,465	-	-	-
Accounts receivable	1,009,502	3,063	-	-
Notes receivable	217,620	-	-	-
Leases	<u>6,931,663</u>	<u>-</u>	<u>9,867,451</u>	<u>-</u>
Total deferred inflows of resources	<u>8,951,250</u>	<u>3,063</u>	<u>9,867,451</u>	<u>-</u>

	Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents/investments	\$ 18,050,668	\$ 24,636,357	\$ 146,619,573
Taxes receivable, net	162,995	3,767	959,227
Accounts receivable, net	-	7,105	1,202,434
Other receivables	30,463	75,750	670,926
Due from other funds	-	-	273,265
Due from management company	-	-	412,832
Due from other governments	86,842	3,986,245	25,370,432
Notes receivable, net	-	25,579,840	25,868,407
Leases receivable	-	310,055	17,430,943
Inventories	-	-	746,471
Prepays	-	1,499	741,986
Restricted assets:			
Cash and cash equivalents/investments	<u>61,360</u>	<u>24,759,857</u>	<u>80,821,661</u>
Total assets	<u>\$ 18,392,328</u>	<u>\$ 79,360,475</u>	<u>\$ 301,118,157</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 10,007	\$ 1,426,097	\$ 4,153,835
Due to other funds	-	273,265	273,265
Due to other governments	162,011	15,268	180,115
Accrued liabilities	-	28,426	6,269,666
Customer and escrow deposits	-	509,355	1,025,109
Unearned revenue	-	-	8,095
Restricted liabilities:			
Accounts payable	-	615,646	3,940,838
Unearned revenue	-	365,983	10,748,551
Total liabilities	<u>172,018</u>	<u>3,234,040</u>	<u>26,599,474</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Taxes receivable, net	162,995	3,767	959,227
Accounts receivable	-	7,105	1,019,670
Notes receivable	-	3,674	221,294
Leases	-	305,010	17,104,124
Total deferred inflows of resources	<u>162,995</u>	<u>319,556</u>	<u>19,304,315</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**June 30, 2023**

	General Fund	Special Purpose Fund	Convention Center Fund	Streets and Sidewalks Fund
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>FUND BALANCES</b>				
Non Spendable:				
Leases	\$ 143,110	\$ -	\$ 178,664	\$ -
Inventories	746,471	-	-	-
Prepays	423,156	4,772	-	312,559
Restricted:				
Stabilization by State statute	20,293,691	-	-	-
Community development loans	-	70,947	-	-
Convention center	-	-	12,938,315	-
Capital projects	-	-	-	41,852,336
Debt service	-	-	-	-
Public safety	-	738,986	-	-
Economic and physical development	-	297,014	-	-
Cultural and recreational	-	83,580	-	-
Committed:				
Capital projects	-	-	-	28,367,552
Debt service	-	-	-	-
Public safety	890,475	515,872	-	-
Transportation	-	409,192	-	-
Economic and physical development	-	20,763	-	-
Cultural and recreational	327,787	-	-	-
Transit	400,000	-	-	-
General government	220,000	-	-	-
Affordable Housing	3,150,000	-	-	-
Municipal service district	-	-	-	-
Assigned:				
Self-insurance	1,000,000	-	-	-
Subsequent year's expenditures	8,520,000	-	-	-
Unassigned	39,444,932	-	-	-
Unassigned (deficit), reported in:				
Nonmajor special revenue funds	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	<u>75,559,622</u>	<u>2,141,126</u>	<u>13,116,979</u>	<u>70,532,447</u>
Total liabilities, deferred inflows of resources and fund balances				
	<u>\$ 92,309,786</u>	<u>\$ 12,820,274</u>	<u>\$ 23,540,526</u>	<u>\$ 74,694,768</u>

	Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
<b>FUND BALANCES</b>			
Non Spendable:			
Leases	\$ -	\$ 5,045	\$ 326,819
Inventories	-	-	746,471
Prepays	-	1,499	741,986
Restricted:			
Stabilization by State statute	119,505	150,291	20,563,487
Community development loans	-	33,740,285	33,811,232
Convention center	-	-	12,938,315
Capital projects	-	23,776,072	65,628,408
Debt service	61,360	-	61,360
Public safety	-	260,746	999,732
Economic and physical development	-	-	297,014
Cultural and recreational	-	-	83,580
Committed:			
Capital projects	-	17,344,949	45,712,501
Debt service	17,876,450	-	17,876,450
Public safety	-	-	1,406,347
Transportation	-	-	409,192
Economic and physical development	-	-	20,763
Cultural and recreational	-	-	327,787
Transit	-	-	400,000
General government	-	-	220,000
Affordable Housing	-	-	3,150,000
Municipal service district	-	628,843	628,843
Assigned:			
Self-insurance	-	-	1,000,000
Subsequent year's expenditures	-	-	8,520,000
Unassigned	-	-	39,444,932
Unassigned (deficit), reported in:			
Nonmajor special revenue funds	-	(100,851)	(100,851)
Total fund balances	<u>18,057,315</u>	<u>75,806,879</u>	<u>255,214,368</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 18,392,328</u>	<u>\$ 79,360,475</u>	<u>\$ 301,118,157</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**June 30, 2023**

Total fund balances - governmental funds	\$255,214,368
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.	480,140,631
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.	(40,993,565)
This amount represents the City's total pension liability of the Law Enforcement Officers' Special Separation Allowance (Separation Allowance).	(15,021,562)
This amount represents the City's net other postemployment benefits liability relevant to governmental activities.	(32,880,573)
Contributions to the LGERS pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position.	7,459,031
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.	454,569
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.	30,117,496
Liabilities for unavailable revenues considered deferred inflows of resources in fund statements.	2,200,190
This amount represents pension related deferrals from the City's participation in the LGERS pension plan.	18,881,298
This amount represents pension related deferrals from the City's participation in the Separation Allowance pension plan.	89,685
This amount represents other postemployment benefits related deferrals.	(8,013,993)
Long-term liabilities including accrued compensated absences, bonds payable, installment obligations, lease liabilities, subscription liabilities and accrued interest thereon are not due and payable in the current period and, therefore, are not reported in the funds.	(267,843,936)
Other adjustment to net assets for investment income receivables not reported in the governmental funds.	<u>606,757</u>
Net position - governmental activities	<u>\$430,410,396</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, 2023**

	General Fund	Special Purpose Fund	Convention Center Fund	Streets and Sidewalks Fund
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Revenues:				
Ad valorem taxes	\$ 71,188,016	\$ -	\$ -	\$ -
Room occupancy tax	-	-	6,370,476	-
Other taxes	50,119,375	-	-	-
Unrestricted intergovernmental	4,276,513	-	-	-
Restricted intergovernmental	3,266,710	8,869,134	-	1,041,319
Licenses and permits	829,141	-	-	-
Sales and services	3,256,190	-	5,128,687	-
Fines and forfeits	142,603	-	-	-
Investment earnings	2,544,245	284,823	309,567	2,287,938
Donations	-	26,550	-	37,699
Miscellaneous	1,367,421	1,576,882	260,890	-
Total revenues	<u>136,990,214</u>	<u>10,757,389</u>	<u>12,069,620</u>	<u>3,366,956</u>
Expenditures:				
Current:				
General government	35,009,259	1,438,175	-	-
Public safety	62,767,037	892,933	-	-
Transportation	9,220,740	3,453,726	-	16,473,626
Economic and physical development	102,748	306,062	8,542,436	-
Cultural and recreational	10,080,231	12,062	-	225,143
Transit system	1,626,419	85,836	-	-
Debt service:				
Principal retirement	1,032,092	16,654	1,860,000	-
Interest and other charges	25,699	146	1,857,465	-
Total expenditures	<u>119,864,225</u>	<u>6,205,594</u>	<u>12,259,901</u>	<u>16,698,769</u>
Excess (deficiency) of revenues over (under) expenditures	<u>17,125,989</u>	<u>4,551,795</u>	<u>(190,281)</u>	<u>(13,331,813)</u>
Other financing sources (uses):				
Transfers from other funds	-	645,743	1,771,160	2,700,782
Transfers to other funds	(14,982,767)	(4,840,720)	-	-
Issuance of installment obligations	-	-	-	8,898,015
Premium on installment obligations	-	-	-	3,192,432
Issuance of lease	116,051	-	-	-
Issuance of subscription	64,091	-	-	-
Total other financing sources (uses), net	<u>(14,802,625)</u>	<u>(4,194,977)</u>	<u>1,771,160</u>	<u>14,791,229</u>
Net change in fund balances	2,323,364	356,818	1,580,879	1,459,416
Fund balances at beginning of year	73,145,369	1,784,308	11,536,100	69,073,031
Change in reserve for inventories	<u>90,889</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at end of year	<u>\$ 75,559,622</u>	<u>\$ 2,141,126</u>	<u>\$ 13,116,979</u>	<u>\$ 70,532,447</u>



	Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
<b>Revenues:</b>			
Ad valorem taxes	\$ 15,626,827	\$ 551,861	\$ 87,366,704
Room occupancy tax	-	-	6,370,476
Other taxes	-	239,957	50,359,332
Unrestricted intergovernmental	-	-	4,276,513
Restricted intergovernmental	-	3,604,852	16,782,015
Licenses and permits	-	-	829,141
Sales and services	-	-	8,384,877
Fines and forfeits	-	-	142,603
Investment earnings	506,105	1,029,731	6,962,409
Donations	125,000	591,629	780,878
Miscellaneous	-	217,308	3,422,501
Total revenues	<u>16,257,932</u>	<u>6,235,338</u>	<u>185,677,449</u>
<b>Expenditures:</b>			
<b>Current:</b>			
General government	-	3,681,088	40,128,522
Public safety	-	850,917	64,510,887
Transportation	-	2,251,147	31,399,239
Economic and physical development	-	2,059,707	11,010,953
Cultural and recreational	-	6,633,951	16,951,387
Transit system	-	-	1,712,255
<b>Debt service:</b>			
Principal retirement	13,795,543	6,525	16,710,814
Interest and other charges	6,546,855	-	8,430,165
Total expenditures	<u>20,342,398</u>	<u>15,483,335</u>	<u>190,854,222</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,084,466)</u>	<u>(9,247,997)</u>	<u>(5,176,773)</u>
<b>Other financing sources (uses):</b>			
Transfers from other funds	9,334,832	13,338,044	27,790,561
Transfers to other funds	(9,185,833)	(1,513,013)	(30,522,333)
Issuance of installment obligations	-	15,081,986	23,980,001
Premium on installment obligations	-	215,364	3,407,796
Issuance of lease	-	-	116,051
Issuance of subscription	-	33,032	97,123
Total other financing sources (uses), net	<u>148,999</u>	<u>27,155,413</u>	<u>24,869,199</u>
Net change in fund balances	(3,935,467)	17,907,416	19,692,426
Fund balances at beginning of year	21,992,782	57,899,463	235,431,053
Change in reserve for inventories	-	-	90,889
Fund balances at end of year	<u>\$ 18,057,315</u>	<u>\$ 75,806,879</u>	<u>\$ 255,214,368</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, 2023**

Net change in fund balances - total governmental funds	\$ 19,692,426
Amounts reported for governmental activities in the statement of activities are different because:	
Change in fund balance due to change in reserve for inventory.	90,889
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 and amortization expense. This is the amount by which capital outlays exceeded depreciation and amortization in the current period, including amounts for donations and disposals.	17,724,019
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.	231,069
Contributions to the Local Governmental Retirement System (LGRS) pension plan in the current fiscal year are not included on the Statement of Activities.	7,459,031
Benefit payments and pension administration costs for the Law Enforcement Officers' Special Separation Allowance (Separation Allowance) after the measurement date are not included on the Statement of Activities.	454,569
The issuance of long-term debt including leases and subscriptions 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 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.	(9,854,857)
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.	(11,542,888)
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>5,675,651</u>
Change in net position - governmental activities	<u>\$ 29,929,909</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Ad valorem tax	\$ 70,003,818	\$ 70,003,818	\$ 71,188,016	\$ 1,184,198
Local option sales tax	37,647,425	37,647,425	39,845,277	2,197,852
Franchise tax	8,446,089	8,446,089	8,676,707	230,618
Video programming tax	1,259,766	1,259,766	1,097,987	(161,779)
Rental vehicle tax	487,171	487,171	499,404	12,233
Unrestricted intergovernmental	2,840,000	2,840,000	4,276,513	1,436,513
Restricted intergovernmental	3,286,388	3,286,388	3,266,710	(19,678)
Licenses and permits	832,000	832,000	829,141	(2,859)
Sales and services	2,699,307	2,699,307	3,256,190	556,883
Fines and forfeits	100,400	100,400	142,603	42,203
Interest earnings	481,000	481,000	2,544,245	2,063,245
Miscellaneous	1,024,917	1,024,917	1,367,421	342,504
Total revenues	<u>129,108,281</u>	<u>129,108,281</u>	<u>136,990,214</u>	<u>7,881,933</u>
Expenditures:				
Current:				
General Government	39,174,607	38,613,515	34,965,982	3,647,533
Public Safety	64,657,037	63,591,705	62,767,037	824,668
Transportation	10,146,325	10,073,677	9,220,740	852,937
Cultural and Recreational	11,383,583	11,248,545	10,080,231	1,168,314
Transit System	1,626,419	1,626,419	1,626,419	-
Debt Service:				
Principal retirement	1,032,093	1,032,093	1,032,092	1
Interest and other charges	<u>25,700</u>	<u>25,700</u>	<u>25,699</u>	<u>1</u>
Total expenditures	<u>128,045,764</u>	<u>126,211,654</u>	<u>119,718,200</u>	<u>6,493,454</u>
Excess of revenues over expenditures	<u>1,062,517</u>	<u>2,896,627</u>	<u>17,272,014</u>	<u>14,375,387</u>
Other financing sources (uses):				
Transfers to other funds	(15,370,952)	(15,370,952)	(15,128,792)	242,160
Issuance of lease	116,052	116,052	116,051	(1)
Issuance of subscription	214,092	214,092	64,091	(150,001)
Appropriated fund balance	<u>13,978,291</u>	<u>12,144,181</u>	<u>-</u>	<u>(12,144,181)</u>
Total other financing uses	<u>(1,062,517)</u>	<u>(2,896,627)</u>	<u>(14,948,650)</u>	<u>(12,052,023)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>2,323,364</u>	<u>\$ 2,323,364</u>
Fund balance at beginning of year			73,145,369	
Change in reserve for inventories			<u>90,889</u>	
Fund balance at end of year			75,559,622	
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			146,025	
General government expenditures			(43,277)	
Economic and physical development expenditures			<u>(102,748)</u>	
Fund balance at end of year			<u>\$ 75,559,622</u>	

See notes to financial statements.

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Net Position -  
Proprietary Funds**

**June 30, 2023**

	<b>Enterprise Funds</b>		
	<u>Recycling and Trash Services Fund</u>	<u>Storm Water Management Fund</u>	<u>Parking Facilities Fund</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 4,885,242	\$ 23,894,117	\$ 8,763,545
Accounts receivable:			
Customers, net	1,280,031	1,246,346	-
Other receivables	41,620	179,106	114,432
Due from other governments	205,343	5,547,391	12,634
Lease receivable	-	-	38,853
Inventory of materials and supplies	45,923	46,382	-
Prepays	16,450	82,808	20,513
Restricted assets:			
Cash and cash equivalents	-	1,824,506	1,310,094
Total current assets	<u>6,474,609</u>	<u>32,820,656</u>	<u>10,260,071</u>
Noncurrent assets:			
Lease receivable	-	-	9,972,511
Capital assets:			
Land	-	1,533,071	6,849,290
Easements	-	3,761,891	191,752
Improvements other than buildings	-	70,737,233	231,282
Buildings, plant and structures	-	1,202,630	38,957,248
Intangible software	-	-	102,792
Furniture, fixtures, machinery and equipment	37,305	1,440,261	1,134,241
Construction in progress	-	9,004,260	-
Intangible right-to-use leased assets	-	-	1,815,439
Less accumulated depreciation/amortization	<u>(31,650)</u>	<u>(27,518,478)</u>	<u>(17,452,664)</u>
Total capital assets, net of accumulated depreciation/ amortization	<u>5,655</u>	<u>60,160,868</u>	<u>31,829,380</u>
Total noncurrent assets	<u>5,655</u>	<u>60,160,868</u>	<u>41,801,891</u>
Total assets	<u>6,480,264</u>	<u>92,981,524</u>	<u>52,061,962</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Other postemployment benefits deferrals	814,420	511,092	12,425
Pension deferrals	1,140,819	986,780	52,660
Contributions to pension plan in current fiscal year	402,679	308,948	23,147
Charge on refunding	-	121,566	26,388
Total deferred outflows of resources	<u>2,357,918</u>	<u>1,928,386</u>	<u>114,620</u>

	Nonmajor Golf Fund	Total	Internal Service Funds
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,958,601	\$ 39,501,505	\$ 21,445,273
Accounts receivable:			
Customers, net	-	2,526,377	-
Other receivables	15,908	351,066	156,476
Due from other governments	27,697	5,793,065	169,200
Lease receivable	-	38,853	-
Inventory of materials and supplies	41,193	133,498	48,715
Prepays	8,444	128,215	18,829
Restricted assets:			
Cash and cash equivalents	-	3,134,600	-
Total current assets	<u>2,051,843</u>	<u>51,607,179</u>	<u>21,838,493</u>
Noncurrent assets:			
Lease receivable	-	9,972,511	-
Capital assets:			
Land	109,393	8,491,754	-
Easements	-	3,953,643	-
Improvements other than buildings	2,763,760	73,732,275	-
Buildings, plant and structures	1,578,397	41,738,275	-
Intangible software	-	102,792	19,000
Furniture, fixtures, machinery and equipment	307,141	2,918,948	31,638,661
Construction in progress	-	9,004,260	-
Intangible right-to-use leased assets	-	1,815,439	489,564
Less accumulated depreciation/amortization	<u>(1,976,926)</u>	<u>(46,979,718)</u>	<u>(22,603,548)</u>
Total capital assets, net of accumulated depreciation/ amortization	<u>2,781,765</u>	<u>94,777,668</u>	<u>9,543,677</u>
Total noncurrent assets	<u>2,781,765</u>	<u>104,750,179</u>	<u>9,543,677</u>
Total assets	<u>4,833,608</u>	<u>156,357,358</u>	<u>31,382,170</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Other postemployment benefits deferrals	51,183	1,389,120	81,354
Pension deferrals	196,961	2,377,220	234,204
Contributions to pension plan in current fiscal year	66,686	801,460	85,790
Charge on refunding	-	147,954	-
Total deferred outflows of resources	<u>314,830</u>	<u>4,715,754</u>	<u>401,348</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**June 30, 2023**

	<b>Enterprise Funds</b>		
	Recycling and Trash Services Fund	Storm Water Management Fund	Parking Facilities Fund
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable:			
Trade	\$ 191,030	\$ 46,584	\$ 274,626
Contracts and retainage	-	2,401,352	804,542
Due to other governments	-	-	-
Accrued liabilities:			
Personnel costs	393,646	97,530	4,865
Interest	-	56,516	48,581
Current portion of long-term liabilities:			
Bonds payable	-	880,000	-
Installment obligations	-	70,000	1,775,295
Lease liability	-	-	160,011
Accrued vacation and sick leave	161,284	154,521	4,406
Customer and escrow deposits	-	119,105	-
Unearned revenues	-	-	-
Restricted liabilities:			
Accounts payable:			
Contracts and retainage payable	-	-	1,300,103
Total current liabilities	745,960	3,825,608	4,372,429
Noncurrent liabilities:			
Noncurrent portion of long-term liabilities:			
Bonds payable	-	16,621,206	-
Installment obligations	-	96,849	22,886,619
Lease liability	-	-	1,343,956
Accrued vacation and sick leave	93,898	89,961	1,268
Net other postemployment benefits liability	1,682,833	918,678	9,182
Net pension liability	2,387,137	1,973,767	102,715
Total noncurrent liabilities	4,163,868	19,700,461	24,343,740
Total liabilities	4,909,828	23,526,069	28,716,169
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Leases	-	-	9,873,446
Other postemployment benefits deferrals	768,905	307,426	7,149
Pension deferrals	39,549	29,841	1,614
Charge on refunding	-	393	-
Total deferred inflows of resources	808,454	337,660	9,882,209
<b>NET POSITION</b>			
Net investment in capital assets	5,655	44,438,492	5,699,878
Restricted for:			
Leases	-	-	137,918
Capital projects	-	543,492	-
Unrestricted	3,114,245	26,064,197	7,740,408
Net Position	\$ 3,119,900	\$ 71,046,181	\$ 13,578,204

See notes to financial statements.

	Nonmajor Golf Fund	Total	Internal Service Funds
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable:			
Trade	\$ 643	\$ 512,883	\$ 176,067
Contracts and retainage	-	3,205,894	-
Due to other governments	5,323	5,323	-
Accrued liabilities:			
Personnel costs	26,432	522,473	23,837
Interest	-	105,097	-
Current portion of long-term liabilities:			
Bonds payable	-	880,000	-
Installment obligations	-	1,845,295	-
Lease liability	-	160,011	118,036
Accrued vacation and sick leave	55,886	376,097	82,520
Customer and escrow deposits	-	119,105	-
Unearned revenues	186,985	186,985	-
Restricted liabilities:			
Accounts payable:			
Contracts and retainage payable	-	1,300,103	-
Total current liabilities	<u>275,269</u>	<u>9,219,266</u>	<u>400,460</u>
Noncurrent liabilities:			
Noncurrent portion of long-term liabilities:			
Bonds payable	-	16,621,206	-
Installment obligations	-	22,983,468	-
Lease liability	-	1,343,956	214,997
Accrued vacation and sick leave	68,414	253,541	30,042
Net other postemployment benefits liability	596,576	3,207,269	367,093
Net pension liability	<u>403,741</u>	<u>4,867,360</u>	<u>503,151</u>
Total noncurrent liabilities	<u>1,068,731</u>	<u>49,276,800</u>	<u>1,115,283</u>
Total liabilities	<u>1,344,000</u>	<u>58,496,066</u>	<u>1,515,743</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Leases	-	9,873,446	-
Other postemployment benefits deferrals	288,216	1,371,696	141,337
Pension deferrals	6,609	77,613	8,942
Charge on refunding	-	393	-
Total deferred inflows of resources	<u>294,825</u>	<u>11,323,148</u>	<u>150,279</u>
<b>NET POSITION</b>			
Net investment in capital assets	2,781,765	52,925,790	9,210,644
Restricted for:			
Leases	-	137,918	-
Capital projects	-	543,492	-
Unrestricted	<u>727,848</u>	<u>37,646,698</u>	<u>20,906,852</u>
Net Position	<u>\$ 3,509,613</u>	<u>\$ 91,253,898</u>	<u>\$ 30,117,496</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2023**

	<b>Enterprise Funds</b>		
	<u>Recycling and Trash Services Fund</u>	<u>Storm Water Management Fund</u>	<u>Parking Facilities Fund</u>
Operating revenues:			
Charges for services	\$ 10,914,525	\$ 12,932,139	\$ 5,525,902
Other operating revenues	<u>15,607</u>	<u>116,837</u>	<u>280,104</u>
Total operating revenues	<u>10,930,132</u>	<u>13,048,976</u>	<u>5,806,006</u>
Operating expenses:			
Salaries, employee benefits and other personnel costs	3,288,956	3,627,142	260,881
Materials and fuels consumed	835,152	500,571	776
Landfill disposal fees	1,556,838	-	-
Services	1,505,887	1,109,576	2,168,847
Utilities	15,821	18,102	96,309
Depreciation	3,288	1,359,312	2,049,315
Amortization	-	-	178,568
Other operating expenses	<u>1,820,821</u>	<u>2,882,709</u>	<u>1,746,813</u>
Total operating expenses	<u>9,026,763</u>	<u>9,497,412</u>	<u>6,501,509</u>
Operating income (loss)	<u>1,903,369</u>	<u>3,551,564</u>	<u>(695,503)</u>
Nonoperating revenues (expenses):			
Investment earnings	167,052	797,228	267,196
Restricted intergovernmental	95,178	1,622,838	-
Interest and other charges	-	(567,376)	(638,372)
Gain (loss) on disposal of capital assets, net	<u>-</u>	<u>-</u>	<u>-</u>
Total nonoperating revenues (expenses), net	<u>262,230</u>	<u>1,852,690</u>	<u>(371,176)</u>
Income (loss) before capital contributions and transfers	2,165,599	5,404,254	(1,066,679)
Capital contributions	-	363,983	-
Transfers from other funds	38,366	29,511	1,908,405
Transfers to other funds	<u>(2,514,313)</u>	<u>-</u>	<u>(8,495)</u>
Change in net position	(310,348)	5,797,748	833,231
Net position at beginning of year	<u>3,430,248</u>	<u>65,248,433</u>	<u>12,744,973</u>
Net position at end of year	<u>\$ 3,119,900</u>	<u>\$ 71,046,181</u>	<u>\$ 13,578,204</u>



	Nonmajor Golf Fund	Total	Internal Service Funds
Operating revenues:			
Charges for services	\$ 2,243,542	\$ 31,616,108	\$ 8,952,512
Other operating revenues	<u>63,004</u>	<u>475,552</u>	<u>34,502</u>
Total operating revenues	<u>2,306,546</u>	<u>32,091,660</u>	<u>8,987,014</u>
Operating expenses:			
Salaries, employee benefits and other personnel costs	809,384	7,986,363	824,027
Materials and fuels consumed	459,243	1,795,742	16,889
Landfill disposal fees	-	1,556,838	-
Services	46,088	4,830,398	1,414,716
Utilities	49,791	180,023	15,234
Depreciation	162,656	3,574,571	3,234,599
Amortization	-	178,568	86,801
Other operating expenses	<u>301,076</u>	<u>6,751,419</u>	<u>1,511,080</u>
Total operating expenses	<u>1,828,238</u>	<u>26,853,922</u>	<u>7,103,346</u>
Operating income (loss)	<u>478,308</u>	<u>5,237,738</u>	<u>1,883,668</u>
Nonoperating revenues (expenses):			
Investment earnings	58,923	1,290,399	590,537
Restricted intergovernmental	-	1,718,016	-
Interest and other charges	-	(1,205,748)	(529)
Gain (loss) on disposal of capital assets, net	<u>905</u>	<u>905</u>	<u>(335,237)</u>
Total nonoperating revenues (expenses), net	<u>59,828</u>	<u>1,803,572</u>	<u>254,771</u>
Income (loss) before capital contributions and transfers	538,136	7,041,310	2,138,439
Capital contributions	-	363,983	330,191
Transfers from other funds	71,277	2,047,559	3,236,532
Transfers to other funds	<u>-</u>	<u>(2,522,808)</u>	<u>(29,511)</u>
Change in net position	609,413	6,930,044	5,675,651
Net position at beginning of year	<u>2,900,200</u>	<u>84,323,854</u>	<u>24,441,845</u>
Net position at end of year	<u>\$ 3,509,613</u>	<u>\$ 91,253,898</u>	<u>\$ 30,117,496</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Statement of Cash Flows -  
Proprietary Funds**

**Year Ended June 30, 2023**

	<b>Enterprise Funds</b>		
	<u>Recycling and Trash Services Fund</u>	<u>Storm Water Management Fund</u>	<u>Parking Facilities Fund</u>
Cash flows from operating activities:			
Receipts from customers and users	\$ 10,891,806	\$ 9,700,239	\$ 5,702,589
Receipts from interfund services provided	34,571	3,321,581	-
Payments to suppliers	(4,261,589)	(3,447,041)	(3,655,564)
Payments to or on behalf of employees	(4,641,111)	(3,378,086)	(261,060)
Payments for interfund services used	<u>(1,431,292)</u>	<u>(1,048,015)</u>	<u>(9,688)</u>
Net cash provided by operating activities	<u>592,385</u>	<u>5,148,678</u>	<u>1,776,277</u>
Cash flows from noncapital and related financing activities:			
Transfers from other funds	38,366	-	1,908,405
Transfers to other funds	(2,514,313)	-	-
Restricted intergovernmental	<u>95,178</u>	<u>1,660,562</u>	<u>-</u>
Net cash provided by (used in) noncapital and related financing activities	<u>(2,380,769)</u>	<u>1,660,562</u>	<u>1,908,405</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	-	(9,531,427)	(991,652)
Principal payments on bonds	-	(840,000)	-
Principal payments on installment obligations	-	(70,000)	(1,785,911)
Principal payments on leases	-	-	(157,467)
Interest and other charges	-	(725,719)	(631,835)
Proceeds from sale of capital assets	<u>-</u>	<u>-</u>	<u>-</u>
Net cash used in capital and related financing activities	<u>-</u>	<u>(11,167,146)</u>	<u>(3,566,865)</u>
Cash flows from investing activities:			
Investment earnings	<u>129,124</u>	<u>630,661</u>	<u>201,530</u>
Net increase (decrease) in cash and cash equivalents	(1,659,260)	(3,727,245)	319,347
Cash and cash equivalents at beginning of year	<u>6,544,502</u>	<u>29,445,868</u>	<u>9,754,292</u>
Cash and cash equivalents at end of year	<u>\$ 4,885,242</u>	<u>\$ 25,718,623</u>	<u>\$ 10,073,639</u>

	Nonmajor Golf Fund	Total	Internal Service Funds
Cash flows from operating activities:			
Receipts from customers and users	\$ 2,353,156	\$ 28,647,790	\$ 496,257
Receipts from interfund services provided	-	3,356,152	8,556,916
Payments to suppliers	(838,668)	(12,202,862)	(1,905,150)
Payments to or on behalf of employees	(808,943)	(9,089,200)	(966,837)
Payments for interfund services used	(41,215)	(2,530,210)	(6,096)
Net cash provided by operating activities	<u>664,330</u>	<u>8,181,670</u>	<u>6,175,090</u>
Cash flows from noncapital and related financing activities:			
Transfers from other funds	71,277	2,018,048	3,228,037
Transfers to other funds	-	(2,514,313)	-
Restricted intergovernmental	-	1,755,740	-
Net cash provided by (used in) noncapital and related financing activities	<u>71,277</u>	<u>1,259,475</u>	<u>3,228,037</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(124,984)	(10,648,063)	(5,033,878)
Principal payments on bonds	-	(840,000)	-
Principal payments on installment obligations	-	(1,855,911)	-
Principal payments on leases	-	(157,467)	(142,713)
Interest and other charges	-	(1,357,554)	(529)
Proceeds from sale of capital assets	905	905	888,184
Net cash used in capital and related financing activities	<u>(124,079)</u>	<u>(14,858,090)</u>	<u>(4,288,936)</u>
Cash flows from investing activities:			
Investment earnings	<u>43,650</u>	<u>1,004,965</u>	<u>440,594</u>
Net increase (decrease) in cash and cash equivalents	655,178	(4,411,980)	5,554,785
Cash and cash equivalents at beginning of year	<u>1,303,423</u>	<u>47,048,085</u>	<u>15,890,488</u>
Cash and cash equivalents at end of year	<u>\$ 1,958,601</u>	<u>\$ 42,636,105</u>	<u>\$ 21,445,273</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2023**

	<b>Enterprise Funds</b>		
	Recycling and Trash Services Fund	Storm Water Management Fund	Parking Facilities Fund
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
<b>Reconciliation to Statement of Net Position:</b>			
Cash and cash equivalents	\$ 4,885,242	\$ 23,894,117	\$ 8,763,545
Restricted cash and cash equivalents	<u>-</u>	<u>1,824,506</u>	<u>1,310,094</u>
Total cash and cash equivalents	<u>\$ 4,885,242</u>	<u>\$ 25,718,623</u>	<u>\$ 10,073,639</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>			
Operating income (loss)	\$ 1,903,369	\$ 3,551,564	\$ (695,503)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	3,288	1,359,312	2,227,883
Changes in assets, liabilities and deferred items:			
Accounts receivable	12,724	17,718	1,930
Other receivables	59,176	-	-
Due from other governments	(16,479)	(44,466)	(5,184)
Lease receivable	-	-	(79,363)
Lease interest receivable	-	-	(20,800)
Inventory of materials and supplies	(3,778)	12,920	-
Prepays	6,492	2,262	(8,839)
Deferred outflows of resources for pensions	(601,590)	(571,592)	(34,836)
Deferred outflows of resources for other postemployment benefits	(450,159)	267,889	11,866
Net pension liability	1,788,743	1,342,372	82,347
Net other postemployment benefits liability	(824,805)	(26,126)	1,656
Deferred inflows of resources for pensions	(918,669)	(576,051)	(39,760)
Deferred inflows of resources for other postemployment benefits	(517,110)	(42,548)	(814)
Accounts payable and accrued liabilities	139,435	(149,583)	343,421
Due to other governments	-	(408)	-
Accrued vacation and sick leave	11,748	5,415	(7,727)
Unearned revenues	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by operating activities	<u>\$ 592,385</u>	<u>\$ 5,148,678</u>	<u>\$ 1,776,277</u>
<b>Noncash investing, capital and financing activities:</b>			
Issuance of leases	\$ -	\$ -	\$ -
Capital assets acquired on account	-	1,679,453	(198,760)
Transfer of capital assets between proprietary funds	-	29,511	(8,495)
Capital contributions from developers	-	363,983	-
Capital contributions from governmental funds	-	-	-
Donation of capital assets to governmental funds	<u>-</u>	<u>-</u>	<u>-</u>
Net effect of noncash activities	<u>\$ -</u>	<u>\$ 2,072,947</u>	<u>\$ (207,255)</u>

	Nonmajor Golf Fund	Total	Internal Service Funds
<b>Reconciliation to Statement of Net Position:</b>			
Cash and cash equivalents	\$ 1,958,601	\$ 39,501,505	\$ 21,445,273
Restricted cash and cash equivalents	-	3,134,600	-
Total cash and cash equivalents	<u>\$ 1,958,601</u>	<u>\$ 42,636,105</u>	<u>\$ 21,445,273</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>			
Operating income (loss)	\$ 478,308	\$ 5,237,738	\$ 1,883,668
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	162,656	3,753,139	3,321,400
Changes in assets, liabilities and deferred items:			
Accounts receivable	-	32,372	33,875
Other receivables	13,349	72,525	-
Due from other governments	4,757	(61,372)	32,284
Lease receivable	-	(79,363)	-
Lease interest receivable	-	(20,800)	-
Inventory of materials and supplies	12,161	21,303	29,350
Prepays	-	(85)	1,135,408
Deferred outflows of resources for pensions	(109,386)	(1,317,404)	(118,535)
Deferred outflows of resources for other postemployment benefits	28,865	(141,539)	(13,302)
Net pension liability	294,013	3,507,475	365,745
Net other postemployment benefits liability	(1,767)	(851,042)	(67,496)
Deferred inflows of resources for pensions	(140,993)	(1,675,473)	(195,767)
Deferred inflows of resources for other postemployment benefits	(55,945)	(616,417)	(78,933)
Accounts payable and accrued liabilities	(59,069)	274,204	(144,239)
Due to other governments	(1,080)	(1,488)	-
Accrued vacation and sick leave	9,957	19,393	(8,368)
Unearned revenues	28,504	28,504	-
Net cash provided by operating activities	<u>\$ 664,330</u>	<u>\$ 8,181,670</u>	<u>\$ 6,175,090</u>
<b>Noncash investing, capital and financing activities:</b>			
Issuance of leases	\$ -	\$ -	\$ 370,710
Capital assets acquired on account	-	1,480,693	-
Transfer of capital assets between proprietary funds	-	21,016	(21,016)
Capital contributions from developers	-	363,983	-
Capital contributions from governmental funds	-	-	330,131
Donation of capital assets to governmental funds	-	-	(1,223,421)
Net effect of noncash activities	<u>\$ -</u>	<u>\$ 1,865,692</u>	<u>\$ (543,596)</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**June 30, 2023**

	Other Postemployment Benefits Trust Fund	Custodial Funds
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ -	\$ 571,924
Investments:		
North Carolina Capital Management Trust, Government Portfolio	3,159,835	-
U.S. Treasuries	-	8,788
Commercial Paper	-	18,076
U.S. Government Agencies	-	44,582
Other receivables	<u>12,976</u>	<u>476</u>
Total assets	<u>3,172,811</u>	<u>643,846</u>
 <b>NET POSITION</b>		
Restricted for postemployment benefits other than pensions	3,172,811	-
Restricted for individuals, organizations, and other governments	<u>-</u>	<u>643,846</u>
Total fiduciary net position	<u>\$ 3,172,811</u>	<u>\$ 643,846</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2023**

	Other Postemployment Benefits Trust Fund	Custodial Funds
	<u>                    </u>	<u>                    </u>
Additions:		
Contributions:		
Employer	\$ 2,410,715	\$ -
Plan members	<u>570,669</u>	<u>-</u>
Total contributions	2,981,384	-
Law enforcement seizures	-	9,902
Investment earnings	<u>114,826</u>	<u>4,082</u>
Total additions	<u>3,096,210</u>	<u>13,984</u>
Deductions:		
Benefit payments	2,794,766	-
Payments by court order	-	4,374
Community housing administration reimbursements	-	27,502
Administrative expense	<u>189,868</u>	<u>-</u>
Total deductions	<u>2,984,634</u>	<u>31,876</u>
Change in fiduciary net position	<u>111,576</u>	<u>(17,892)</u>
Net position at beginning of year	<u>3,061,235</u>	<u>661,738</u>
Net position at end of year	<u>\$ 3,172,811</u>	<u>\$ 643,846</u>

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# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements June 30, 2023

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### A. REPORTING ENTITY

The City of Wilmington is a municipal corporation, incorporated in 1739, located in the southeastern corner of North Carolina with a population of 121,309. 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, 2023

### 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 annual comprehensive 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, 2023

### 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, 2023 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, 2023

### 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, 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.

**Convention Center Fund.** This fund accounts for all the user charges, fees, other resources and all costs associated with the operation of the Wilmington Convention Center.

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

**Debt Service Fund.** The Debt Service Fund accumulates resources to pay maturing principal and interest on general obligation bonds, certain installment obligations and other long-term obligations issued for governmental capital projects and equipment purchases as well as certain installment obligations issued to refund other long-term obligations issued for the 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 storm water management and parking facilities, plus related debt service, are recorded in the respective enterprise funds.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2023

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

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

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.

**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.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2023

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation/amortization 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 and IT subscriptions are reported as other financing sources.

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

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

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2023

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

#### 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 and the Special Tax District Fund as noted previously. During the fiscal year, the City recorded opioid settlement funds received to a separate multi-year special revenue fund but as of fiscal year-end, no budget was adopted.

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 amortized cost.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2023

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

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

##### CASH AND CASH EQUIVALENTS

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

##### RESTRICTED ASSETS

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

	Special Purpose Fund	Convention Center Fund	Streets and Sidewalks Fund	Debt Service Fund	Nonmajor Governmental Funds	Governmental Activities
Debt proceeds and related interest earnings	\$ -	\$ 2,672	\$ 42,367,043	\$ 61,360	\$ 24,391,718	\$ 66,822,793
Federal forfeiture funds	603,469	-	-	-	-	603,469
ARPA funds	9,569,342	-	-	-	-	9,569,342
Opioid settlement funds	-	-	-	-	101,928	101,928
Opioid pilot program	209,727	-	-	-	-	209,727
Grants received in advance	437,261	-	-	-	266,211	703,472
Donations	-	-	2,810,485	-	-	2,810,485
Other	445	-	-	-	-	445
	<u>\$ 10,820,244</u>	<u>\$ 2,672</u>	<u>\$ 45,177,528</u>	<u>\$ 61,360</u>	<u>\$ 24,759,857</u>	<u>\$ 80,821,661</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>\$ 1,824,506</u>	<u>\$ 1,310,094</u>	<u>\$ 3,134,600</u>



# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2023

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

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

##### AD VALOREM TAXES RECEIVABLE

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the City levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2021. For collection purposes, taxes receivable are written off at the end of ten years in accordance with North Carolina General Statutes.

##### LEASE RECEIVABLE AND RELATED DEFERRED INFLOW OF RESOURCES

This City is a party to noncancellable leases as a lessor for land, buildings, a parking deck and a parking lot and recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the noncancellable term of the lease using the City's estimated incremental borrowing rate as the discount rate. Subsequently, the lease receivable is reduced by the principal portion of fixed payments from the lessee and the interest portion is recorded as lease interest revenue. Under the lease agreement, the City may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period payment is received.

The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. Subsequently, the deferred inflow of resources is recognized as lease revenue over the life of the lease term using the straight-line method.

The City monitors changes in the circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

##### ALLOWANCES FOR DOUBTFUL ACCOUNTS

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

##### INVENTORIES AND PREPAID ITEMS

Inventories are maintained for major items used by the governmental funds and proprietary funds in their operations. They are valued at cost (first-in, first-out) in the governmental funds and proprietary funds, with the exception of the Golf Fund. The Golf Fund inventory is held for resale and is valued at the lower of cost (first-in, first-out) or net realizable value. 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.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2023

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

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

##### CAPITAL ASSETS

Capital assets are reported in the government-wide financial statements and proprietary fund financial statements in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Capital assets are defined by the City as assets with an initial, individual cost of more than a certain cost and an estimated useful life 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's capital assets also include certain right to use assets. These right to use assets arise in association with agreements where the City reports a lease, where the City is the lessee, or agreements where the City reports an information technology (IT) subscription in accordance with the requirements of GASB 87 and GASB 96, respectively.

This City is a party to noncancellable leases as a lessee for a parking lot, buildings and equipment and recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide and proprietary fund financial statements. At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the noncancellable term of the lease using the City's estimated incremental borrowing rate as the discount rate. Subsequently, the lease liability is reduced by the principal portion of fixed payments made to the lessor and the interest portion is recorded as interest expense. The lease asset is recorded at the initiation of the lease in an amount equal to the initial amount of the related lease liability plus any lease payments made prior to the lease term, less incentives and plus ancillary charges necessary to place the lease into service. Subsequently, the lease asset is amortized on a straight-line basis over the life of the related lease.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2023

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

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

##### CAPITAL ASSETS (continued)

This City is a party to noncancellable IT subscriptions for software and recognizes a subscription liability and an intangible right-to-use subscription asset (subscription asset) in the government-wide statements. At the commencement of a subscription, the City initially measures the subscription liability at the present value of payments expected to be made during the noncancellable term of the subscription using the City's estimated incremental borrowing rate as the discount rate. Subsequently, the subscription liability is reduced by the principal portion of fixed payments made to the subscription vendor and the interest portion is recorded as interest expense. The subscription asset is recorded at the initiation of the subscription term in an amount equal to the initial amount of the related subscription liability plus any subscription payments made prior to the subscription term, plus capitalizable initial implementation costs at the start of the subscription term, and less any incentives received from the subscription vendor. Subsequently, the subscription asset is amortized on a straight-line basis over the subscription term.

The City monitors changes in the circumstances that would require a remeasurement of its leases and subscriptions and will remeasure the related asset and liability if certain changes occur that are expected to significantly affect the amount of the liability.

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.

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

<u>Asset class</u>	<u>Estimated useful lives</u>
Infrastructure (including streets and drainage systems)	50 years
Buildings, plant, structures and improvements	40 years
Improvements other than buildings	20 years
Parking facilities plant and structures	20 years
Heating, ventilation and air conditioning improvements	15 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.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued)

June 30, 2023

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

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

##### DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net assets 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 assets 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 – receivables that do not meet the availability criterion, leases, 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.

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

##### COMPENSATED ABSENCES

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

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

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2023

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

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

##### COMPENSATED ABSENCES (continued)

Sick leave credits can be accumulated indefinitely and do not vest. Employees in good standing with a hire date before July 1, 2009 and with at least five years of continuous service may, upon the authorization of the city manager, be paid up to 25% of their unused sick leave upon termination of employment. Employees hired on or after July 1, 2009 are not eligible to be paid for unused sick leave upon termination. Any unused or unpaid sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes.

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

##### OPIOID SETTLEMENT FUNDS

In April 2022, drug manufacturer Johnson & Johnson, and three drug distributors, McKesson, AmerisourceBergen, and Cardinal Health, finalized a \$26 billion-dollar nationwide settlement related to multiple opioid lawsuits. New national opioid settlements have been reached with Teva, Allergan, CVS, Walgreens and Walmart increasing the total of the settlement to \$56 billion. These funds will be disbursed to each participating state over an 18-year period according to an allocation agreement reached with all participating states. The majority of these funds are intended for opioid abatement and the distribution of the funds will be front loaded.

North Carolina's Memorandum of Agreement (MOA) between the state and local governments for the settlement funds allocates the funds 15% directly to the State ("State Abatement Fund"), 80% to abatement funds established by Local Governments ("Local Abatement Funds") and 5% to a County Incentive Fund.

The City received \$70,205 as part of this settlement in fiscal year 2023 bringing the total received to date to \$99,772. Per the terms of the MOA, the City created a special revenue fund, the Opioid Fund, to account for these funds. All funds are to be used for opioid abatement and remediation activities. Funds are restricted until expended. No funds have been expended as of June 30th, 2023. The MOA offered the City two options of expending the funds. The City opted for both Options A and B, which allows the City to fund one or more high-impact strategies from a list of evidence-based strategies as well as address a wider array of strategies to combat the opioid epidemic.

##### REIMBURSEMENT FOR PANDEMIC-RELATED EXPENDITURES

In fiscal year 2021, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenue for the eligible state, local, territorial, and tribal governments. The City was allocated \$25.93 million of fiscal recovery funds to be paid in two equal installments. The first installment of \$12.965 million was received in June 2021. The second installment was received in June 2022. City staff and the City Council have elected to use \$8.43 million of the ARPA funds for Economic and Community Assistance, \$6.17 million for City/Community Infrastructure and \$11.33 million for City Response and Recovery. Revenue replacement funds are transferred to the appropriate funds once the disbursement has occurred for the intended use.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2023

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

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

##### NET POSITION

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

##### FUND BALANCES

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

The governmental fund types classify fund balances as follows:

Nonspendable fund balance - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The following are the City's nonexpendable fund balances as of June 30, 2023:

Leases – portion of fund balance that is not an available resource because it represents the year-end balance of the lease receivable in excess of the deferred inflow of resources for the lease receivable, which is not a spendable resource.

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, 2023:

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, prepaids and leases 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.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2023

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

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

##### FUND BALANCES (continued)

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

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

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

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, 2023:

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

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2023

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

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

##### FUND BALANCES (continued)

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

Committed for 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.

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 a disparities study and 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, 2023:

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

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



# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2023

### 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, 2023. 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 20% 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, 2023, 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, 2023

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

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

Lease liability	\$ (126,059)
Subscription liability	(1,368,109)
Bonds payable	(74,840,000)
Installment obligations	(150,998,086)
Other long-term obligations	(5,604,490)
Unamortized premiums	(27,267,432)
Unamortized deferred outflows of resources	2,418,401
Unamortized deferred inflows of resources	(90,055)
Accrued interest payable	(1,015,970)
Accrued vacation and sick leave	<u>(8,952,136)</u>
	<u>\$ (267,843,936)</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, 2023**

**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	\$ 28,260,835
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.	6,237,196
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.	893,230
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.	(40,648)
Amortization expense	(1,042,969)
Depreciation expense	<u>(16,583,625)</u>
	<u>\$ 17,724,019</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 leases	\$ (116,051)
Issuance of subscriptions	(97,123)
Issuance of installment obligations	(23,980,001)
Issuance premium (to be amortized over the life of the obligation)	(3,407,796)
Principal payments:	
Leases	54,197
Subscriptions	1,001,074
Bonds payable	5,070,000
Installment obligations	9,724,090
Other long-term obligations	861,454
Amortization of premiums and loss on refundings	<u>1,035,299</u>
	<u>\$ (9,854,857)</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued)

June 30, 2023

### 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)

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

Accrued interest receivable	\$ 606,756
Tax and other receipts deferred in funds	<u>(375,687)</u>
	<u>\$ 231,069</u>

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

Accrued vacation and sick leave	\$ (506,257)
Other postemployment benefits	1,443,784
Pension expense - Local Governmental Employees' Retirement System	(11,365,214)
Pension expense - Law Enforcement Special Separation Allowance	(1,071,155)
Accrued interest payable	<u>(44,046)</u>
	<u>\$ (11,542,888)</u>

### NOTE 3 – 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.

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.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2023

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

#### A. ASSETS (continued)

#### DEPOSITS AND INVESTMENTS (continued)

At June 30, 2023, the City's deposits had a carrying amount of \$98,765,035 and a bank balance of \$102,920,796. Of the bank balance, \$1,019,035 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. Cash on hand at June 30, 2023, was \$24,404.

At June 30, 2023, the investments and related maturities of the City were as follows:

Investment Type	Valuation Measurement Method	Fair Value	Less Than 6 Months	6 - 12 Months
North Carolina Capital Management Trust - Government Portfolio	Fair Value-Level 1	\$ 101,165,695	\$ 101,165,695	\$ -
U.S. Treasuries	Fair Value-Level 1	11,724,637	-	11,724,637
Commercial paper	Fair Value-Level 2	24,133,288	-	24,133,288
U.S. Government Agencies	Fair Value-Level 2	<u>59,512,758</u>	<u>-</u>	<u>59,512,758</u>
Total investments		<u>\$ 196,536,378</u>	<u>\$ 101,165,695</u>	<u>\$ 95,370,683</u>

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

#### 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, 2023 is 2.7 months.

#### Credit Risk

The City has no formal policy on managing credit risk. As of June 30, 2023, 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. The City's investments in commercial paper were rated P1 by Standard & Poor's and A1 by Moody's Investors Service. The City's investments in U.S. Government Agencies (Federal Home Loan Bank, Federal National Mortgage Association and Federal Farm Credit Bank) are rated AA+ by Standard & Poor's and Aaa by Moody's Investors Service.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2023

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

#### A. ASSETS (continued)

#### DEPOSITS AND INVESTMENTS (continued)

##### Concentration of Credit Risk

The City’s investment policy limits the amount that the City may invest in any one issuer to 25% of the City’s total investments. More than 5% of the City’s investments are in the Federal Home Loan Bank, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Farm Credit Bank, Natixis NY, and Royal Bank of Canada. These investments are 9.7%, 5.9%, 9.1%, 7.5%, 5.3% and 5.1% respectively, of the City’s total investments.

#### RECEIVABLES

Current receivables for governmental activities at the government-wide level at June 30, 2023, were as follows:

	Taxes	Accounts	Other	Other Governments	Notes	Management Company	Leases	Total
General Fund	\$ 2,332,657	\$ 1,641,501	\$ 591,567	\$ 17,781,547	\$ 217,620	\$ -	\$ 7,074,773	\$ 29,639,665
Special Purpose Fund	-	-	77,946	621,424	70,947	-	-	770,317
Convention Center Fund	-	-	105,421	2,410,778	-	412,832	10,046,115	12,975,146
Streets and Sidewalks Fund	-	39,751	240,053	483,596	-	-	-	763,400
Debt Service Fund	473,320	-	75,344	86,842	-	-	-	635,506
Nonmajor Governmental Funds	10,820	7,105	187,351	3,986,245	27,028,222	-	310,055	31,529,798
Internal Service Funds	-	-	156,476	169,200	-	-	-	325,676
Total receivable	2,816,797	1,688,357	1,434,158	25,539,632	27,316,789	412,832	17,430,943	76,639,508
Allowance for doubtful accounts	(1,857,570)	(485,923)	-	-	(1,448,382)	-	-	(3,791,875)
Total governmental funds	<u>\$ 959,227</u>	<u>\$ 1,202,434</u>	<u>\$ 1,434,158</u>	<u>\$ 25,539,632</u>	<u>\$ 25,868,407</u>	<u>\$ 412,832</u>	<u>\$ 17,430,943</u>	<u>\$ 72,847,633</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2023

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

#### A. ASSETS (continued)

##### RECEIVABLES (continued)

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

Local government sales and use taxes	\$	10,772,580
Franchise tax		1,907,898
Video programming sales tax		267,363
PEG channel support		6,410
Room occupancy tax		1,380,766
Refund of sales and use tax paid		981,628
Community Development Block Grant entitlement		363,500
Home Investment Partnership entitlement		150,275
ABC revenues		1,779,481
Firemen's relief funds		130,732
FEMA/Hurricane disaster assistance		4,487,847
Other grants and reimbursements		<u>3,311,152</u>
	\$	<u>25,539,632</u>

The amount of lease receivable for governmental activities consists of the following lease agreements:

On July 1, 2021, the City entered into a 141 month lease as Lessor for the use of 625 square feet of land at the Legion Stadium Sports Complex by AT&T. An initial lease receivable was recorded in the amount of \$302,145. As of June 30, 2023, the value of the lease receivable is \$263,183. The lessee is required to make monthly fixed payments of \$1,984. The lease has an interest rate of 1.76%. The value of the deferred inflow of resources as of June 30, 2023 was \$250,716, and the City recognized lease revenue of \$25,715 and interest revenue of \$4,825 during the fiscal year. The lessee has 2 extension options, each for 60 months.

On July 1, 2021, the City entered into a 119 month lease as Lessor for the use of Greenfield Lake Amphitheater by Live Nation. An initial lease receivable was recorded in the amount of \$404,482. As of June 30, 2023, the value of the lease receivable is \$334,037. The lessee is required to make quarterly fixed payments of \$10,200. The lease has an interest rate of 1.60%. The value of the deferred inflow of resources as of June 30, 2023 was \$323,541, and the City recognized lease revenue of \$40,471 and interest revenue of \$5,710 during the fiscal year. In addition, the City recognized \$93,330 in variable lease revenue for concession and ticket sales for the fiscal year.

On July 1, 2021, the City entered into a 120 month lease as Lessor for the use of Live Oak Bank Pavilion by Live Nation. An initial lease receivable was recorded in the amount of \$1,851,832. As of June 30, 2023, the value of the lease receivable is \$1,498,783. The lessee is required to make quarterly fixed payments of \$50,000. The lease has an interest rate of 1.60%. The value of the deferred inflow of resources as of June 30, 2023 was \$1,481,466, and the City recognized lease revenue of \$185,183 and interest revenue of \$25,790 during the fiscal year. In addition, the City recognized \$297,813 in variable lease revenue for concession and ticket sales for the fiscal year.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2023

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

#### A. ASSETS (continued)

##### RECEIVABLES (continued)

On July 1, 2021, the City entered into a 558 month lease as Lessor for the use of the Convention Center Parking Deck by Embassy Suites Hotel. An initial lease receivable was recorded in the amount of \$8,132,995. As of June 30, 2023, the value of the lease receivable is \$7,930,228. The lessee is required to make monthly fixed payments of \$25,000. The lease has an interest rate of 2.58%. The value of the deferred inflow of resources as of June 30, 2023 was \$7,783,189, and the City recognized lease revenue of \$174,903 and interest revenue of \$206,156 during the fiscal year. The lessee has 2 extension options, each for 120 months.

On November 1, 2021, the City entered into a 581 month lease as Lessor for the use of the Convention Center parking deck by Aloft Hotel. An initial lease receivable was recorded in the amount of \$2,158,568. As of June 30, 2023, the value of the lease receivable is \$2,115,886. The lessee is required to make monthly fixed payments of \$6,500. The lease has an interest rate of 2.58%. The value of the deferred inflow of resources as of June 30, 2023 was \$2,084,262, and the City recognized lease revenue of \$44,583 and interest revenue of \$54,977 during the fiscal year. The lessee has 2 extension options, each for 120 months.

On July 1, 2021, the City entered into a 21 month lease as Lessor for the use of Cotton Exchange parking lot by Bullock, LLC. An initial lease receivable was recorded in the amount of \$18,819. The lessee is required to make monthly fixed payments of \$900. The lease has an interest rate of 0.51%. The City recognized lease revenue of \$8,065 and interest revenue of \$17 during the fiscal year. During the fiscal year the lease term ended; therefore, there is no lease receivable or deferred inflow of resources as of June 30, 2023. The parties entered into a new term by separate agreement on a short-term basis.

On July 1, 2021, the City entered into a 1146 month lease as Lessor for a River Place ground lease with SCP-EW River Place, LLC. An initial lease receivable was recorded in the amount of \$1,723,790. As of June 30, 2023, the value of the lease receivable is \$1,711,636. The lessee is required to make monthly fixed payments of \$4,046. The lease has an interest rate of 2.58%. The value of the deferred inflow of resources as of June 30, 2023 was \$1,687,709, and the City recognized lease revenue of \$18,041 and interest revenue of \$44,272 during the fiscal year. The lessee has 2 extension options, the first for 300 months and the second for 288 months.

On July 1, 2021, the City entered into a 125 month lease as Lessor for the use of building space by the Wilmington Railroad Museum. An initial lease receivable was recorded in the amount of \$377,488. As of June 30, 2023, the value of the lease receivable is \$310,055. The lessee is required to make monthly fixed payments that total \$39,000 annually but are divided into different amounts to specific months seasonally. The lease has an interest rate of 1.60%. The value of the deferred inflow of resources as of June 30, 2023 was \$305,010, and the City recognized lease revenue of \$36,239 and interest revenue of \$5,267 during the fiscal year. The lessee has 1 extension option for 60 months.



# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2023

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

#### A. ASSETS (continued)

##### RECEIVABLES (continued)

On May 1, 2022, the City entered into a 15 month lease as Lessor for the use of space in the Harrelson Building by Masonboro Construction. An initial lease receivable was recorded in the amount of \$41,421. As of June 30, 2023, the value of the lease receivable is \$2,839. The lessee is required to make monthly fixed payments of \$2,760. The lease has an interest rate of 1.98%. The value of the deferred inflow of resources as of June 30, 2023 was \$2,945, and the City recognized lease revenue of \$35,345 and interest revenue of \$414 during the fiscal year.

On May 1, 2022, the City entered into a 132 month lease as Lessor for the use of space in the Harrelson Building by Remax. An initial lease receivable was recorded in the amount of \$740,360; however, during the fiscal year, this lease was terminated. Prior to termination, the lessee was required to make monthly fixed payments of \$5,628. The lease had an interest rate of 2.77%. The City recognized lease revenue of \$39,262 and interest revenue of \$11,629 during the fiscal year. At the time of the termination, the value of the lease receivable (\$703,039) and the related deferred inflow of resources (\$689,881) were removed leaving no value as of June 30, 2023.

On May 1, 2022, The City entered into a 25 month lease as Lessor for the use of CP Brunswick - Harrelson Building. An initial lease receivable was recorded in the amount of \$190,878; however, during the fiscal year, this lease was terminated. Prior to termination, the lessee was required to make monthly fixed payments of \$7,714. The lease had an interest rate of 2.45%. The City recognized lease revenue of \$54,957 and interest revenue of \$2,196 during the fiscal year. At the time of the termination, the value of the lease receivable (\$124,023) and the related deferred inflow of resources (\$120,218) were removed leaving no value as of June 30, 2023.

On May 1, 2022, the City entered into a 176 month lease as Lessor for the use of space in the Harrelson Building by Brooks, Pierce, McLendon, Humphrey & Leonard, LLP. An initial lease receivable was recorded in the amount of \$2,129,488. As of June 30, 2023, the value of the lease receivable is \$2,018,329. The lessee is required to make monthly fixed payments of \$12,606. The lease has an interest rate of 2.99%. The value of the deferred inflow of resources as of June 30, 2023 was \$1,965,493, and the City recognized lease revenue of \$145,592 and interest revenue of \$61,929 during the fiscal year. The lessee has 2 extension options, each for 60 months.

On May 1, 2022, the City entered into a 176 month lease as Lessor for the use of space in the Harrelson Building by United Bank. An initial lease receivable was recorded in the amount of \$1,317,207. As of June 30, 2023, the value of the lease receivable is \$1,245,967. The lessee is required to make monthly fixed payments of \$8,000. The lease has an interest rate of 2.94%. The value of the deferred inflow of resources as of June 30, 2023 was \$1,219,793 and the City recognized lease revenue of \$90,355 and interest revenue of \$37,554 during the fiscal year. The lessee has 2 extension options, each for 60 months.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2023

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

#### A. ASSETS (continued)

#### RECEIVABLES (continued)

Receivables for business-type activities at the government-wide level at June 30, 2023, were as follows:

	Accounts	Other	Other Governments	Leases	Total
Recycling and Trash Services Fund	\$ 1,674,265	\$ 41,620	\$ 205,343	\$ -	\$ 1,921,228
Storm Water Management Fund	1,538,202	179,106	5,547,391	-	7,264,699
Parking Facilities Fund	-	114,432	12,634	10,011,364	10,138,430
Nonmajor Golf Fund	-	15,908	27,697	-	43,605
Total receivables	3,212,467	351,066	5,793,065	10,011,364	19,367,962
Allowance for doubtful accounts	(686,090)	-	-	-	(686,090)
Total business-type activities	<u>\$ 2,526,377</u>	<u>\$ 351,066</u>	<u>\$ 5,793,065</u>	<u>\$ 10,011,364</u>	<u>\$ 18,681,872</u>

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

Refund of sales and use tax paid	\$ 169,305
Solid waste disposal tax	23,673
Cape Fear Public Utility Authority	333,013
FEMA/Hurricane disaster assistance	3,974,519
Other grants and reimbursements	1,292,555
	<u>\$ 5,793,065</u>

The amount of lease receivable for business-type activities consists of the following lease agreements:

On July 1, 2021, the City entered into a 1174 month lease as Lessor for the use of River Place parking deck by SCP-EW River Place, LLC. An initial lease receivable was recorded in the amount of \$10,064,520. As of June 30, 2023, the value of the lease receivable is \$9,996,583. The lessee is required to make monthly fixed payments of \$23,500. The lease has an interest rate of 2.58%. The value of the deferred inflow of resources as of June 30, 2023 was \$9,858,772 and the City recognized lease revenue of \$102,874 and interest revenue of \$258,541 during the fiscal year. The lessee has 2 extension options, the first for 300 months and the second for 288 months.

On July 1, 2021, the City entered into a 30 month lease as Lessor for the use of parking spaces at Market St & Princess St by the General Services Administration. An initial lease receivable was recorded in the amount of \$73,373. As of June 30, 2023, the value of the lease receivable is \$14,781. The lessee is required to make monthly fixed payments of \$2,469. The lease has an interest rate of 0.730%. The value of the deferred inflow of resources as of June 30, 2023 was \$14,674, and the City recognized lease revenue of \$29,349 and interest revenue of \$223 during the fiscal year. The lessee had a termination period of 3 months as of the lease commencement.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2023

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

#### A. ASSETS (continued)

#### CAPITAL ASSETS

Capital asset activity for the primary government’s governmental activities for the year ended June 30, 2023, was as follows:

	July 1, 2022	Increases	Decreases	Transfers	June 30, 2023
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 64,007,698	\$ 5,724,392	\$ -	\$ -	\$ 69,732,090
Easements	25,500,997	4,933,397	(35,200)	-	30,399,194
Construction in progress	<u>14,478,575</u>	<u>12,000,297</u>	<u>-</u>	<u>(6,844,469)</u>	<u>19,634,403</u>
Total capital assets not being depreciated	<u>103,987,270</u>	<u>\$ 22,658,086</u>	<u>\$ (35,200)</u>	<u>\$ (6,844,469)</u>	<u>119,765,687</u>
Capital assets being depreciated and amortized:					
Improvements other than buildings	86,549,337	\$ 786,705	\$ -	\$ 898,314	88,234,356
Buildings, plant and structures	186,822,300	1,166,506	-	3,390,243	191,379,049
Furniture, fixtures, machinery and equipment	59,200,888	5,785,360	(2,841,152)	74,423	62,219,519
Computer software	3,181,191	80,148	-	99,901	3,361,240
Streets and drainage	278,526,129	8,841,930	-	2,347,793	289,715,852
Right-to-use leased land	-	84,270	-	-	84,270
Right-to-use leased equipment	191,567	370,710	(33,189)	-	529,088
Right-to-use leased buildings	44,382	31,780	-	-	76,162
Right-to-use subscription assets	<u>2,272,060</u>	<u>97,123</u>	<u>-</u>	<u>-</u>	<u>2,369,183</u>
Total capital assets being depreciated and amortized	<u>616,787,854</u>	<u>\$ 17,244,532</u>	<u>\$ (2,874,341)</u>	<u>\$ 6,810,674</u>	<u>637,968,719</u>
Less accumulated depreciation and amortization for:					
Improvements other than buildings	39,498,549	\$ 4,017,361	\$ -	\$ -	43,515,910
Buildings, plant and structures	59,482,218	4,842,365	-	-	64,324,583
Furniture, fixtures, machinery and equipment	46,564,598	5,080,853	(2,835,704)	(12,779)	48,796,968
Computer software	2,468,382	337,256	-	-	2,805,638
Streets and drainage	101,903,443	5,540,389	-	-	107,443,832
Right-to-use leased land	-	8,427	-	-	8,427
Right-to-use leased equipment	16,754	100,725	-	-	117,479
Right-to-use leased buildings	16,643	32,534	-	-	49,177
Right-to-use subscription assets	<u>-</u>	<u>988,084</u>	<u>-</u>	<u>-</u>	<u>988,084</u>
Total accumulated depreciation and amortization	<u>249,950,587</u>	<u>\$ 20,947,994</u>	<u>\$ (2,835,704)</u>	<u>\$ (12,779)</u>	<u>268,050,098</u>
Total capital assets being depreciated and amortized, net	<u>366,837,267</u>				<u>369,918,621</u>
Governmental activities capital assets, net	<u>\$ 470,824,537</u>				<u>\$ 489,684,308</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2023

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

#### A. ASSETS (continued)

#### CAPITAL ASSETS (continued)

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

General government	\$ 2,797,236
Public safety	3,018,584
Transportation	6,105,077
Economic and physical development	1,351,874
Cultural and recreational	4,353,823
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>3,321,400</u>
	<u>\$ 20,947,994</u>

Capital asset activity for each of the business-type activities for the year ended June 30, 2023, was as follows:

	July 1, 2022	Increases	Decreases	Transfers	June 30, 2023
Recycling and Trash Services:					
Capital assets being depreciated:					
Furniture, fixtures, machinery and equipment	\$ 37,305	\$ -	\$ -	\$ -	\$ 37,305
Less accumulated depreciation for:					
Furniture, fixtures, machinery and equipment	28,362	\$ 3,288	\$ -	\$ -	31,650
Total capital assets being depreciated, net	<u>8,943</u>				<u>5,655</u>
Solid waste capital assets, net	<u>8,943</u>				<u>5,655</u>
Storm water:					
Capital assets not being depreciated:					
Land	1,533,071	\$ -	\$ -	\$ -	1,533,071
Easements	3,232,833	529,058	-	-	3,761,891
Construction in progress	4,280,600	6,545,332	-	(1,821,672)	9,004,260
Total capital assets not being depreciated	<u>9,046,504</u>	<u>\$ 7,074,390</u>	<u>\$ -</u>	<u>\$ (1,821,672)</u>	<u>14,299,222</u>
Capital assets being depreciated:					
Improvements other than buildings	65,936,508	\$ 2,979,053	\$ -	\$ 1,821,672	70,737,233
Buildings, plant and structures	1,202,630	-	-	-	1,202,630
Furniture, fixtures, machinery and equipment	1,143,139	254,832	-	42,290	1,440,261
Total capital assets being depreciated	<u>68,282,277</u>	<u>\$ 3,233,885</u>	<u>\$ -</u>	<u>\$ 1,863,962</u>	<u>73,380,124</u>
Less accumulated depreciation for:					
Improvements other than buildings	25,069,005	\$ 1,160,417	\$ -	\$ -	26,229,422
Buildings, plant and structures	405,567	30,066	-	-	435,633
Furniture, fixtures, machinery and equipment	671,815	168,829	-	12,779	853,423
Total accumulated depreciation	<u>26,146,387</u>	<u>\$ 1,359,312</u>	<u>\$ -</u>	<u>\$ 12,779</u>	<u>27,518,478</u>
Total capital assets being depreciated, net	<u>42,135,890</u>				<u>45,861,646</u>
Storm water capital assets, net	<u>51,182,394</u>				<u>60,160,868</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2023

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

#### A. ASSETS (continued)

#### CAPITAL ASSETS (continued)

	July 1, 2022	Increases	Decreases	Transfers	June 30, 2023
Parking facilities:					
Capital assets not being depreciated:					
Land	\$ 6,849,290	\$ -	\$ -	\$ -	\$ 6,849,290
Easements	191,752	-	-	-	191,752
Total capital assets not being depreciated	<u>7,041,042</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>7,041,042</u>
Capital assets being depreciated and amortized:					
Improvements other than buildings	231,282	\$ -	\$ -	\$ -	231,282
Buildings, plant and structures	38,188,337	768,911	-	-	38,957,248
Furniture, fixtures, machinery and equipment	1,241,390	23,981	(122,635)	(8,495)	1,134,241
Computer Software	102,792	-	-	-	102,792
Right-to-use leased land	1,815,439	-	-	-	1,815,439
Total capital assets being depreciated and amortized	<u>41,579,240</u>	<u>\$ 792,892</u>	<u>\$ (122,635)</u>	<u>\$ (8,495)</u>	<u>42,241,002</u>
Less accumulated depreciation and amortization for:					
Improvements other than buildings	86,635	\$ 11,565	\$ -	\$ -	98,200
Buildings, plant and structures	14,264,117	1,837,886	-	-	16,102,003
Furniture, fixtures, machinery and equipment	746,529	190,943	(122,635)	-	814,837
Computer Software	71,567	8,921	-	-	80,488
Right-to-use leased land	178,568	178,568	-	-	357,136
Total accumulated depreciation and amortization	<u>15,347,416</u>	<u>\$ 2,227,883</u>	<u>\$ (122,635)</u>	<u>\$ -</u>	<u>17,452,664</u>
Total capital assets being depreciated and amortized, net	<u>26,231,824</u>				<u>24,788,338</u>
Parking facilities capital assets, net	<u>33,272,866</u>				<u>31,829,380</u>
Golf:					
Capital assets not being depreciated:					
Land	109,393	\$ -	\$ -	\$ -	109,393
Capital assets being depreciated:					
Improvements other than buildings	2,645,426	\$ 118,334	\$ -	\$ -	2,763,760
Buildings, plant and structures	1,578,397	-	-	-	1,578,397
Furniture, fixtures, machinery and equipment	337,998	6,650	(37,507)	-	307,141
Total capital assets being depreciated	<u>4,561,821</u>	<u>\$ 124,984</u>	<u>\$ (37,507)</u>	<u>\$ -</u>	<u>4,649,298</u>
Less accumulated depreciation for:					
Improvements other than buildings	1,331,999	\$ 98,251	\$ -	\$ -	1,430,250
Buildings, plant and structures	297,411	37,460	-	-	334,871
Furniture, fixtures, machinery and equipment	222,367	26,945	(37,507)	-	211,805
Total accumulated depreciation	<u>1,851,777</u>	<u>\$ 162,656</u>	<u>\$ (37,507)</u>	<u>\$ -</u>	<u>1,976,926</u>
Total capital assets being depreciated, net	<u>2,710,044</u>				<u>2,672,372</u>
Golf capital assets, net	<u>2,819,437</u>				<u>2,781,765</u>
Business-type activities capital assets, net	<u>\$ 87,283,640</u>				<u>\$ 94,777,668</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2023

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

#### A. ASSETS (continued)

##### COMMITMENTS FOR CAPITAL PROJECTS

At June 30, 2023, the City has commitments for active projects as follows:

	Spent to date	Remaining commitment
Governmental funds:		
Capital projects	\$ 77,228,623	\$ 29,346,438
Enterprise funds:		
Storm Water capital projects	\$ 15,417,816	\$ 3,231,657
Parking Facilities capital projects	22,710,177	58,513
Nonmajor Golf capital projects	-	45,000
Total enterprise funds	\$ 38,127,993	\$ 3,335,170

#### 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](http://www.osc.nc.gov).

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

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2023

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

#### B. LIABILITIES (continued)

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

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

*Benefits Provided. (Continued)* 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, 2023, was 13.04% of compensation for law enforcement officers and 12.10% 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 \$8,346,281 for the year ended June 30, 2023.

*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.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At June 30, 2023, the City reported a liability of \$46,364,076 for its proportionate share of the LGERS net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 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, 2022, the City's proportion was 0.822%, which was an increase of 0.026% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the City recognized pension expense of \$12,818,505. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**CITY OF WILMINGTON, NORTH CAROLINA**

**Notes to Financial Statements (Continued)**  
**June 30, 2023**

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

**B. LIABILITIES (continued)**

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>                    </u>	<u>                    </u>
Differences between expected and actual experience	\$ 1,997,786	\$ 195,872
Changes of assumptions	4,626,095	-
Net difference between projected and actual earnings on pension plan investments	15,323,812	-
Changes in proportion and differences between City contributions and proportionate share of contributions	238,988	584,642
City contributions subsequent to the measurement date	<u>8,346,281</u>	<u>-</u>
Total	<u>\$ 30,532,962</u>	<u>\$ 780,514</u>

\$8,346,281 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, 2024. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2024	\$ 6,540,447
2025	5,760,518
2026	1,804,652
2027	<u>7,300,550</u>
	<u>\$ 21,406,167</u>

*Actuarial Assumptions.* The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.50 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.



# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2023

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

#### B. LIABILITIES (continued)

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

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

*Actuarial Assumptions. (Continued)* The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

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, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	33.0%	0.9%
Global Equity	38.0%	6.5%
Real Estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Opportunistic Fixed Income	7.0%	5.0%
Inflation Sensitive	6.0%	2.7%
Total	<u>100%</u>	

*Actuarial Assumptions.* The information above is based on 30-year expectations developed with the consulting actuary for the 2021 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 2.50%. All rates of return and inflation are annualized.

*Discount rate.* The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2023

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

#### B. LIABILITIES (continued)

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

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

*Sensitivity of the proportionate share of the net pension 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 6.50 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 (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
City's proportionate share of the net pension liability	\$ 83,681,186	\$ 46,364,076	\$ 15,612,610

*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.

*Plan Description.* All full-time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2022, the date of the latest actuarial valuation, the Separation Allowance's membership consisted of:

Retirees currently receiving benefits	61
Active plan members	246
Total	307

#### *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.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2023

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

#### B. LIABILITIES (continued)

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

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

*Actuarial Assumptions.* The entry age normal actuarial cost method was used in the December 31, 2021 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	3.3 to 7.8 percent, including inflation and productivity factor
Discount rate	4.05 percent

The discount rate is based on the Fidelity GO AA 20 Year Rate Index as of December 31, 2022.

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 \$919,732 as benefits came due for the reporting period. Of which \$454,569 was paid subsequent to the measurement date of December 31, 2022.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At June 30, 2023, the City reported a total pension liability of \$15,021,562. The total pension liability was measured as of December 31, 2022 based on a June 30, 2022 actuarial valuation. For the year ended June 30, 2023 the City recognized pension expense of \$1,541,584.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 202,210	\$ 355,093
Changes of assumptions	2,210,678	1,968,110
City benefit payments and plan administrative expense made subsequent to the measurement date	454,569	-
Total	\$ 2,867,457	\$ 2,323,203

\$454,569 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, 2024. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

**CITY OF WILMINGTON, NORTH CAROLINA**

**Notes to Financial Statements (Continued)  
June 30, 2023**

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

**B. LIABILITIES (continued)**

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

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

Year ending June 30:	
2024	\$ 288,885
2025	275,746
2026	77,475
2027	<u>(552,421)</u>
	<u>\$ 89,685</u>

*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 4.05 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 (3.05 percent) or 1-percentage-point higher (5.05 percent) than the current rate:

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

	<u>1% Decrease (3.05%)</u>	<u>Discount Rate (4.05%)</u>	<u>1% Increase (5.05%)</u>
Total pension liability	\$ 16,130,093	\$ 15,021,562	\$ 14,004,107

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

	<u>2023</u>
Beginning balance	\$ 17,159,226
Service cost	778,203
Interest on total pension liability	375,573
Differences between expected and actual experience in the measurement of the total pension liability	(320,660)
Changes of assumptions or other inputs	(2,036,598)
Benefit payments	<u>(934,182)</u>
Ending balance of the total pension liability	<u>\$ 15,021,562</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 June 30, 2022 valuation were based on the results of an actuarial experience study for the Local Governmental Employees Retirement System for the five year period ending December 31, 2019.

**CITY OF WILMINGTON, NORTH CAROLINA**

**Notes to Financial Statements (Continued)**  
**June 30, 2023**

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

**B. LIABILITIES (continued)**

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

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

The net pension liability for LGERS was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability for LEOSSA was measured as of December 31, 2022, with an actuarial valuation date of June 30, 2022. 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:

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Proportionate Share of Net Pension Liability	\$ 46,364,076	\$ -	\$ 46,364,076
Proportion of the Net Pension Liability	0.822%	n/a	
Total Pension Liability	-	15,021,562	15,021,562
Pension Expense	12,818,505	1,541,584	14,360,089

At June 30, 2023, 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	\$ 1,997,786	\$ 202,210	\$ 2,199,996
Changes of assumptions	4,626,095	2,210,678	6,836,773
Net difference between projected and actual earnings on pension plan investments	15,323,812	-	15,323,812
Changes in proportion and differences between City contributions and proportionate share of contributions	238,988	-	238,988
City contributions (LGERS)/benefit payments and administration costs (LEOSSA) subsequent to the measurement date	8,346,281	454,569	8,800,850
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$ 195,872	\$ 355,093	\$ 550,965
Changes of assumptions	-	1,968,110	1,968,110
Changes in proportion and differences between City contributions and proportionate share of contributions	584,642	-	584,642

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2023

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

#### B. LIABILITIES (continued)

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

#### 4. Supplemental Retirement Income Plan

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

The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the 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, 2023, the City's required contribution was \$892,783 for the law enforcement officers.

The City has elected to make contributions on behalf of all employees to the Supplemental Retirement Income Plan or the 457 Deferred Compensation Plan, discussed later in NOTE 3. The City's contribution is 4.5% of covered payroll and contributions are made to the plan selected by the employee. The City Council established the contribution and can amend or discontinue it at any time. Employees can also make voluntary contributions to these plans.

Employer contributions to the Supplemental Retirement Income Plan, excluding required contributions for law enforcement officers, totaled \$1,862,533 for the year ended June 30, 2023. Employee contributions to this plan, including law enforcement officers, included in salary expense for the year ended June 30, 2023, were \$2,216,950.

#### 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, 2023**

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

**B. LIABILITIES (continued)**

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

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

*Plan Description. (continued)*

*Plan Membership.* Membership of the plan consisted of the following at June 30, 2022, the date of the latest actuarial valuation:

	General Employees	Firefighters	Law Enforcement Officers
Inactive plan members and dependents receiving benefits	43	68	73
Inactive plan members entitled to but not yet receiving benefits	-	-	-
Active plan members*	174	94	100
Total	217	162	173

\* Excludes 624 active members who will not receive benefits due to the January 1, 2011 closure of the plan and 7 elected officials who are not eligible for future benefits.

*Benefits Provided.* The healthcare benefits for retired employees are the same as for active employees and are available to qualified retirees until the age of 65 or until Medicare eligible, whichever is sooner. The retiree contribution to the cost of a selected type of coverage is equivalent at a minimum to the active employee premium but may also include a percentage of the City’s portion of the premium depending on the date the retiree was last hired by the City and the years of creditable service the retiree achieved with the LGERS. For qualified retired employees hired on or after January 1, 2007 but before July 1, 2009, contribution requirements are the active employee premium plus a percentage of the premium paid by the City for active employees as determined by the following chart:

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

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

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2023

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

#### B. LIABILITIES (continued)

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

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

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

Effective June 30, 2009, 39 employees accepted an early retirement incentive offer. Of these employees, 26 receive benefits under the City’s healthcare plan on a noncontributory basis until they become 65 years of age or Medicare eligible, whichever comes first, and can no longer participate in the plan. The remaining 13 employees continue to make the required retiree contributions but once age 65 or Medicare eligibility is reached and they can no longer participate in the healthcare plan, the City will fund a Health Reimbursement Account in the amount of \$10,500 over five years on behalf of the employee. The effects of these termination benefits were included in the actuarial valuation as of June 30, 2022.

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, 2023 active employee contribution requirements range from \$135 to \$730 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, 2023

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

#### B. LIABILITIES (continued)

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

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

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

The City initially elected to fund the healthcare benefits on a pay as you go basis; however, during the fiscal year-ended June 30, 2009, the City established an irrevocable trust for these benefits at First Citizens Bank and prefunded an additional amount to partially pay the future cost of coverage for benefits. For the current year, the City contributed \$2,410,715 or 9.00% of annual covered payroll for current premiums. The City is self-insured. Contributions of \$570,669 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, 2023, the annual money weighted rate of return on investments, net of investment expense, was 3.41 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, 2023 were as follows:

Total OPEB liability	\$ 39,627,746
Plan fiduciary net position	3,172,811
City's net OPEB liability	\$ 36,454,935
 Plan fiduciary net position as a percentage of the total OPEB liability	 8.01%

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2023

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

#### B. LIABILITIES (continued)

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

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

*Actuarial assumptions.* The total OPEB liability was determined by an actuarial valuation as of June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
Salary increases	3.3 to 8.3 percent (7.80 percent for law enforcement and 8.00 percent for firefighters), including wage inflation
Investment rate of return	3.75 percent, net of OPEB plan investment expense, including price inflation
Healthcare cost trend rates	7.50 percent for 2023 decreasing to an ultimate rate of 4.50 percent by 2031

The total OPEB liabilities were rolled forward to June 30, 2023 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 95 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, 2022 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 3.86 percent. The projection of cash flows used to determine the discount rate was based upon the Single Equivalent Interest Rate. However, because the OPEB's plan fiduciary net position was not projected to be sufficient to make all future benefit payments, the discount rate incorporates a municipal bond rate which is 3.86 percent per the Municipal Bond Index Rate at the measurement date.

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

**CITY OF WILMINGTON, NORTH CAROLINA**

**Notes to Financial Statements (Continued)**  
**June 30, 2023**

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

**B. LIABILITIES (continued)**

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

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

	1% Decrease (2.86%)	Discount Rate (3.86%)	1% Increase (4.86%)
Net OPEB liability	\$ 39,629,514	\$ 36,454,935	\$ 33,561,515

*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 (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current healthcare cost trend rate:

	1% Decrease (6.50%)	Healthcare Cost Trend Rate (7.50%)	1% Increase (8.50%)
Net OPEB liability	\$ 33,136,280	\$ 36,454,935	\$ 40,189,375

*Changes in Net OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.* At June 30, 2023, the City reported a net OPEB liability of \$36,454,935. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022. The total OPEB liability was then rolled forward to the measurement date of June 30, 2023 utilizing update procedures incorporating the actuarial assumptions.

At June 30, 2023 the components of the net OPEB liability of the City, measured as of June 30, 2023 were as follows:

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2023

### NOTE 3 – 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, 2022	\$ 41,653,001	\$ 3,061,235	\$ 38,591,766
Changes for the year:			
Service cost	1,098,759	-	1,098,759
Interest	1,431,847	-	1,431,847
Differences between expected and actual experience	(2,062,697)	-	(2,062,697)
Changes of assumptions	(82,449)	-	(82,449)
Contributions	-	2,410,715	(2,410,715)
Net investment income	-	114,826	(114,826)
Benefit payments	(2,410,715)	(2,410,715)	-
Administrative expenses	-	(3,250)	3,250
Net changes	(2,025,255)	111,576	(2,136,831)
Balances at June 30, 2023	\$ 39,627,746	\$ 3,172,811	\$ 36,454,935

*Changes of Assumptions.* Changes of assumptions and other inputs reflect a change in the discount rate from 3.54 percent in 2022 to 3.86 percent in 2023 on the measurement date and the projected measurement asset depletion date.

For the year ended June 30, 2023, the City recognized OPEB expense (income) of (\$801,798). At June 30, 2023, 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	\$ -	\$ 8,081,626
Changes of assumptions	3,018,112	3,102,552
Net difference between projected and actual earnings on plan investments	109,514	-
Total	\$ 3,127,626	\$ 11,184,178

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2023

### NOTE 3 – 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:	
2024	\$ (3,147,843)
2025	(2,824,970)
2026	(1,698,399)
2027	<u>(385,340)</u>
	<u>\$ (8,056,552)</u>

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

	Per Actuary	Change in Fund Allocation	Total Deferred Outflows
<b>Deferred Outflows Reconciliation - OPEB</b>			
Governmental activities	\$ 2,852,460	\$ 156,461	\$ 3,008,921
Recycling and Trash Services Fund	144,378	670,043	814,421
Storm Water Management Fund	78,817	432,274	511,091
Parking Facilities Fund	788	11,637	12,425
Nonmajor Golf Fund	<u>51,183</u>	<u>-</u>	<u>51,183</u>
Total deferred outflows	<u>\$ 3,127,626</u>	<u>\$ 1,270,415</u>	<u>\$ 4,398,041</u>

	Per Actuary	Change in Fund Allocation	Total Deferred Inflows
<b>Deferred Inflows Reconciliation - OPEB</b>			
Governmental activities	\$ 10,200,206	\$ 882,691	\$ 11,082,897
Recycling and Trash Services Fund	516,284	252,621	768,905
Storm Water Management Fund	281,845	25,581	307,426
Parking Facilities Fund	2,817	4,333	7,150
Nonmajor Golf Fund	<u>183,026</u>	<u>105,189</u>	<u>288,215</u>
Total deferred inflows	<u>\$ 11,184,178</u>	<u>\$ 1,270,415</u>	<u>\$ 12,454,593</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2023

### NOTE 3 – 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:

	<u>Governmental Activities</u>	<u>Recycling and Trash Services Fund</u>	<u>Storm Water Management Fund</u>	<u>Parking Facilities Fund</u>	<u>Nonmajor Golf Fund</u>	<u>Total</u>
Years ending June 30:						
2024	\$ (198,279)	\$ 62,987	\$ 164,725	\$ 10,092	\$ (39,525)	\$ -
2025	(198,639)	72,410	159,972	(1,543)	(32,200)	-
2026	(176,363)	114,515	88,392	(738)	(25,806)	-
2027	<u>(152,949)</u>	<u>167,510</u>	<u>(6,396)</u>	<u>(507)</u>	<u>(7,658)</u>	<u>-</u>
Total	<u>\$ (726,230)</u>	<u>\$ 417,422</u>	<u>\$ 406,693</u>	<u>\$ 7,304</u>	<u>\$ (105,189)</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 MissionSquare Retirement. 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, 2023, were \$408,134 that was matched by the City.

Employer contributions to the 457 Deferred Compensation Plan totaled \$2,006,234 for the year ended June 30, 2023. 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, 2023, were \$1,093,324.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2023

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

#### B. LIABILITIES (continued)

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

#### OTHER EMPLOYMENT BENEFITS

The City has elected to provide death benefits to employees engaged in law enforcement through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest month's salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. 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, 2023, the City made contributions to the State for death benefits of \$24,998.

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, 2023, the City paid \$85,547 to the insurance provider for death benefit premiums for all eligible employees. Life insurance benefits in excess of \$50,000 are considered taxable to the employee as a fringe benefit.

**CITY OF WILMINGTON, NORTH CAROLINA**

**Notes to Financial Statements (Continued)**  
**June 30, 2023**

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

**B. LIABILITIES (continued)**

**DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

The balance in deferred outflows of resources at the government-wide level of the City at June 30, 2023 is summarized as follows:

	Governmental Activities	Business-type Activities
Deferred amount for loss on refunded debt	\$ 2,418,401	\$ 147,954
Contributions to pension plan in current year for the Local Governmental Employees' Retirement System (LGERS)	7,544,821	801,460
Benefit payments/administration costs paid subsequent to the measurement date for the Law Enforcement Officers' Special Separation Allowance (Separation Allowance)	454,569	-
Pension deferrals - LGERS	19,809,461	2,377,220
Pension deferrals - Separation Allowance	2,412,888	-
Pension deferrals for other postemployment benefits	3,008,921	1,389,120
	\$ 35,649,061	\$ 4,715,754

The balance in deferred inflows of resources at the government-wide level of the City at June 30, 2023 is summarized as follows:

	Governmental Activities	Business-type Activities
Deferred amount for gain on refunded debt	\$ 90,055	\$ 393
Leases	17,104,124	9,873,446
Pension deferrals - LGERS	702,901	77,613
Pension deferrals - Separation Allowance	2,323,203	-
Pension deferrals for other postemployment benefits	11,082,897	1,371,696
	\$ 31,303,180	\$ 11,323,148



**CITY OF WILMINGTON, NORTH CAROLINA**

**Notes to Financial Statements (Continued)**  
**June 30, 2023**

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

**B. LIABILITIES (continued)**

**UNEARNED REVENUES**

The balance in unearned revenues at June 30, 2023 is summarized as follows:

	General Fund	Special Purpose Fund	Convention Center Fund	Nonmajor Governmental Funds	Nonmajor Golf Fund	Governmental Activities	Business- type Activities
Unrestricted:							
Prepaid parks and recreation pass cards	\$ 4,095	\$ -	\$ -	\$ -	\$ -	\$ 4,095	\$ -
Prepaid capital contribution - management company	-	-	4,000	-	-	4,000	-
Prepaid golf course green fees	-	-	-	-	186,985	-	186,985
Restricted:							
ARPA funds unspent	-	9,569,342	-	-	-	9,569,342	-
Opioid pilot program	-	209,727	-	-	-	209,727	-
Opioid settlement	-	-	-	99,772	-	99,772	-
Grants received in advance	-	603,054	-	266,211	-	869,265	-
Other	-	445	-	-	-	445	-
	<u>\$ 4,095</u>	<u>\$ 10,382,568</u>	<u>\$ 4,000</u>	<u>\$ 365,983</u>	<u>\$ 186,985</u>	<u>\$ 10,756,646</u>	<u>\$ 186,985</u>

**LONG-TERM LIABILITIES**

**Leases**

The City has entered into agreements to lease certain assets. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future lease payments as of the date of their inception.

Governmental activities lease agreements as of June 30, 2023 were as follows:

On July 1, 2021, the City entered into a 32 month lease as lessee for the use of an aircraft hangar for the Sable program. An initial lease liability was recorded in the amount of \$44,382. As of June 30, 2023, the value of the lease liability is \$11,170. The City is required to make monthly fixed payments of \$1,400. The lease has an interest rate of 0.73%. The value of the right-to-use lease asset as of June 30, 2023 is \$44,382 with accumulated amortization of \$33,287.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2023

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

#### B. LIABILITIES (continued)

##### Leases (continued)

On December 1, 2021, the City entered into a 48 month lease as lessee for deployment #1 of computers under a PC as a service agreement. An initial lease liability was recorded in the amount of \$69,032. As of June 30, 2023, the value of the lease liability is \$34,514. The City is required to make annual fixed payments of \$18,280. The lease has an interest rate of 1.027%. The value of the right-to-use lease asset as of June 30, 2023 is \$69,032 with accumulated amortization of \$27,325.

On April 1, 2022, the City entered into a 27 month lease as lessee for the use of iNet gas detection equipment. An initial lease liability was recorded in the amount of \$24,627. As of June 30, 2023, the value of the lease liability is \$11,099. The City is required to make monthly fixed payments of \$1,284. The lease has an interest rate of 2.24%. The value of the right-to-use lease asset as of June 30, 2023 is \$24,627 with accumulated amortization of \$13,681.

On May 1, 2022, the City entered into a 48 month lease as lessee for deployment #2 of computers under a PC as a service agreement. An initial lease liability was recorded in the amount of \$83,012; however, during the current year, a return of certain computers to the vendor resulted in a lease modification to reduce both the lease liability and right to use lease asset by \$33,190. As of June 30, 2023, the value of the lease liability is \$24,423. Subsequent to the modification, the City is required to make annual fixed payments of \$12,700. The lease has an interest rate of 2.65%. The value of the right to use asset as of June 30, 2023 is \$49,823 with accumulated amortization of \$22,368.

On May 1, 2022, the City entered into a 60 month lease as lessee for the use of a Systel plotter. An initial lease liability was recorded in the amount of \$14,896. As of June 30, 2023, the value of the lease liability is \$11,595. The City is required to make monthly fixed payments of \$265. The lease has an interest rate of 2.65%. The value of the right-to-use lease asset as of June 30, 2023 is \$14,896 with accumulated amortization of \$3,471.

On July 1, 2022, the City entered into a 24 month lease as lessee for the use of a facility to operate the City Health Clinic. An initial lease liability was recorded in the amount of \$31,780. As of June 30, 2023, the value of the lease liability is \$16,024. The City is required to make monthly fixed payments of \$1,350. The lease has an interest rate of 2.02%. The value of the right to use asset as June 30, 2023 is \$31,780 with accumulated amortization of \$15,890.

On August 1, 2022, the City entered into a 48 month lease as lessee for deployment #3 of computers under a PC as a service agreement. An initial lease liability was recorded in the amount of \$37,884. As of June 30, 2023, the value of the lease liability is \$28,091. The City is required to make annual fixed payments of \$9,793. The lease has an interest rate of 2.28%. The value of the right to use asset as of June 30, 2023 is \$37,884 with accumulated amortization of \$8,682.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2023

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

#### B. LIABILITIES (continued)

##### Leases (continued)

On October 1, 2022, the City entered into a 48 month lease as lessee for deployment #4 of computers under a PC as a service agreement. An initial lease liability was recorded in the amount of \$42,630. As of June 30, 2023, the value of the lease liability is \$31,453. The City is required to make annual fixed payments of \$11,177. The lease has an interest rate of 3.27%. The value of the right to use asset as of June 30, 2023 is \$42,630 with accumulated amortization of \$7,993.

On Decemebr 1, 2022, the City entered into a 48 month lease as lessee for deployment #5 of computers under a PC as a service agreement. An initial lease liability was recorded in the amount of \$66,840. As of June 30, 2023, the value of the lease liability is \$49,315. The City is required to make annual fixed payments of \$17,525. The lease has an interest rate of 3.27%. The value of the right to use asset as of June 30, 2023 is \$66,840 with accumulated amortization of \$9,748.

On Decemebr 1, 2022, the City entered into a 48 month lease as lessee for deployment #6 of computers under a PC as a service agreement. An initial lease liability was recorded in the amount of \$68,485. As of June 30, 2023, the value of the lease liability is \$50,529. The City is required to make annual fixed payments of \$17,956. The lease has an interest rate of 3.27%. The value of the right to use asset as of June 30, 2023 is \$68,485 with accumulated amortization of \$9,987.

On January 1, 2023, the City entered into a 48 month lease as lessee for deployment #7 of computers under a PC as a service agreement. An initial lease liability was recorded in the amount of \$76,724. As of June 30, 2023, the value of the lease liability is \$56,776. The City is required to make annual fixed payments of \$19,947. The lease has an interest rate of 2.68%. The value of the right to use asset as of June 30, 2023 is \$76,724 with accumulated amortization of \$9,590.

On January 2, 2023, the City entered into a 60 month lease as lessee for the use of a facility and pasture for police horses. An initial lease liability was recorded in the amount of \$84,270. As of June 30, 2023, the value of the lease liability is \$76,172. The City is required to make monthly fixed payments of \$1,499. The lease has an interest rate of 2.68%. The value of the right to use asset as of June 30, 2023 is \$84,270 with accumulated amortization of \$8,427.

On April 1, 2023, the City entered into a 48 month lease as lessee for deployment #11 of computers under a PC as a service agreement. An initial lease liability was recorded in the amount of \$66,107. As of June 30, 2023, the value of the lease liability is \$49,006. The City is required to make annual fixed payments of \$17,101. The lease has an interest rate of 2.33%. The value of the right to use asset as of June 30, 2023 is \$66,107 with accumulated amortization of \$4,132.

**CITY OF WILMINGTON, NORTH CAROLINA**

**Notes to Financial Statements (Continued)**  
**June 30, 2023**

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

**B. LIABILITIES (continued)**

**Leases (continued)**

On May 1, 2023, the City entered into a 48 month lease as lessee for deployment #10 of computers under a PC as a service agreement. An initial lease liability was recorded in the amount of \$12,040. As of June 30, 2023, the value of the lease liability is \$8,925. The City is required to make annual fixed payments of \$3,115. The lease has an interest rate of 2.33%. The value of the right to use asset as of June 30, 2023 is \$12,040 with accumulated amortization of \$502.

The future principal and interest lease payments as of June 30, 2023, were as follows:

Year Ending June 30	Principal	Interest	Total
2024	\$ 175,383	\$ 11,261	\$ 186,644
2025	140,629	7,381	148,010
2026	114,041	3,745	117,786
2027	20,115	527	20,642
2028	8,924	70	8,994
	<u>\$ 459,092</u>	<u>\$ 22,984</u>	<u>\$ 482,076</u>

Business-type activities lease agreement as of June 30, 2023, was as follows:

On July 1, 2021, the City entered into a 122 month lease as lessee for the use of the 2nd Street lot for parking. An initial lease liability was recorded in the amount of \$1,815,439. As of June 30, 2023, the value of the lease liability is \$1,503,967. The City is required to make monthly fixed payments of \$15,247, increasing to \$17,153 beginning September 1, 2026. The lease has an interest rate of 1.60%. The value of the right-to-use lease asset as of June 30, 2023 is \$1,815,439 with accumulated amortization of \$357,136.

The future principal and interest lease payments as of June 30, 2023, were as follows:

Year(s) Ending June 30	Principal	Interest	Total
2024	\$ 160,011	\$ 22,951	\$ 182,962
2025	162,597	20,365	182,962
2026	165,224	17,738	182,962
2027	187,067	14,953	202,020
2028	193,956	11,876	205,832
2029-2032	635,112	16,691	651,803
	<u>\$ 1,503,967</u>	<u>\$ 104,574</u>	<u>\$ 1,608,541</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2023

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

#### B. LIABILITIES (continued)

##### Subscriptions

The City has entered into subscription agreements for software. The subscription agreements qualify as other than short-term leases under GASB 96 and, therefore, have been recorded at the present value of the future subscription payments as of the date of their inception.

Governmental activities subscription agreements as of June 30, 2023 were as follows:

On July 1, 2022, the City entered into a 30 month subscription for the use of Tyler MUNIS accounting software module deployment #1. An initial subscription liability was recorded in the amount of \$1,394,745. As of June 30, 2023, the value of the subscription liability is \$841,349. The City is required to make quarterly fixed payments of \$142,917. The subscription has an interest rate of 2.18%. The value of the right to use asset as of June 30, 2023 is \$1,394,744 with accumulated amortization of \$557,898.

On July 1, 2022, the City entered into a 30 month subscription for the use of Tyler MUNIS accounting software module deployment #2. An initial subscription liability was recorded in the amount of \$116,810. As of June 30, 2023, the value of the subscription liability is \$70,463. The City is required to make quarterly fixed payments of \$11,969. The subscription has an interest rate of 2.18%. The value of the right to use asset as of June 30, 2023 is \$116,810 with accumulated amortization of \$46,724.

On July 1, 2022, the City entered into a 30 month subscription for the use of Tyler MUNIS accounting software module deployment #3. An initial subscription liability was recorded in the amount of \$77,780. As of June 30, 2023, the value of the subscription liability is \$46,919. The City is required to make quarterly fixed payments of \$7,970. The subscription has an interest rate of 2.18%. The value of the right to use asset as of June 30, 2023 is \$77,780 with accumulated amortization of \$31,112.

On July 1, 2022, the City entered into a 30 month subscription for the use of Tyler MUNIS accounting software module deployment #4. An initial subscription liability was recorded in the amount of \$121,291. As of June 30, 2023, the value of the subscription liability is \$73,166. The City is required to make quarterly fixed payments of \$12,429. The subscription has an interest rate of 2.18%. The value of the right to use asset as of June 30, 2023 is \$121,291 with accumulated amortization of \$48,517.

On July 1, 2022, the City entered into a 24 month subscription for the use of Axon Evidence for body camera video evidence software. An initial subscription liability was recorded in the amount of \$252,554. As of June 30, 2023, the value of the subscription liability is \$125,012. The City is required to make annual fixed payments of \$127,542. The subscription has an interest rate of 2.02%. The value of the right to use asset as of June 30, 2023 is \$252,554 with accumulated amortization of \$126,277.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2023

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

#### B. LIABILITIES (continued)

##### Subscriptions (continued)

On July 1, 2022, the City entered into a 36 month subscription for the use of DebtBook accounting software. An initial subscription liability was recorded in the amount of \$22,023. As of June 30, 2023, the value of the subscription liability is \$14,523. The City is required to make annual fixed payments of \$7,500. The subscription has an interest rate of 2.18%. The value of the right to use asset as of June 30, 2023 is \$22,022 with accumulated amortization of \$7,341.

On July 1, 2022, the City entered into a 24 month subscription for the use of ESRI Geographic Information software. An initial subscription liability was recorded in the amount of \$163,235. As of June 30, 2023, the value of the subscription liability is \$80,863. The City is required to make annual fixed payments of \$82,500. The subscription has an interest rate of 2.02%. The value of the right to use asset as of June 30, 2023 is \$163,235 with accumulated amortization of \$80,061.

On July 1, 2022, the City entered into a 15 month subscription with West Publishing for legal and investigative research software. An initial subscription liability was recorded in the amount of \$12,525. As of June 30, 2023, the value of the subscription liability is \$2,547. The City is required to make monthly fixed payments of \$811. The subscription has an interest rate of 1.71%. The value of the right to use asset as of June 30, 2023 is \$12,525 with accumulated amortization of \$10,020.

On July 1, 2022, the City entered into a 24 month subscription with Lexis Nexis - Relx Incorporated for legal and investigative research software. An initial subscription liability was recorded in the amount of \$18,331. As of June 30, 2023, the value of the subscription liability is \$9,258. The City is required to make monthly fixed payments of \$780. The subscription has an interest rate of 2.02%. The value of the right to use asset as of June 30, 2023 is \$18,331 with accumulated amortization of \$9,165.

On July 1, 2022, the City entered into a 13 month subscription with PayFactors Market Data for job market research. An initial subscription liability was recorded in the amount of \$13,481. As of June 30, 2023, no subscription liability remains. The City is required to make annual fixed payments of \$13,500. The subscription has an interest rate of 1.71%. The value of the right to use asset as of June 30, 2023 is \$13,481 with accumulated amortization of \$12,444.

On July 1, 2022, the City entered into a 13 month subscription for professional online training software with Pluralsight. An initial subscription liability was recorded in the amount of \$12,720. As of June 30, 2023, no subscription liability remains. The City is required to make annual fixed payments of \$12,738. The subscription has an interest rate of 1.71%. The value of the right to use asset as of June 30, 2023 is \$12,720 with accumulated amortization of \$11,741.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2023

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

#### B. LIABILITIES (continued)

##### Subscriptions (continued)

On July 1, 2022, the City entered into a 24 month subscription with SpartanTec for UniTrends Enterprise Plus Recovery software. An initial subscription liability was recorded in the amount of \$40,313. As of June 30, 2023, the value of the subscription liability is \$19,356. The City is required to make annual fixed payments of \$21,000. The subscription has an interest rate of 2.02%. The value of the right to use asset as of June 30, 2023 is \$40,313 with accumulated amortization of \$19,638.

On July 1, 2022, the City entered into a 29 month subscription with TeleMessage Incorporated for Mobile Archiver Messaging. An initial subscription liability was recorded in the amount of \$18,851. As of June 30, 2023, the value of the subscription liability is \$9,410. The City is required to make annual fixed payments of \$9,600. The subscription has an interest rate of 2.02%. The value of the right to use asset as of June 30, 2023 is \$18,851 with accumulated amortization of \$7,800.

On July 1, 2022, the City entered into a 42 month subscription with Balancing Act for a budget engagement platform. An initial subscription liability was recorded in the amount of \$13,460. As of June 30, 2023, the value of the subscription liability is \$8,973. The City is required to make annual fixed payments of \$4,640. The subscription has an interest rate of 2.28%. The value of the right to use asset as of June 30, 2023 is \$13,460 with accumulated amortization of \$3,846.

On July 1, 2022, the City entered into a 48 month subscription for the use of iNet Gas Monitoring software. An initial subscription liability was recorded in the amount of \$15,965. As of June 30, 2023, the value of the subscription liability is \$12,086. The City is required to make monthly fixed payments of \$348. The subscription has an interest rate of 2.28%. The value of the right to use asset as of June 30, 2023 is \$15,965 with accumulated amortization of \$3,991.

On August 1, 2022, the City entered into a 60 month subscription for the use of Gordian VFA Facility for a capital planning and management software. An initial subscription liability was recorded in the amount of \$33,032. As of June 30, 2023, the value of the subscription liability is \$26,507. The City is required to make annual fixed payments of \$6,525. The subscription has an interest rate of 2.37%. The value of the right to use asset as of June 30, 2023 is \$33,032 with accumulated amortization of \$6,056.

On February 11, 2023, the City entered into a 36 month subscription with SpartanTec for Checkpoint CloudGuard software. An initial subscription liability was recorded in the amount of \$42,069. As of June 30, 2023, the value of the subscription liability is \$27,677. The City is required to make annual fixed payments of \$14,392. The subscription has an interest rate of 2.66%. The value of the right to use asset as of June 30, 2023 is \$42,069 with accumulated amortization of \$5,453.

**CITY OF WILMINGTON, NORTH CAROLINA**

**Notes to Financial Statements (Continued)**  
**June 30, 2023**

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

**B. LIABILITIES (continued)**

**Subscriptions (continued)**

The future principal and interest subscription payments as of June 30, 2023, were as follows:

Year Ending June 30	Principal	Interest	Total
2024	\$ 965,933	\$ 23,934	\$ 989,867
2025	384,082	4,113	388,195
2026	10,920	382	11,302
2027	7,174	170	7,344
	<u>\$ 1,368,109</u>	<u>\$ 28,599</u>	<u>\$ 1,396,708</u>

**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.

General obligation bonds outstanding at June 30, 2023 are comprised of the following issues:

	<u>Governmental activities</u>
\$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 3.40 to 4.20 percent.	\$ 1,655,000
\$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.	1,885,000



# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2023

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

#### General Obligation Bonds (continued)

Governmental  
activities

\$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 of \$650,000 to \$675,000, through September 1, 2028; semiannual interest payments due on September 1 and March 1 at rates from 3.00 to 5.00 percent.

\$ 3,995,000

\$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.

11,475,000

\$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 1.15 to 2.40 percent.

13,735,000

\$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 0.40 to 0.93 percent.

5,750,000

**CITY OF WILMINGTON, NORTH CAROLINA**

**Notes to Financial Statements (Continued)**  
**June 30, 2023**

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

**B. LIABILITIES (continued)**

**LONG-TERM LIABILITIES (continued)**

**General Obligation Bonds (continued)**

	<u>Governmental activities</u>
<p>\$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 through July 1, 2031; semiannual interest payments due on July 1 and January 1 at a rate of 5.0 percent.</p>	<p><u>\$ 3,395,000</u></p>
<p>Serviced by Debt Service Fund</p>	<p><u>\$ 74,840,000</u></p>

Annual debt service requirements to maturity for general obligation bonds at June 30, 2023 are as follows:

Year(s) Ending June 30	Governmental Activities	
	Principal	Interest
2024	\$ 5,075,000	\$ 2,211,307
2025	5,070,000	2,095,468
2026	5,065,000	1,978,257
2027	5,060,000	1,824,328
2028	5,055,000	1,613,849
2029-2033	22,270,000	5,304,406
2034-2038	19,185,000	2,177,700
2039-2043	8,060,000	315,558
	<u>\$ 74,840,000</u>	<u>\$ 17,520,873</u>

**Revenue Bonds**

The City has issued tax exempt 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 \$1,553,200 or 21.2% of available net revenues of \$7,330,942. 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, 2023**

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

**B. LIABILITIES (continued)**

**LONG-TERM LIABILITIES (continued)**

**Revenue Bonds (continued)**

Revenue bonds outstanding at June 30, 2023 are comprised of the following individual issues:

	<u>Business-type activities</u>
\$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 \$740,000 to \$1,250,000, through June 1, 2040; semiannual interest payments due June 1 and December 1, with rates from 3.0 to 5.0 percent.	\$ <u>16,475,000</u>
Serviced by Storm Water Management Fund	\$ <u>16,475,000</u>

Annual debt service requirements to maturity for revenue bonds at June 30, 2023 are as follows:

<u>Year(s) Ending June 30</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 880,000	\$ 671,200
2025	925,000	627,200
2026	950,000	599,450
2027	985,000	566,200
2028	1,020,000	531,725
2029-2033	5,765,000	1,989,625
2034-2038	4,075,000	886,750
2039-2040	1,875,000	113,200
	<u>\$ 16,475,000</u>	<u>\$ 5,985,350</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2023

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

#### Revenue Bonds (continued)

Certain covenants are contained in the revenue bond order. The City was in compliance with the covenants during the fiscal year ended June 30, 2023. The revenue coverage calculation as of June 30, 2023 is as follows:

Revenues (1)		
Operating revenues	\$ 12,932,139	
Other operating revenue	1,739,675	
Investment earnings	797,228	\$ 15,469,042
Current Expenses (2)		
Operating expenses	9,497,412	
Less depreciation	(1,359,312)	8,138,100
Revenues available for debt service		<u>7,330,942</u>
Principal and interest requirements (3)		
Revenue bonds (at 120%)	1,861,440	
Other indebtedness (at 100%)	<u>77,000</u>	<u>1,938,440</u>
Revenues in excess of principal and interest requirements		<u>\$ 5,392,502</u>

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

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

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

#### 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.

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 Empire Park Fire Station. The 2015A, 2020B, 2021A, 2021B and 2023A 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, Shipyard and River Lights 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.

**CITY OF WILMINGTON, NORTH CAROLINA**

**Notes to Financial Statements (Continued)**  
**June 30, 2023**

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

**B. LIABILITIES (continued)**

**LONG-TERM LIABILITIES (continued)**

**Installment Obligations (continued)**

Installment obligations outstanding at June 30, 2023 are comprised of the following individual issues:

	Governmental activities	Business-type activities
<p>\$21,565,000 Refunding Limited Obligation Bonds, Series 2014A issued to refund \$22,640,000, a portion of the Certificates of Participation, Series 2005A; principal payment due annually on June 1, in installments ranging from \$1,345,000 to \$1,450,000 through June 1, 2032; semiannual interest payments due on June 1 and December 1 at rates from 3.25 to 5.00 percent.</p> <p style="margin-left: 20px;">Serviced by Debt Service Fund</p> <p style="margin-left: 20px;">Serviced by Storm Water Management Fund</p>	<p>\$ 12,370,000</p> <p style="margin-left: 20px;">-</p>	<p>\$ -</p> <p style="margin-left: 20px;">140,000</p>
<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 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="margin-left: 20px;">Serviced by Debt Service Fund</p>	<p>11,940,000</p>	<p>-</p>
<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 \$2,235,000 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="margin-left: 20px;">Serviced by Convention Center Fund</p>	<p>45,480,000</p>	<p>-</p>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Notes to Financial Statements (Continued)**  
**June 30, 2023**

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

**B. LIABILITIES (continued)**

**LONG-TERM LIABILITIES (continued)**

**Installment Obligations (continued)**

	Governmental activities	Business-type activities
<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>	\$ 8,270,000	\$ -
<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 style="padding-left: 40px;">Serviced by Debt Service Fund</p>	19,995,000	-
<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 style="padding-left: 40px;">Serviced by Debt Service Fund</p>	8,055,000	-

**CITY OF WILMINGTON, NORTH CAROLINA**

**Notes to Financial Statements (Continued)  
June 30, 2023**

**NOTE 3 – 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>\$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 1.57 to 3.09 percent.</p>		
Serviced by Debt Service Fund	\$ 6,930,000	\$ -
Serviced by the Parking Facilities Fund	-	22,595,000
<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 \$2,085,000 through June 1, 2030; semiannual interest payments due June 1 and December 1 at rates from 0.60 to 2.03 percent.</p>		
Serviced by Debt Service Fund	7,548,086	-
Serviced by the Parking Facilities Fund	-	2,066,914

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2023

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

#### Installment Obligations (continued)

	Governmental activities	Business-type activities
\$23,980,000 Limited Obligation Bonds, Series 2023A to finance street, sidewalk, streetscape, Riverwalk, and parks and recreation improvements, including Water Street Park and Riverfront Park, the construction and equipping of a new fire station in the Riverlights community, and a portion of constructing and equipping of a sports complex; principal payments due annually on June 1 in installments ranging from \$1,195,000 to \$1,200,000 thru June 1, 1943; semiannually interest payments due June 1 and December 1 at a rate of 5.0 percent.		
Served by Debt Service Fund	\$ 23,980,000	\$ -
Installment Obligations Served By:		
Debt Service Fund	\$ 105,518,086	\$ -
Convention Center Fund	45,480,000	-
Storm Water Management Fund	-	140,000
Parking Facilities Fund	-	24,661,914
	\$ 150,998,086	\$ 24,801,914

Annual debt service requirements to maturity for installment obligations at June 30, 2023 are as follows:

Year(s) Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 10,994,705	\$ 6,145,753	\$ 1,845,295	\$ 589,977
2025	11,061,981	5,649,504	1,828,019	562,938
2026	11,117,985	5,200,056	1,742,015	533,045
2027	11,097,577	4,744,473	1,727,423	503,785
2028	11,085,838	4,309,428	1,714,162	470,638
2029-2033	47,190,000	14,922,424	6,635,000	1,874,546
2034-2038	38,230,000	6,292,680	6,650,000	1,012,170
2039-2043	10,220,000	1,139,844	2,660,000	123,291
	\$ 150,998,086	\$ 48,404,162	\$ 24,801,914	\$ 5,670,390



# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2023

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

#### Other Long-Term Obligations

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

Other long-term obligations outstanding at June 30, 2023 are comprised of the following individual issues:

Governmental  
activities

\$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.

\$ 3,617,290

\$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 \$251,505 through August 1, 2030; semiannual interest payments due August 1 and February 1 at rates from 3.00 to 5.00 percent.

1,987,200

Debt Service Fund

\$ 5,604,490

**CITY OF WILMINGTON, NORTH CAROLINA**

**Notes to Financial Statements (Continued)**  
**June 30, 2023**

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

**B. LIABILITIES (continued)**

**LONG-TERM LIABILITIES (continued)**

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

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

Year(s) Ending June 30	Governmental Activities	
	Installment Agreements	
	Principal	Interest
2024	\$ 864,716	\$ 232,518
2025	867,977	189,201
2026	871,239	145,720
2027	874,501	102,077
2028	872,948	62,755
2029-2031	<u>1,253,109</u>	<u>44,305</u>
	<u>\$ 5,604,490</u>	<u>\$ 776,576</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, 2023 amounts to \$1,751,609,581 resulting in an available legal debt margin of \$1,495,365,091.

Changes in long-term liabilities for governmental activities during fiscal year 2023 were as follows:

	Balance	Additions	Reductions	Balance	Due Within
	July 1, 2022			June 30, 2023	One Year
General obligation bonds	\$ 79,910,000	\$ -	\$ (5,070,000)	\$ 74,840,000	\$ 5,075,000
Installment obligations	136,742,175	23,980,001	(9,724,090)	150,998,086	10,994,705
Other long-term obligations	6,465,944	-	(861,454)	5,604,490	864,716
Plus deferred amounts for issuance premiums	25,263,250	3,407,796	(1,403,614)	27,267,432	-
Lease liability	202,431	486,761	(230,100)	459,092	175,382
Subscription liability	2,272,060	97,123	(1,001,074)	1,368,109	965,933
Compensated absences	8,566,809	5,805,822	(5,307,933)	9,064,698	5,607,516
Net OPEB Liability	34,533,455	-	(1,285,789)	33,247,666	-
Net pension liability (LGERS)	10,841,098	30,655,618	-	41,496,716	-
Total pension liability (Separation Allowance)	<u>17,159,226</u>	<u>-</u>	<u>(2,137,664)</u>	<u>15,021,562</u>	<u>908,775</u>
Governmental activity long-term liabilities	<u>\$321,956,448</u>	<u>\$ 64,433,121</u>	<u>\$ (27,021,718)</u>	<u>\$359,367,851</u>	<u>\$ 24,592,027</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2023

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

#### B. LIABILITIES (continued)

#### LONG-TERM LIABILITIES (continued)

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

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for internal service funds are included as part of the above totals for governmental activities. At year-end, \$112,562 of compensated absences, \$367,093 of other postemployment benefits and \$503,151 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 2023 were as follows:

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Revenue bonds	\$ 17,315,000	\$ -	\$ (840,000)	\$ 16,475,000	\$ 880,000
Installment obligations	26,657,825	-	(1,855,911)	24,801,914	1,845,295
Plus deferred amounts for issuance premiums	1,229,911	-	(176,856)	1,053,055	-
Lease liability	1,661,434	-	(157,467)	1,503,967	160,011
Compensated absences	610,245	703,578	(684,185)	629,638	376,097
Net OPEB Liability	4,058,311	-	(851,042)	3,207,269	-
Net pension liability (LGERS)	1,359,885	3,507,475	-	4,867,360	-
Business-type activity long-term liabilities	<u>\$ 52,892,611</u>	<u>\$ 4,211,053</u>	<u>\$ (4,565,461)</u>	<u>\$ 52,538,203</u>	<u>\$ 3,261,403</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. This agreement included terms with the option that allowed the City to extend the agreement for an additional five years through November 1, 2028, which the City has opted to extend. 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 revenue is rental charges and food and beverage sales. For the year ended June 30, 2023, the City paid \$135,467 for this service. The City's obligation for the year ending June 30, 2024, is \$145,896 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, 2023

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

#### B. LIABILITIES (continued)

#### COMMITMENTS AND CONTINGENCIES (continued)

The City's Second Street, Market Street, Convention Center and Riverplace parking decks, and the Second Street and Hannah Block parking lots are managed under a contract through June 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, 2023, the City paid \$2,353,425 for these services. The contract costs under a new contract effective July 1, 2023, are expected to be \$3,048,266 for the year ending June 30, 2024, which includes the addition of the newly acquired parking deck in northern downtown purchased in July 2023.

The City entered into an incentive agreement in March 2023 with Megacorp Logistics, LLC to provide incentive payments to the company in exchange for the company's commitment to provide jobs at their facility in the City. Megacorp Logistics, LLC is required to provide 300 new full-time equivalent employees with an average annual compensation of \$62,000 per year. The City's obligation under the agreement is \$40,000 per year for five years commencing when the company demonstrates that the minimum required levels of new full-time employees have been hired on or before July 2023. The first payment of \$40,000 was made for FY2023.

The City entered into an incentive agreement in October 2022 with Port City Logistics, Inc to provide incentive payments to the company in exchange for the company's commitment to make a direct investment of at least \$16 million in real and personal property in the City and provide hiring of 75 new full-time equivalent employees with an average annual compensation of \$64,000 per year. The City's obligation under the agreement is \$9,000 per year for five years commencing when the company demonstrates that the minimum required levels of new full-time employees have been hired and direct investment has been made. No payment has been made for FY2023.

The City entered into an incentive agreement in September 2022 with Live Oak Banking Company to provide incentive payments to the company in exchange for the company's commitment to make a direct investment of at least \$25 million in real and personal property in the City and provide hiring of 204 new full-time equivalent employees with an average annual compensation of \$113,000. The City's obligation under the agreement is \$40,000 per year for five years commencing when the company demonstrates that the minimum required levels of new full-time employees have been hired and direct investment has been made. The \$40,000 annual incentive is divided into two separate payments of: \$25,000 Direct Investment and \$15,000 New Full Time Equivalent Employees. The first payment of \$38,800 was made for FY2023.

The City entered into an incentive agreement in September 2022 with GE Hitachi Nuclear Energy Americas LLC and Global Nuclear Fuel – Americas, LLC to provide incentive payments to the company in exchange for the company's commitment to provide 485 new full-time equivalent employees with an average annual compensation of \$131,000. The City's obligation under the agreement is \$50,000 per year for five years commencing when the company demonstrates that the minimum required levels of new full-time employees have been hired on or before July 2023. The first payment of \$50,000 was made for FY2023.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2023

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

#### B. LIABILITIES (continued)

#### COMMITMENTS AND CONTINGENCIES (continued)

The City entered into an incentive agreement in March 2022 with Vantaca LLC to provide incentive payments to the company in exchange for the company's commitment to provide jobs at their facility in the City. Vantaca LLC is required to provide 104 new full-time equivalent employees with an average annual compensation of \$80,000 per year. The City's obligation under the agreement is \$16,000 per year for five years commencing when the company demonstrates that the minimum required levels of new full-time employees have been hired on or before July 2023. The first payment of \$16,000 was made for FY2023.

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. Five annual payments have been made accordingly: Fiscal Year 2019 \$35,169, fiscal year 2020 \$40,851, fiscal year 2021 \$41,424, fiscal year 2022 \$43,167 and the final payment made in fiscal year 2023 for \$44,941.

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 2023.

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, 2023 are as follows:

General Fund	\$ 1,711,334
Debt Service Fund	2,200
Special Purpose Fund	953,086
Convention Center Fund	353,776
Streets and Sidewalks Fund	14,910,491
Recycling and Trash Services Fund	21,149
Storm Water Management Fund	3,670,060
Parking Facilities Fund	185,311
Nonmajor Governmental Funds	14,780,013
Nonmajor Golf Fund	107,888
Internal Service Funds	3,747,079
Total encumbrances	<u>\$ 40,442,387</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2023

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

#### B. LIABILITIES (continued)

#### COMMITMENTS AND CONTINGENCIES (continued)

##### Jointly Governed Organizations

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

The City, in conjunction with New Hanover, Brunswick, Columbus and Pender Counties and the municipalities therein established the Cape Fear Council of Governments (Council). The Council was established for various purposes, but mainly to coordinate funding for federal and state assistance. Each participating government appoints a minimum of one member to the Council's board. The City paid fees of \$21,084 to the Council during the fiscal year ended June 30, 2023.

##### 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.

The Wilmington Housing Authority discovered extensive mold throughout many of their properties in 2021 which required the displacement of approximately 150 families. Due to the costs of remediating these properties and providing housing and per diem for the displaced families, the Authority faced a significant funding gap in its remediation efforts. The Wilmington City Council authorized assistance to the Authority for its capital improvement housing remediation project up to an amount of \$1,650,000. Of this amount, \$100,000 was provided as a grant to the Authority that was paid in June 2022 with the remaining amount of \$1,550,000 to be a five-year 0% loan. The loan agreement was executed in September 2022 and \$1,033,334 was disbursed during FY2023.

#### C. INTERFUND BALANCES AND ACTIVITY

The compositions of interfund and intra-entity balances as of June 30, 2023, are as follows:

	General Fund
Receivable Fund	\$ 273,265
Payable Fund:	
Nonmajor Governmental Funds	\$ 273,265

**CITY OF WILMINGTON, NORTH CAROLINA**

**Notes to Financial Statements (Continued)  
June 30, 2023**

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

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

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, 2023 were as follows:

	<u>General Fund</u>	<u>Special Purpose Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Recycling and Trash Services Fund</u>	<u>Parking Facilities Fund</u>	<u>Internal Service Funds</u>	<u>Total</u>
Transfers out	<u>\$ 14,982,767</u>	<u>\$ 4,840,720</u>	<u>\$ 9,185,833</u>	<u>\$ 1,513,013</u>	<u>\$ 2,514,313</u>	<u>\$ 8,495</u>	<u>\$ 29,511</u>	<u>\$ 33,074,652</u>
Transfers in:								
Special Purpose Fund	\$ 645,743	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 645,743
Convention Center Fund	-	1,771,160	-	-	-	-	-	1,771,160
Streets and Sidewalks Fund	58,175	-	2,642,607	-	-	-	-	2,700,782
Debt Service Fund	9,334,832	-	-	-	-	-	-	9,334,832
Nonmajor Governmental Funds	4,120,650	3,069,560	4,634,821	1,513,013	-	-	-	13,338,044
Recycling and Trash Service Fund	38,366	-	-	-	-	-	-	38,366
Storm Water Management Fund	-	-	-	-	-	-	29,511	29,511
Parking Facilities Fund	-	-	1,908,405	-	-	-	-	1,908,405
Nonmajor Golf Fund	71,277	-	-	-	-	-	-	71,277
Internal Service Funds	<u>713,724</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,514,313</u>	<u>8,495</u>	<u>-</u>	<u>3,236,532</u>
Total	<u>\$ 14,982,767</u>	<u>\$ 4,840,720</u>	<u>\$ 9,185,833</u>	<u>\$ 1,513,013</u>	<u>\$ 2,514,313</u>	<u>\$ 8,495</u>	<u>\$ 29,511</u>	<u>\$ 33,074,652</u>

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2023

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

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

The City uses transfers to 1) move revenues from the fund in which state statute or budget requires the revenues to be collected to the fund from which state statute or budget requires the funds to be expended, 2) move receipts committed to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, 3) move receipts committed to fund the pay-go portion of capital improvement plans from the Debt Service Fund to the capital funds making the improvements, 4) use unrestricted revenues collected in various funds to finance various programs accounted for in other funds in accordance with budgetary authorizations such as grant matches and capital improvements, 5) move previous transfers to capital project funds back to the general fund as capital projects are cancelled in accordance with budgetary authorizations, 6) move \$1,771,160 from the American Rescue Plan Act Fund to the Convention Center Fund for revenue replacement, 7) move \$313,240 from the American Rescue Plan Act Fund to the Building Improvements Fund for critical infrastructure investment, and 8) move \$2,756,320 from the American Rescue Plan Act Fund to the General Fund Housing Loan Fund for a housing development loan.

### NOTE 4 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; natural disasters; errors and omissions; and injuries to employees. The City has chosen to establish a risk financing fund for risks associated with the employees' health and dental insurance plans. The risk financing fund is accounted for in the general fund where assets are set aside for claim settlements. In addition to premiums withheld from employees, premiums are paid into the general fund by other funds that incur claims and are available to pay claims, claim reserves and administrative costs of the programs. These interfund premiums are used to reduce the amount of claims expenditures reported in the general fund. As of June 30, 2023, 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, 2023, the City has recorded a liability of \$1,165,317 for estimated unpaid claims in accordance with the guidelines of GASB Statement No. 10, which requires that a liability for claims be reported if it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Claim liabilities include an amount for claims that have been incurred but not reported (IBNR) and are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors.



# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2023

### NOTE 4 – RISK MANAGEMENT (continued)

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

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

	<u>2022</u>	<u>2023</u>
Medical Self-Insurance Program:		
Unpaid claims, beginning	\$ 1,004,000	\$ 777,524
Incurred claims (including IBNRs)	9,324,941	11,740,013
Claim payments	<u>(9,551,417)</u>	<u>(11,352,220)</u>
Unpaid claims, ending, due within one year	<u>\$ 777,524</u>	<u>\$ 1,165,317</u>

#### DENTAL SELF-INSURANCE PROGRAM

As of June 30, 2023, 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, 2023, the City has recorded a liability of \$17,536 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>2022</u>	<u>2023</u>
Dental Self-Insurance Program:		
Unpaid claims, beginning	\$ 8,065	\$ 16,267
Incurred claims (including IBNRs)	463,286	509,541
Claim payments	<u>(455,084)</u>	<u>(508,272)</u>
Unpaid claims, ending, due within one year	<u>\$ 16,267</u>	<u>\$ 17,536</u>

#### WORKERS' COMPENSATION SELF-INSURANCE PROGRAM

The City has contracted with Sedgewick Claims Management 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, 2023, the City has recorded a liability of \$720,733 for estimated claims in accordance with the guidelines of GASB Statement No. 10, which requires that a liability for claims be reported if it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Claim liabilities include an amount for claims that have been incurred but not reported (IBNR) and are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2023

### NOTE 4 – RISK MANAGEMENT (continued)

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

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

Workers' Compensation Self-Insurance Program:	2022	2023
Unpaid claims, beginning	\$ 878,890	\$ 1,080,026
Incurred claims (including IBNRs)	1,565,258	695,509
Claim payments	<u>(1,364,122)</u>	<u>(1,054,802)</u>
Unpaid claims, ending, due within one year	<u>\$ 1,080,026</u>	<u>\$ 720,733</u>

#### COMMERCIAL COVERAGES

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

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

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

### NOTE 5 – SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

#### A. LITIGATION

The City is a party to a number of civil lawsuits and other legal actions, including a number of actions where the City's defense is being handled by the City's insurance carrier and any potential losses should be limited to the insurance policies' deductibles. There are also several claims for damages that have not yet resulted in either litigation or some other form of settlement or resolution. 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.

Effective March 1, 2019, the City enacted regulations for short-term lodging uses. The ordinance established, among other code requirements, a registration fee and annual renewal requirement with financial penalties for failing to register. Over the past three years, there have been appeals to the Board of Adjustment regarding various elements of the ordinance. One case was further appealed to New Hanover County Superior Court and then to the North Carolina Court of Appeals as *Schroeder v. City of Wilmington*. The Court of Appeals ruled that portions of the ordinance violated were invalid. As a result, in June of 2022, the City issued refunds totaling \$508,899 for all previously-collected registration fees and any related fees and penalties related to the registration program. In addition to these refunds, following remand from the Court of Appeals to the New Hanover County Superior Court, on September 9, 2022, the City was further ordered to pay Plaintiffs' attorney fees and other costs in the amount of \$306,620.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2023

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

#### 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.

#### 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, 2023, the City recognized \$6,370,476 in tax revenue as a result of the tax levy with a total of \$62,673,061 collected since the levy was enacted.

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

The Special Purpose Fund accounts for 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 6 – ANNEXATIONS

Under North Carolina General Statutes, cities may annex areas upon a receipt of a valid petition signed by the owners of all the real property located within such area. Since May of 2009 the Wilmington City Council has adopted seven 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], 5) 7758,7764,7770,7766,7800,7802,7804,7806 and 7810 Market Street [16.259 acres], 6) 7152 Market Street [0.11 acres], and 7) 205, 209, 213, and 217 Middle Sound Loop Road [4.82 acres] , and 8) 5029 Carolina Beach Road [1.87 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.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2023

### NOTE 6 – ANNEXATIONS (continued)

A 12.64 acre area, known as the Galleria, was de-annexed 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. That site was recently sold in August of 2022 to another developer, but it is still anticipated that a mixed-use development consisting of residential, commercial, and office uses will be developed on the site.

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

### NOTE 7 – SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS

On July 13, 2023, the City acquired 12.45 acres in Northern Downtown Wilmington for \$68,000,000. The acquisition includes a 12-story office building, located at 929 N. Front Street, a 1,022-space parking deck adjacent to the facility, and undeveloped parcels to be used for economic development. The purpose of this acquisition is to consolidate certain City offices, in multiple facilities throughout the City, into a centralized facility downtown as well as secure additional parking that will serve the public parking needs in this area of the City. In connection with the acquisition, the City is leasing back two floors of the facility to Thermo Fisher under a three year agreement for approximately \$1,800,000 per year. To finance the acquisition, the City issued the following three series of debt on July 12, 2023: \$23,800,000 Series 2023B Taxable Variable Rate Bank Placement with Truist; \$10,200,000 Series 2023C Taxable Limited Obligation Bonds; and \$30,090,000 Series 2023D Tax-Exempt Limited Obligation Bonds. The total proceeds, including \$4,560,102 of issue premium, amounted to \$68,650,102.

### NOTE 8 – CHANGE IN ACCOUNTING PRINCIPLES

The City implemented Governmental Accounting Standards Board (GASB) Statement Number 96, “Subscription-Based Information Technology Arrangements”, in the fiscal year ended June 30, 2023. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for subscriptions. As a result of the implementation for the year ended June 30, 2023, additional footnote disclosures have been included (see Note 1) to describe the impact for this change in accounting principle.

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

The GASB has issued pronouncements prior to June 30, 2023 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 99, “Omnibus 2023”, was issued to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement will be effective for the City beginning with its year ending June 30, 2024.

# CITY OF WILMINGTON, NORTH CAROLINA

## Notes to Financial Statements (Continued) June 30, 2023

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

- GASB Statement Number 100, “Accounting Changes and Error Corrections”, was issued to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of the Statement will be effective for the City beginning with its year ending June 30, 2024.
- GASB Statement Number 101 “Compensated Absences”, was issued to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement will be effective for the City beginning with its year ending June 30, 2025.

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**REQUIRED SUPPLEMENTARY INFORMATION**  
**(unaudited)**

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Schedule of Changes in Total Pension Liability**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Beginning balance	\$ 17,159,226	\$ 17,513,179	\$ 12,877,207	\$ 12,157,366
Service costs	778,203	753,707	474,620	444,374
Interest on the total pension liability	375,573	329,738	406,705	429,245
Difference between expected and actual experience	(320,660)	(150,305)	223,583	209,000
Changes of assumptions and other inputs	(2,036,598)	(430,481)	4,334,262	367,075
Benefit payments	(934,182)	(856,612)	(803,198)	(729,853)
Ending balance of the total pension liability	<u>\$ 15,021,562</u>	<u>\$ 17,159,226</u>	<u>\$ 17,513,179</u>	<u>\$ 12,877,207</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 Seven Fiscal Years**

**Schedule of Changes in Total Pension Liability**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 12,120,460	\$ 11,041,905	\$ 10,964,122
Service costs	471,491	389,212	426,020
Interest on the total pension liability	373,210	415,527	382,911
Difference between expected and actual experience	261,415	168,953	-
Changes of assumptions and other inputs	(449,152)	658,802	(254,516)
Benefit payments	<u>(620,058)</u>	<u>(553,939)</u>	<u>(476,632)</u>
Ending balance of the total pension liability	<u>\$ 12,157,366</u>	<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 Seven Fiscal Years**

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total pension liability	\$ 15,021,562	\$ 17,159,226	\$ 17,513,179	\$ 12,877,207
Covered employee payroll	\$ 14,920,644	\$ 16,038,277	\$ 16,238,727	\$ 16,413,865
Total pension liability as a percentage of its covered employee payroll	100.68%	106.99%	107.85%	78.45%

**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, 2022 Measurement Date: There was an experience gain due to general plan experience. The discount rate changed from 2.25% to 4.05% resulting in an inflow due to an assumption change.

December 31, 2021 Measurement Date: Municipal Bond Index Rate increased from 1.93% to 2.25%.

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%.

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 Seven Fiscal Years**

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 12,157,366	\$ 12,120,460	\$ 11,041,905
Covered employee payroll	\$ 15,816,969	\$ 14,924,613	\$ 15,426,775
Total pension liability as a percentage of its covered employee payroll	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, 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%.

**CITY OF WILMINGTON, NORTH CAROLINA**

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

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

	2023	2022	2021	2020
Total OPEB liability				
Service costs	\$ 1,098,759	\$ 1,361,229	\$ 1,899,113	\$ 1,442,050
Interest on the total OPEB liability	1,431,847	975,939	1,219,349	1,697,747
Difference between expected and actual experience	(2,062,697)	(16,715)	(12,621,498)	(1,093,804)
Changes of assumptions and other inputs	(82,449)	(4,673,672)	1,927,752	5,347,232
Benefit payments**	<u>(2,410,715)</u>	<u>(1,925,541)</u>	<u>(1,846,174)</u>	<u>(1,084,789)</u>
Net change in total OPEB liability	(2,025,255)	(4,278,760)	(9,421,458)	6,308,436
Total OPEB liability - beginning	41,653,001	45,931,761	55,353,219	49,044,783
Total OPEB liability - ending (a)	<u>\$ 39,627,746</u>	<u>\$ 41,653,001</u>	<u>\$ 45,931,761</u>	<u>\$ 55,353,219</u>
Plan fiduciary net position				
Contributions - employer***	\$ 2,410,715	\$ 1,925,541	\$ 1,846,174	\$ 1,084,789
Net investment income	114,826	4,906	694	46,287
Benefit payments**	(2,410,715)	(1,925,541)	(1,846,174)	(1,084,789)
Administrative expense	<u>(3,250)</u>	<u>(3,250)</u>	<u>(3,250)</u>	<u>(2,934)</u>
Net change in plan fiduciary net position	111,576	1,656	(2,556)	43,353
Plan fiduciary net position - beginning	3,061,235	3,059,579	3,062,135	3,018,782
Plan fiduciary net position - ending (b)	<u>\$ 3,172,811</u>	<u>\$ 3,061,235</u>	<u>\$ 3,059,579</u>	<u>\$ 3,062,135</u>
City's net OPEB liability - ending (a) - (b)	<u>\$ 36,454,935</u>	<u>\$ 38,591,766</u>	<u>\$ 42,872,182</u>	<u>\$ 52,291,084</u>
Plan fiduciary net position as a percentage of the total OPEB liability	8.01%	7.35%	6.66%	5.53%
Covered-employee payroll ****	\$ 26,512,023	\$ 28,097,222	\$ 28,097,222	\$ 29,959,407
City's net OPEB liability as a percentage of covered-employee payroll	137.50%	137.35%	152.59%	174.54%

\* 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.

\*\*\*\* Contributions are based on choice of coverage.

**CITY OF WILMINGTON, NORTH CAROLINA**

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

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

	2019	2018	2017
Total OPEB liability			
Service costs	\$ 1,573,456	\$ 1,619,641	\$ 1,735,746
Interest on the total OPEB liability	1,876,455	1,720,460	1,480,650
Difference between expected and actual experience	(5,698,585)	(378,659)	-
Changes of assumptions and other inputs	3,911,453	(1,377,963)	(2,419,235)
Benefit payments**	<u>(1,695,649)</u>	<u>(1,652,234)</u>	<u>(1,683,538)</u>
Net change in total OPEB liability	(32,870)	(68,755)	(886,377)
Total OPEB liability - beginning	<u>49,077,653</u>	<u>49,146,408</u>	<u>50,032,785</u>
Total OPEB liability - ending (a)	<u>\$ 49,044,783</u>	<u>\$ 49,077,653</u>	<u>\$ 49,146,408</u>
Plan fiduciary net position			
Contributions - employer***	\$ 1,695,649	\$ 1,652,234	\$ 2,558,413
Net investment income	61,751	31,906	7,628
Benefit payments**	(1,695,649)	(1,652,234)	(1,683,538)
Administrative expense	<u>(2,700)</u>	<u>(2,700)</u>	<u>(2,700)</u>
Net change in plan fiduciary net position	59,051	29,206	879,803
Plan fiduciary net position - beginning	<u>2,959,731</u>	<u>2,930,525</u>	<u>2,050,722</u>
Plan fiduciary net position - ending (b)	<u>\$ 3,018,782</u>	<u>\$ 2,959,731</u>	<u>\$ 2,930,525</u>
City's net OPEB liability - ending (a) - (b)	<u>\$ 46,026,001</u>	<u>\$ 46,117,922</u>	<u>\$ 46,215,883</u>
Plan fiduciary net position as a percentage of the total OPEB liability	6.16%	6.03%	5.96%
Covered-employee payroll ****	\$ 29,959,407	\$ 34,820,821	\$ 34,820,821
City's net OPEB liability as a percentage of covered-employee payroll	153.63%	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.

\*\*\*\* Contributions are based on choice of coverage.

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Schedule of City Contributions**

	2023	2022	2021	2020
Actuarially determined contribution	\$ 3,078,676	\$ 3,140,752	\$ 3,810,631	\$ 3,810,631
Contributions in relation to the actuarially determined contribution	2,410,715	1,925,541	1,846,174	1,084,789
Contribution deficiency (excess)	<u>\$ 667,961</u>	<u>\$ 1,215,211</u>	<u>\$ 1,964,457</u>	<u>\$ 2,725,842</u>
Covered-employee payroll*	\$ 26,512,023	\$ 28,097,222	\$ 28,097,222	\$ 29,959,407
Contributions as a percentage of covered-employee payroll	9.09%	6.85%	6.57%	3.62%

\* 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	25 Years
Asset valuation method	Fair value
Inflation	2.5 percent
Healthcare cost trend rates	7.50 percent for 2023 decreasing to an ultimate rate of 4.50 percent by 2031
Salary increases	3.3 to 8.3 percent, including wage inflation. In the 2022 actuarial valuation, expected wage growth is based on the LGERS actual experience study for the five year period January 1, 2015 to December 31, 2019.
Investment rate of return	3.75 percent, net of OPEB plan investment expense, including price inflation
Retirement age	In the 2022 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 2022 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 Eight Fiscal Years \***

**Schedule of City Contributions**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ 3,934,874	\$ 3,934,874	\$ 4,216,794	\$ 4,713,266
Contributions in relation to the actuarially determined contribution	1,695,649	1,652,234	2,558,413	3,089,486
Contribution deficiency (excess)	<u>\$ 2,239,225</u>	<u>\$ 2,282,640</u>	<u>\$ 1,658,381</u>	<u>\$ 1,623,780</u>
Covered-employee payroll*	\$ 29,959,407	\$ 34,820,821	\$ 34,820,821	\$ 34,820,821
Contributions as a percentage of covered-employee payroll	5.66%	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 Seven Fiscal Years \***

**Schedule of Investment Returns**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Annual money-weighted rate of return, net of investment expense	3.75%	0.08%	0.03%	1.53%

\* 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 Seven Fiscal Years \***

**Schedule of Investment Returns**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	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.

**CITY OF WILMINGTON, NORTH CAROLINA**

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

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

	2023	2022	2021	2020	2019
Wilmington's proportion of the net pension liability (asset) (%)	0.82185%	0.79558%	0.82659%	0.86106%	0.87174%
Wilmington's proportion of the net pension liability (asset) (\$)	\$46,364,076	\$12,200,983	\$29,537,582	\$23,514,877	\$20,683,026
Wilmington's covered payroll *	\$60,225,442	\$57,098,725	\$56,303,103	\$55,802,965	\$52,630,129
Wilmington's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	76.98%	21.37%	52.46%	42.14%	39.30%
Plan fiduciary net position as a percentage of the total pension liability**	84.14%	95.51%	88.61%	90.86%	91.63%

\* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

\*\* This will be the same percentage for all participant employers in the LGERS plan.

**CITY OF WILMINGTON, NORTH CAROLINA**

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

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

	2018	2017	2016	2015	2014
Wilmington's proportion of the net pension liability (asset) (%)	0.85845%	0.86089%	0.91912%	0.86664%	0.86090%
Wilmington's proportion of the net pension liability (asset) (\$)	\$ 13,114,738	\$ 18,270,970	\$ 4,124,955	\$ (5,110,978)	\$ 10,377,151
Wilmington's covered payroll *	\$ 52,150,017	\$ 51,780,213	\$ 48,520,316	\$ 46,880,467	\$ 45,459,421
Wilmington's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	25.15%	35.29%	8.50%	( 10.90%)	22.83%
Plan fiduciary net position as a percentage of the total pension liability**	94.18%	91.47%	98.09%	102.64%	94.35%

\* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

\*\* This 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 Ten Fiscal Years**

**Schedule of City Contributions**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 8,346,281	\$ 6,949,241	\$ 5,905,226	\$ 5,114,837	\$ 4,446,150
Contributions in relation to the contractually required contribution	<u>8,346,281</u>	<u>6,949,241</u>	<u>5,905,226</u>	<u>5,114,837</u>	<u>4,446,150</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Wilmington's covered payroll	\$67,590,458	\$60,225,442	\$57,098,725	\$56,303,103	\$55,802,965
Contributions as a percentage of covered payroll	12.35%	11.54%	10.34%	9.08%	7.97%

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Schedule of City Contributions**

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

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

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



**CITY OF WILMINGTON, NORTH CAROLINA**

**Combining Balance Sheet -  
Nonmajor Governmental Funds**

**June 30, 2023**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents/investments	\$ 9,411,281	\$ 15,225,076	\$ 24,636,357
Taxes receivable, net	3,767	-	3,767
Accounts receivable	-	7,105	7,105
Other receivables	25,715	50,035	75,750
Due from other governments	714,397	3,271,848	3,986,245
Notes receivable, net	25,579,840	-	25,579,840
Lease receivable	-	310,055	310,055
Prepays	1,499	-	1,499
Restricted assets:			
Cash and cash equivalents/investments	<u>101,928</u>	<u>24,657,929</u>	<u>24,759,857</u>
Total assets	<u>\$ 35,838,427</u>	<u>\$ 43,522,048</u>	<u>\$ 79,360,475</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 225,248	\$ 1,200,849	\$ 1,426,097
Due to other funds	273,265	-	273,265
Due to other governments	14,107	1,161	15,268
Accrued liabilities	28,426	-	28,426
Customer and escrow deposits	509,355	-	509,355
Restricted liabilities:			
Accounts payable	-	615,646	615,646
Unearned revenue	<u>99,772</u>	<u>266,211</u>	<u>365,983</u>
Total liabilities	<u>1,150,173</u>	<u>2,083,867</u>	<u>3,234,040</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Taxes receivable, net	3,767	-	3,767
Accounts receivable	-	7,105	7,105
Notes receivable	3,674	-	3,674
Leases	<u>-</u>	<u>305,010</u>	<u>305,010</u>
Total deferred inflows of resources	<u>7,441</u>	<u>312,115</u>	<u>319,556</u>
<b>FUND BALANCES</b>			
Non Spendable:			
Leases	-	5,045	5,045
Prepays	1,499	-	1,499
Restricted:			
Stabilization by State statute	150,291	-	150,291
Community development loans	33,740,285	-	33,740,285
Capital projects	-	23,776,072	23,776,072
Public safety	260,746	-	260,746
Committed:			
Capital projects	-	17,344,949	17,344,949
Municipal service district	628,843	-	628,843
Subsequent year's expenditures	-	-	-
Unassigned (deficit)	<u>(100,851)</u>	<u>-</u>	<u>(100,851)</u>
Total fund balances	<u>34,680,813</u>	<u>41,126,066</u>	<u>75,806,879</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 35,838,427</u>	<u>\$ 43,522,048</u>	<u>\$ 79,360,475</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**June 30, 2023**

	Opioid Settlement Fund	Community Development Fund	Home Investment Partnership Fund	Rental Rehabilitation Loan Fund	Commercial Loan Fund
<b>ASSETS</b>					
Cash and cash equivalents/investments	\$ -	\$ 15,170	\$ 268,972	\$ 856,788	\$ -
Taxes receivable, net	-	-	-	-	-
Other receivables	312	-	1,289	1,255	-
Due from other governments	-	365,406	150,381	-	-
Notes receivable, net	-	-	8,988,485	470,647	1,308,600
Prepays	-	950	-	-	-
Restricted assets:					
Cash and cash equivalents/investments	<u>101,928</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 102,240</u>	<u>\$ 381,526</u>	<u>\$ 9,409,127</u>	<u>\$ 1,328,690</u>	<u>\$ 1,308,600</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ 92,680	\$ -	\$ -	\$ -
Due to other funds	-	273,265	-	-	-
Due to other governments	-	-	-	14,107	-
Accrued liabilities	-	15,581	4,014	-	-
Customer and escrow deposits	-	-	141,389	4,497	-
Restricted liabilities:					
Unearned revenue	<u>99,772</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>99,772</u>	<u>381,526</u>	<u>145,403</u>	<u>18,604</u>	<u>-</u>
<b>DEFERRED INLOWS OF RESOURCES</b>					
Taxes receivable, net	-	-	-	-	-
Notes receivable	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Non Spendable:					
Prepays	-	950	-	-	-
Restricted:					
Stabilization by State statute	-	-	-	-	-
Community development loans	-	-	9,363,625	1,310,086	1,308,600
Public safety	2,468	-	-	-	-
Committed:					
Municipal service district	-	-	-	-	-
Unassigned (deficit)	<u>-</u>	<u>(950)</u>	<u>(99,901)</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>2,468</u>	<u>-</u>	<u>9,263,724</u>	<u>1,310,086</u>	<u>1,308,600</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 102,240</u>	<u>\$ 381,526</u>	<u>\$ 9,409,127</u>	<u>\$ 1,328,690</u>	<u>\$ 1,308,600</u>

	Rehabilitation Loan Fund	CDBG HOP Loan Fund	GF HOP Loan Fund	Economic Development Loan Fund	GF Housing Loan Fund
<b>ASSETS</b>					
Cash and cash equivalents/investments	\$ 915,432	\$ 371,287	\$ 4,943,905	\$ 31	\$ 548,794
Taxes receivable, net	-	-	-	-	-
Other receivables	2,575	1,734	10,872	-	4,161
Due from other governments	-	-	-	-	-
Notes receivable, net	2,203,159	3,957,353	3,985,818	-	3,789,654
Prepays	-	-	-	-	-
Restricted assets:					
Cash and cash equivalents/investments	-	-	-	-	-
Total assets	<u>\$ 3,121,166</u>	<u>\$ 4,330,374</u>	<u>\$ 8,940,595</u>	<u>\$ 31</u>	<u>\$ 4,342,609</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 8,043	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Due to other governments	-	-	-	-	-
Accrued liabilities	-	-	-	-	-
Customer and escrow deposits	224,810	115,535	12,202	-	-
Restricted liabilities:					
Unearned revenue	-	-	-	-	-
Total liabilities	<u>232,853</u>	<u>115,535</u>	<u>12,202</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INLOWS OF RESOURCES</b>					
Taxes receivable, net	-	-	-	-	-
Notes receivable	2,562	-	1,112	-	-
Total deferred inflows of resources	<u>2,562</u>	<u>-</u>	<u>1,112</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Non Spendable:					
Prepays	-	-	-	-	-
Restricted:					
Stabilization by State statute	-	-	-	-	-
Community development loans	2,885,751	4,214,839	8,927,281	31	4,342,609
Public safety	-	-	-	-	-
Committed:					
Municipal service district	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-
Total fund balances	<u>2,885,751</u>	<u>4,214,839</u>	<u>8,927,281</u>	<u>31</u>	<u>4,342,609</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,121,166</u>	<u>\$ 4,330,374</u>	<u>\$ 8,940,595</u>	<u>\$ 31</u>	<u>\$ 4,342,609</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**June 30, 2023**

	Forgivable Loans & Legal Fees Fund	Special Tax District	Firemen's Relief Fund	Total Nonmajor Special Revenue Funds
<b>ASSETS</b>				
Cash and cash equivalents/investments	\$ 521,861	\$ 841,277	\$ 127,764	\$ 9,411,281
Taxes receivable, net	-	3,767	-	3,767
Other receivables	400	2,708	409	25,715
Due from other governments	-	67,878	130,732	714,397
Notes receivable, net	876,124	-	-	25,579,840
Prepays	-	549	-	1,499
Restricted assets:				
Cash and cash equivalents/investments	-	-	-	101,928
Total assets	<u>\$ 1,398,385</u>	<u>\$ 916,179</u>	<u>\$ 258,905</u>	<u>\$ 35,838,427</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 123,898	\$ 627	\$ 225,248
Due to other funds	-	-	-	273,265
Due to other governments	-	-	-	14,107
Accrued liabilities	-	8,831	-	28,426
Customer and escrow deposits	10,922	-	-	509,355
Restricted liabilities:				
Unearned revenue	-	-	-	99,772
Total liabilities	<u>10,922</u>	<u>132,729</u>	<u>627</u>	<u>1,150,173</u>
<b>DEFERRED INLOWS OF RESOURCES</b>				
Taxes receivable, net	-	3,767	-	3,767
Notes receivable	-	-	-	3,674
Total deferred inflows of resources	<u>-</u>	<u>3,767</u>	<u>-</u>	<u>7,441</u>
<b>FUND BALANCES</b>				
Non Spendable:				
Prepays	-	549	-	1,499
Restricted:				
Stabilization by State statute	-	150,291	-	150,291
Community development loans	1,387,463	-	-	33,740,285
Public safety	-	-	258,278	260,746
Committed:				
Municipal service district	-	628,843	-	628,843
Unassigned (deficit)	-	-	-	(100,851)
Total fund balances	<u>1,387,463</u>	<u>779,683</u>	<u>258,278</u>	<u>34,680,813</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,398,385</u>	<u>\$ 916,179</u>	<u>\$ 258,905</u>	<u>\$ 35,838,427</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**June 30, 2023**

	<u>Parks and Recreation Fund</u>	<u>Building Improvements Fund</u>	<u>Public Improvements Fund</u>	<u>Total Nonmajor Capital Projects Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents/investments	\$ 8,150,846	\$ 6,812,508	\$ 261,722	\$ 15,225,076
Accounts receivable	-	7,105	-	7,105
Other receivables	24,763	24,010	1,262	50,035
Due from other governments	82,773	3,136,564	52,511	3,271,848
Lease receivable	-	310,055	-	310,055
Restricted assets:				
Cash and cash equivalents/investments	<u>17,097,514</u>	<u>7,544,204</u>	<u>16,211</u>	<u>24,657,929</u>
Total assets	<u>\$ 25,355,896</u>	<u>\$ 17,834,446</u>	<u>\$ 331,706</u>	<u>\$ 43,522,048</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 288,476	\$ 892,407	\$ 19,966	\$ 1,200,849
Due to other governments	-	-	1,161	1,161
Restricted liabilities:				
Accounts payable	615,646	-	-	615,646
Unearned revenue	<u>250,000</u>	<u>-</u>	<u>16,211</u>	<u>266,211</u>
Total liabilities	<u>1,154,122</u>	<u>892,407</u>	<u>37,338</u>	<u>2,083,867</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Accounts receivable	-	7,105	-	7,105
Leases	<u>-</u>	<u>305,010</u>	<u>-</u>	<u>305,010</u>
Total deferred inflows of resources	<u>-</u>	<u>312,115</u>	<u>-</u>	<u>312,115</u>
<b>FUND BALANCES</b>				
Non Spendable:				
Leases	-	5,045	-	5,045
Restricted:				
Capital projects	16,231,868	7,544,204	-	23,776,072
Committed:				
Capital projects	<u>7,969,906</u>	<u>9,080,675</u>	<u>294,368</u>	<u>17,344,949</u>
Total fund balances	<u>24,201,774</u>	<u>16,629,924</u>	<u>294,368</u>	<u>41,126,066</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 25,355,896</u>	<u>\$ 17,834,446</u>	<u>\$ 331,706</u>	<u>\$ 43,522,048</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2023**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
Revenues:			
Ad valorem taxes	\$ 551,861	\$ -	\$ 551,861
Other taxes	239,957	-	239,957
Restricted intergovernmental	1,268,879	2,335,973	3,604,852
Investment earnings	208,109	821,622	1,029,731
Donations	-	591,629	591,629
Miscellaneous	<u>175,803</u>	<u>41,505</u>	<u>217,308</u>
Total revenues	<u>2,444,609</u>	<u>3,790,729</u>	<u>6,235,338</u>
Expenditures:			
Current:			
General government	173,125	3,507,963	3,681,088
Public safety	113,936	736,981	850,917
Transportation	-	2,251,147	2,251,147
Economic and physical development	2,042,819	16,888	2,059,707
Cultural and recreational	-	6,633,951	6,633,951
Debt service:			
Principal retirement	<u>-</u>	<u>6,525</u>	<u>6,525</u>
Total expenditures	<u>2,329,880</u>	<u>13,153,455</u>	<u>15,483,335</u>
Excess (deficiency) of revenues over (under) expenses	<u>114,729</u>	<u>(9,362,726)</u>	<u>(9,247,997)</u>
Other financing sources (uses):			
Transfers from other funds	6,231,251	7,106,793	13,338,044
Transfers to other funds	(1,513,013)	-	(1,513,013)
Issuance of installment obligations	-	15,081,986	15,081,986
Premium on installment obligations	-	215,364	215,364
Issuance of subscription	<u>-</u>	<u>33,032</u>	<u>33,032</u>
Total other financing sources, net	<u>4,718,238</u>	<u>22,437,175</u>	<u>27,155,413</u>
Net change in fund balances	4,832,967	13,074,449	17,907,416
Fund balances at beginning of year	<u>29,847,846</u>	<u>28,051,617</u>	<u>57,899,463</u>
Fund balances at end of year	<u>\$ 34,680,813</u>	<u>\$ 41,126,066</u>	<u>\$ 75,806,879</u>

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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, 2023**

	Opioid Settlement Fund	Community Development Fund	Home Investment Partnership Fund	Rental Rehabilitation Loan Fund	Commercial Loan Fund
Revenues:					
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-	-
Restricted intergovernmental	-	1,211,382	57,497	-	-
Investment earnings	2,468	-	11,159	819	-
Miscellaneous	-	-	3,487	-	-
Total revenues	<u>2,468</u>	<u>1,211,382</u>	<u>72,143</u>	<u>819</u>	<u>-</u>
Expenditures:					
Current:					
General government	-	137,664	35,461	-	-
Public safety	-	-	-	-	-
Economic and physical development	-	446,327	433,159	-	-
Total expenditures	<u>-</u>	<u>583,991</u>	<u>468,620</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,468</u>	<u>627,391</u>	<u>(396,477)</u>	<u>819</u>	<u>-</u>
Other financing sources (uses):					
Transfers from other funds	-	12,761	-	510,100	-
Transfers to other funds	-	(640,152)	-	(12,161)	(600)
Total other financing sources (uses), net	<u>-</u>	<u>(627,391)</u>	<u>-</u>	<u>497,939</u>	<u>(600)</u>
Net change in fund balances	2,468	-	(396,477)	498,758	(600)
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>9,660,201</u>	<u>811,328</u>	<u>1,309,200</u>
Fund balances at end of year	<u>\$ 2,468</u>	<u>\$ -</u>	<u>\$ 9,263,724</u>	<u>\$ 1,310,086</u>	<u>\$ 1,308,600</u>



	Rehabilitation Loan Fund	CDBG HOP Loan Fund	GF HOP Loan Fund	Economic Development Loan Fund	GF Housing Loan Fund
<b>Revenues:</b>					
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-	-
Restricted intergovernmental	-	-	-	-	-
Investment earnings	20,249	13,896	93,049	1	36,199
Miscellaneous	10,280	-	31,304	-	-
<b>Total revenues</b>	<b>30,529</b>	<b>13,896</b>	<b>124,353</b>	<b>1</b>	<b>36,199</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Economic and physical development	1,423	197,417	101,404	-	-
<b>Total expenditures</b>	<b>1,423</b>	<b>197,417</b>	<b>101,404</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures	29,106	(183,521)	22,949	1	36,199
<b>Other financing sources (uses):</b>					
Transfers from other funds	552,000	438,152	1,561,918	-	2,756,320
Transfers to other funds	(400,000)	(460,100)	-	-	-
<b>Total other financing sources (uses), net</b>	<b>152,000</b>	<b>(21,948)</b>	<b>1,561,918</b>	<b>-</b>	<b>2,756,320</b>
Net change in fund balances	181,106	(205,469)	1,584,867	1	2,792,519
Fund balances at beginning of year	2,704,645	4,420,308	7,342,414	30	1,550,090
Fund balances at end of year	\$ 2,885,751	\$ 4,214,839	\$ 8,927,281	\$ 31	\$ 4,342,609

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2023**

	Forgivable Loans & Legal Fees Fund	Special Tax District	Firemen's Relief Fund	Total Nonmajor Special Revenue Funds
Revenues:				
Ad valorem taxes	\$ -	\$ 551,861	\$ -	\$ 551,861
Other taxes	-	239,957	-	239,957
Restricted intergovernmental	-	-	-	1,268,879
Investment earnings	3,760	22,888	3,621	208,109
Miscellaneous	-	-	130,732	175,803
Total revenues	<u>3,760</u>	<u>814,706</u>	<u>134,353</u>	<u>2,444,609</u>
Expenditures:				
Current:				
General government	-	-	-	173,125
Public safety	-	-	113,936	113,936
Economic and physical development	19,494	843,595	-	2,042,819
Total expenditures	<u>19,494</u>	<u>843,595</u>	<u>113,936</u>	<u>2,329,880</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(15,734)</u>	<u>(28,889)</u>	<u>20,417</u>	<u>114,729</u>
Other financing sources (uses):				
Transfers from other funds	400,000	-	-	6,231,251
Transfers to other funds	-	-	-	(1,513,013)
Total other financing sources (uses), net	<u>400,000</u>	<u>-</u>	<u>-</u>	<u>4,718,238</u>
Net change in fund balances	384,266	(28,889)	20,417	4,832,967
Fund balances at beginning of year	<u>1,003,197</u>	<u>808,572</u>	<u>237,861</u>	<u>29,847,846</u>
Fund balances at end of year	<u>\$ 1,387,463</u>	<u>\$ 779,683</u>	<u>\$ 258,278</u>	<u>\$ 34,680,813</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2023**

	Parks and Recreation Fund	Building Improvements Fund	Public Improvements Fund	Total Nonmajor Capital Projects Funds
Revenues:				
Restricted intergovernmental	\$ -	\$ 1,665,029	\$ 670,944	\$ 2,335,973
Investment earnings	595,878	217,336	8,408	821,622
Donations	484,260	67,945	39,424	591,629
Miscellaneous	-	41,505	-	41,505
Total revenues	<u>1,080,138</u>	<u>1,991,815</u>	<u>718,776</u>	<u>3,790,729</u>
Expenditures:				
Current:				
General government	-	3,507,963	-	3,507,963
Public safety	-	220,090	516,891	736,981
Transportation	-	2,113,678	137,469	2,251,147
Economic and physical development	-	304	16,584	16,888
Cultural and recreational	6,378,886	215,641	39,424	6,633,951
Debt service:				
Principal retirement	-	6,525	-	6,525
Total expenditures	<u>6,378,886</u>	<u>6,064,201</u>	<u>710,368</u>	<u>13,153,455</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,298,748)</u>	<u>(4,072,386)</u>	<u>8,408</u>	<u>(9,362,726)</u>
Other financing sources:				
Transfers from other funds	2,626,964	4,259,390	220,439	7,106,793
Issuance of installment obligations	7,147,296	7,934,690	-	15,081,986
Premium on installment obligation	102,071	113,293	-	215,364
Issuance of subscription	-	33,032	-	33,032
Total other financing sources	<u>9,876,331</u>	<u>12,340,405</u>	<u>220,439</u>	<u>22,437,175</u>
Net change in fund balances	4,577,583	8,268,019	228,847	13,074,449
Fund balances at beginning of year	<u>19,624,191</u>	<u>8,361,905</u>	<u>65,521</u>	<u>28,051,617</u>
Fund balances at end of year	<u>\$ 24,201,774</u>	<u>\$ 16,629,924</u>	<u>\$ 294,368</u>	<u>\$ 41,126,066</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**June 30, 2023**

	CHDO Proceeds Fund	Law Enforcement Seizure Fund	Total Custodial Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 73,606	\$ 498,318	\$ 571,924
Investments:			
U.S. Treasuries	8,788	-	8,788
Commercial Paper	18,076	-	18,076
U.S. Government Agencies	44,582	-	44,582
Other receivables	<u>476</u>	<u>-</u>	<u>476</u>
Total assets	<u>145,528</u>	<u>498,318</u>	<u>643,846</u>
<b>NET POSITION</b>			
Restricted for individuals, organizations, and other governments	<u>\$ 145,528</u>	<u>\$ 498,318</u>	<u>\$ 643,846</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2023**

	CHDO Proceeds Fund	Law Enforcement Seizure Fund	Total Custodial Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Additions:			
Law enforcement seizures	\$ -	\$ 9,902	\$ 9,902
Investment earnings	4,082	-	4,082
Total additions	<u>4,082</u>	<u>9,902</u>	<u>13,984</u>
Deductions:			
Payments by court order	-	4,374	4,374
Community housing administration reimbursements	27,502	-	27,502
Total deductions	<u>27,502</u>	<u>4,374</u>	<u>31,876</u>
Change in fiduciary net position	<u>(23,420)</u>	<u>5,528</u>	<u>(17,892)</u>
Net position at beginning of year	<u>168,948</u>	<u>492,790</u>	<u>661,738</u>
Net position at end of year	<u>\$ 145,528</u>	<u>\$ 498,318</u>	<u>\$ 643,846</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, 2023  
With Comparative Actual Amounts for Year Ended June 30, 2022**

	2023		Variance Positive (Negative)	2022 Actual
	Budget	Actual		
Revenues:				
Ad valorem taxes:				
Current year	\$ 69,598,818	\$ 70,673,816	\$ 1,074,998	\$ 66,547,950
Prior years	180,000	265,322	85,322	298,242
Penalties and interest	225,000	248,878	23,878	247,063
Total	<u>70,003,818</u>	<u>71,188,016</u>	<u>1,184,198</u>	<u>67,093,255</u>
Other taxes:				
Local option sales tax	37,647,425	39,845,277	2,197,852	38,769,573
Franchise tax	8,446,089	8,676,707	230,618	8,251,765
Video programming sales tax	1,259,766	1,097,987	(161,779)	1,172,474
Rental vehicle tax	487,171	499,404	12,233	455,318
Total	<u>47,840,451</u>	<u>50,119,375</u>	<u>2,278,924</u>	<u>48,649,130</u>
Unrestricted intergovernmental:				
Beer and wine	525,000	535,101	10,101	458,257
ABC revenue	2,300,000	3,725,666	1,425,666	3,234,277
Court fees	15,000	15,746	746	13,681
Total	<u>2,840,000</u>	<u>4,276,513</u>	<u>1,436,513</u>	<u>3,706,215</u>
Restricted intergovernmental:				
Powell bill	3,209,388	3,229,838	20,450	3,209,388
PEG channel support	27,000	25,641	(1,359)	25,808
Other	50,000	11,231	(38,769)	94,481
Total	<u>3,286,388</u>	<u>3,266,710</u>	<u>(19,678)</u>	<u>3,329,677</u>
Licenses and permits:				
Privilege licenses	12,000	14,292	2,292	12,950
Motor vehicle licenses	420,000	450,715	30,715	430,462
Other permits and fees	400,000	364,134	(35,866)	483,900
Total	<u>832,000</u>	<u>829,141</u>	<u>(2,859)</u>	<u>927,312</u>

(Continued)

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2023  
With Comparative Actual Amounts for Year Ended June 30, 2022**

	2023		Variance Positive (Negative)	2022 Actual
	Budget	Actual		
Revenues: (continued)				
Sales and services:				
Recreation department sales and service	\$ 998,274	\$ 1,428,229	\$ 429,955	\$ 1,282,857
Other departmental charges	1,701,033	1,827,961	126,928	1,931,348
Total	<u>2,699,307</u>	<u>3,256,190</u>	<u>556,883</u>	<u>3,214,205</u>
Fines and forfeits:				
Fire code violations	400	800	400	700
False alarm citations	50,000	76,083	26,083	68,727
Civil citations	50,000	65,720	15,720	49,255
Total	<u>100,400</u>	<u>142,603</u>	<u>42,203</u>	<u>118,682</u>
Interest earnings:				
Investment earnings	481,000	2,534,615	2,053,615	92,008
Interest on liens	-	9,630	9,630	42,004
Total	<u>481,000</u>	<u>2,544,245</u>	<u>2,063,245</u>	<u>134,012</u>
Miscellaneous:				
Sale of real estate, equipment and material	-	89,487	89,487	460,713
Rents	783,590	523,069	(260,521)	78,211
Lease interest	-	194,337	194,337	81,885
Other	241,327	560,528	319,201	1,347,852
Total	<u>1,024,917</u>	<u>1,367,421</u>	<u>342,504</u>	<u>1,968,661</u>
 Total revenues	 <u>129,108,281</u>	 <u>136,990,214</u>	 <u>7,881,933</u>	 <u>129,141,149</u>
Expenditures:				
General government:				
City Council and Clerk		571,912		482,716
City Manager		4,707,051		2,570,954
City Attorney		1,373,327		1,310,471
Human Resource Management		1,140,364		1,192,187
Finance		2,715,559		2,267,558
Information Technology Services		4,221,058		4,692,348
Development Services		2,179,963		2,489,213
Public Services		11,727,110		17,024,165
Contributions to other agencies		2,238,967		2,481,473
Nondepartmental		4,090,671		4,554,507
Total	<u>38,613,515</u>	<u>34,965,982</u>	<u>3,647,533</u>	<u>39,065,592</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2023  
With Comparative Actual Amounts for Year Ended June 30, 2022**

	2023		Variance Positive (Negative)	2022 Actual
	Budget	Actual		
Expenditures: (continued)				
Public safety:				
Police		\$ 38,571,873		\$ 35,462,916
Fire		24,195,164		20,746,262
Total	\$ 63,591,705	62,767,037	\$ 824,668	56,209,178
Transportation:				
Traffic engineering		3,768,268		3,572,078
Streets		2,302,472		2,218,774
Storm water management fee		3,150,000		3,042,743
Total	10,073,677	9,220,740	852,937	8,833,595
Cultural and recreational:				
Parks and recreation	11,248,545	10,080,231	1,168,314	9,213,889
Transit system:				
Cape Fear Public Transportation Authority	1,626,419	1,626,419	-	1,534,358
Debt service:				
Principal payments on leases		37,543		308,603
Principal payments on subscriptions		994,549		-
Interest and other charges		25,699		14,551
Total	1,057,793	1,057,791	2	323,154
Total expenditures	126,211,654	119,718,200	6,493,454	115,179,766
Excess of revenues over expenditures	2,896,627	17,272,014	14,375,387	13,961,383
Other financing sources (uses):				
Operating transfers - out:				
Debt Service Fund	(9,334,832)	(9,334,832)	-	(9,334,832)
Special Purpose Fund	(645,743)	(645,743)	-	(803,798)
CDBG/Home Administration Fund	(188,185)	(146,025)	42,160	(128,681)
Rental Rehab Loan Fund	-	-	-	(507,852)
GF-HOP Loan Fund	(1,561,918)	(1,561,918)	-	(2,807,000)
Rehabilitation Loan Fund	(400,000)	(400,000)	-	-
GF-Housing Loan Fund	-	-	-	(1,550,000)
Streets and Sidewalks Fund	(58,175)	(58,175)	-	(7,040,000)
Parks and Recreation Fund	(291,000)	(291,000)	-	(250,079)
Building Improvements Fund	(2,063,334)	(1,863,334)	200,000	(635,440)

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2023  
With Comparative Actual Amounts for Year Ended June 30, 2022**

	2023		Variance	2022
	Budget	Actual	Positive (Negative)	Actual
Other financing sources (uses): (continued)				
Operating transfers - out: (continued)				
Recycling and Trash Services Fund	\$ (38,366)	\$ (38,366)	\$ -	\$ (38,366)
Public Improvements Fund	(4,398)	(4,398)	-	-
Golf Fund	(71,277)	(71,277)	-	-
Technology Replacement Fund	<u>(713,724)</u>	<u>(713,724)</u>	-	<u>(448,349)</u>
Total operating transfers - out	<u>(15,370,952)</u>	<u>(15,128,792)</u>	242,160	<u>(23,544,397)</u>
Issuance of lease	116,052	116,051	(1)	1,486,493
Issuance of subscription	214,092	64,091	(150,001)	-
Appropriated fund balance	<u>12,144,181</u>	<u>-</u>	<u>(12,144,181)</u>	<u>-</u>
Total other financing uses	<u>(2,896,627)</u>	<u>(14,948,650)</u>	<u>(12,052,023)</u>	<u>(22,057,904)</u>
Net change in fund balance	<u>\$ -</u>	<u>2,323,364</u>	<u>\$ 2,323,364</u>	<u>(8,096,521)</u>
Fund balance at beginning of year		73,145,369		81,220,092
Change in reserve for inventories		<u>90,889</u>		<u>21,798</u>
Fund balance at end of year		75,559,622		73,145,369
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		146,025		128,681
General government expenditures		(43,277)		(41,562)
Economic and physical development expenditures		(102,748)		(87,119)
Fund balance at beginning of year		<u>-</u>		<u>-</u>
Fund balance at end of year		<u>\$ 75,559,622</u>		<u>\$ 73,145,369</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, 2023**

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
<b>Revenues:</b>					
Restricted intergovernmental:					
Federal grants	\$ 33,918,149	\$ 15,218,745	\$ 6,750,401	\$ 21,969,146	\$ (11,949,003)
State grants	5,184,336	3,224,057	1,543,583	4,767,640	(416,696)
Other governments	3,754,536	3,075,035	575,150	3,650,185	(104,351)
Total restricted intergovernmental	42,857,021	21,517,837	8,869,134	30,386,971	(12,470,050)
Investment earnings	364,718	432,572	284,823	717,395	352,677
Donations	285,105	256,946	26,550	283,496	(1,609)
Miscellaneous:					
Red light traffic cameras	15,755,666	14,056,034	1,566,005	15,622,039	(133,627)
Other program income	289,819	318,592	10,877	329,469	39,650
Sale of property	6,615	30,084	-	30,084	23,469
Other	44,335	91,206	-	91,206	46,871
Total miscellaneous	16,096,435	14,495,916	1,576,882	16,072,798	(23,637)
Total revenues	59,603,279	36,703,271	10,757,389	47,460,660	(12,142,619)
<b>Expenditures:</b>					
General government projects:					
Coronavirus fiscal recovery - ARPA	14,646,712	5,632,875	1,438,175	7,071,050	7,575,662
Public safety projects:					
Regional response hazmat 2022	69,000	48,503	-	48,503	20,497
Opioid pilot project - NCDPS 2021	750,000	146,712	393,561	540,273	209,727
Regional response hazmat 2023	69,000	-	62,304	62,304	6,696
Firehouse Subs Safety Equipment	15,755	-	15,755	15,755	-
Santa cop program	1,125	750	-	750	375
SABLE-helicopter unit	2,891,904	2,282,660	109,945	2,392,605	499,299
Federal forfeiture - SABLE	2,151,293	1,857,734	112,957	1,970,691	180,602
Regional crime lab	113,445	74,187	-	74,187	39,258
Internet crimes against children	60,111	-	45,032	45,032	15,079
Federal forfeiture	2,381,006	2,315,430	7,209	2,322,639	58,367
North Carolina drug tax	1,152,542	966,815	146,170	1,112,985	39,557
Leases	16,817	-	-	-	16,817
Total public safety	9,671,998	7,692,791	892,933	8,585,724	1,086,274
Transportation projects:					
Red light traffic cameras	21,338,985	18,870,053	2,027,712	20,897,765	441,220
Metropolitan planning	4,081,438	2,327,928	1,426,014	3,753,942	327,496
TDM coordinator	120,000	83,655	-	83,655	36,345
Total transportation	25,540,423	21,281,636	3,453,726	24,735,362	805,061

**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, 2023**

	Grant Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Expenditures: (continued)					
Economic and physical development projects:					
Community waste reduction/recycling	\$ 20,300	\$ 15,571	\$ 36	\$ 15,607	\$ 4,693
Affordable housing program	1,183,720	1,177,939	-	1,177,939	5,781
Homeownership services	212,291	189,158	13,388	202,546	9,745
Annual housing summit	48,697	32,970	-	32,970	15,727
Lead hazard reduction	1,800,577	621,477	218,064	839,541	961,036
Permanent supportive housing	187,688	-	61,366	61,366	126,322
Housing Counseling Program	10,000	-	6,643	6,643	3,357
Housing Counseling NCHC 2021	23,834	-	3,920	3,920	19,914
Healthy Homes Production Program	1,500,000	-	2,645	2,645	1,497,355
Housing Counseling NCHC 2022	15,706	-	-	-	15,706
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
Trolley station	3,716	2,123	-	2,123	1,593
<b>Total economic and physical development</b>	<b>6,330,785</b>	<b>3,297,714</b>	<b>306,062</b>	<b>3,603,776</b>	<b>2,727,009</b>
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	12,599	9,890	2,464	12,354	245
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
Rehder Garden	6,770	1,089	-	1,089	5,681
Community enrichment initiative	1,325	92	-	92	1,233
NCRPA - omitted history	1,000	390	610	1,000	-
Cape Fear Garden Club Beautification	3,500	-	-	-	3,500
Azalea Garden Tour Grant 2022	3,418	-	3,138	3,138	280
Trees forever	130,205	98,401	5,850	104,251	25,954
<b>Total cultural and recreational</b>	<b>318,646</b>	<b>253,736</b>	<b>12,062</b>	<b>265,798</b>	<b>52,848</b>
Transit system:					
Metropolitan Planning	216,548	130,700	85,836	216,536	12
Debt service:					
Principal payments on leases	33,214	16,559	16,654	33,213	1
Interest and other charges	404	241	146	387	17
<b>Total debt service</b>	<b>33,618</b>	<b>16,800</b>	<b>16,800</b>	<b>33,600</b>	<b>18</b>
<b>Total expenditures</b>	<b>56,758,730</b>	<b>38,306,252</b>	<b>6,205,594</b>	<b>44,511,846</b>	<b>12,246,884</b>
Excess (deficiency) of revenues over (under) expenditures	2,844,549	(1,602,981)	4,551,795	2,948,814	104,265



**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, 2023**

	Grant Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
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	3,383	3,383	-	3,383	-
Storm Water Management Fund	-	63	-	63	63
General Fund	<u>6,257,982</u>	<u>5,596,919</u>	<u>645,743</u>	<u>6,242,662</u>	<u>(15,320)</u>
Total operating transfers - in	<u>9,133,352</u>	<u>8,473,543</u>	<u>645,743</u>	<u>9,119,286</u>	<u>(14,066)</u>
Operating transfers - out:					
General Fund	(16,000)	(16,000)	-	(16,000)	-
Convention Center Fund	(4,800,000)	(3,028,840)	(1,771,160)	(4,800,000)	-
Building Improvements Fund	(1,733,240)	(1,420,000)	(313,240)	(1,733,240)	-
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
Public Improvements Fund	(9,540)	(9,539)	-	(9,539)	1
Parks and Recreation Fund	(1,000,000)	-	-	-	1,000,000
Storm Water Capital Projects Fund	(250,000)	-	-	-	250,000
General Housing Loan Fund	<u>(3,500,000)</u>	<u>-</u>	<u>(2,756,320)</u>	<u>(2,756,320)</u>	<u>743,680</u>
Total operating transfers - out	<u>(11,994,718)</u>	<u>(5,157,201)</u>	<u>(4,840,720)</u>	<u>(9,997,921)</u>	<u>1,996,797</u>
Issuance of lease	<u>16,817</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,817)</u>
Total other financing sources (uses), net	<u>(2,844,549)</u>	<u>3,316,342</u>	<u>(4,194,977)</u>	<u>(878,635)</u>	<u>1,965,914</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,713,361</u>	<u>356,818</u>	<u>\$ 2,070,179</u>	<u>\$ 2,070,179</u>
Fund balance at beginning of year			<u>1,713,361</u>		
Fund balance at end of year			2,070,179		
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>\$ 2,141,126</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, 2023**

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
<b>Revenues:</b>					
Room occupancy tax	\$ 18,666,403	\$ 19,440,359	\$ 6,370,476	\$ 25,810,835	\$ 7,144,432
<b>Restricted Intergovernmental:</b>					
Hurricane disaster assistance	977,611	977,610	-	977,610	(1)
<b>Sales and services:</b>					
Convention center	35,645,109	32,676,367	4,459,131	37,135,498	1,490,389
Parking deck	5,032,048	4,351,718	669,556	5,021,274	(10,774)
Total sales and services	40,677,157	37,028,085	5,128,687	42,156,772	1,479,615
Investment earnings	155,000	1,924,426	309,567	2,233,993	2,078,993
<b>Miscellaneous:</b>					
Insurance reimbursement	26,234	26,233	-	26,233	(1)
Lease interest	-	244,566	260,890	505,456	505,456
Total Miscellaneous	26,234	270,799	260,890	531,689	505,455
Total revenues	60,502,405	59,641,279	12,069,620	71,710,899	11,208,494
<b>Expenditures:</b>					
<b>Economic and physical development project:</b>					
Convention Center operations	56,808,817	48,164,770	8,005,712	56,170,482	638,335
Parking deck operations	4,784,836	3,567,323	536,724	4,104,047	680,789
Total economic and physical development	61,593,653	51,732,093	8,542,436	60,274,529	1,319,124
<b>Debt service:</b>					
Principal retirement	15,765,000	13,905,000	1,860,000	15,765,000	-
Interest and other charges	36,826,036	34,964,620	1,857,465	36,822,085	3,951
Reserved for debt service	585,410	-	-	-	585,410
Total debt service	53,176,446	48,869,620	3,717,465	52,587,085	589,361
Total expenditures	114,770,099	100,601,713	12,259,901	112,861,614	1,908,485
Excess of expenditures over revenues	(54,267,694)	(40,960,434)	(190,281)	(41,150,715)	13,116,979
<b>Other financing sources (uses):</b>					
<b>Operating transfers - in:</b>					
Special Purpose Fund	41,662,226	39,891,066	1,771,160	41,662,226	-
Building Improvements Fund	6,030,337	6,030,337	-	6,030,337	-
Total operating transfers - in	47,692,563	45,921,403	1,771,160	47,692,563	-

**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, 2023**

	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, net	<u>54,267,694</u>	<u>52,496,534</u>	<u>1,771,160</u>	<u>54,267,694</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 11,536,100</u>	1,580,879	<u>\$ 13,116,979</u>	<u>\$ 13,116,979</u>
Fund balance at beginning of year			<u>11,536,100</u>		
Fund balance at end of year			<u>\$ 13,116,979</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, 2023**

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental:					
Federal grants	\$ 19,219,384	\$ 16,480,456	1,211,382	\$ 17,691,838	\$ (1,527,546)
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	19,789,188	17,050,259	1,211,382	18,261,641	(1,527,547)
Expenditures:					
Economic and physical development:					
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		490,812	30,000	520,812	
Shelter for homeless		652,975	-	652,975	
Community Boys Club		30,000	-	30,000	
Community Land Trust		70,997	-	70,997	
CDC Kingdom		4,800	-	4,800	
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		64,260	-	64,260	
Leading Into New Communities		343,635	-	343,635	
Family Promise		-	40,000	40,000	
First Fruit Ministries		217,178	-	217,178	
Housing counseling		14,910	-	14,910	
Council of Governments		31,131	-	31,131	
Wilmington interfaith network		10,000	-	10,000	
Joint Project		1,513,866	19,789	1,533,655	
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		94,953	27,197	122,150	
Energy repairs/housing		401,010	2,500	403,510	
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, 2023**

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Expenditures: (continued)					
Economic and physical development: (continued)					
Economic development		\$ 15,300	\$ -	\$ 15,300	
Charges for services		2,059,000	-	2,059,000	
Planning		619	-	619	
Total expenditures	<u>\$ 10,251,766</u>	<u>8,910,923</u>	<u>119,486</u>	<u>9,030,409</u>	<u>\$ 1,221,357</u>
Excess of revenues over expenditures	<u>9,537,422</u>	<u>8,139,336</u>	<u>1,091,896</u>	<u>9,231,232</u>	<u>(306,190)</u>
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	197,397	180,974	12,161	193,135	(4,262)
Commercial Loan Fund	32,369	32,951	600	33,551	1,182
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	<u>956,645</u>	<u>937,702</u>	<u>12,761</u>	<u>950,463</u>	<u>(6,182)</u>
Operating transfers - out:					
CDBG/HOME Administration Fund	(5,986,435)	(5,398,709)	(464,505)	(5,863,214)	123,221
Rental Rehabilitation Loan Fund	(199,700)	(99,550)	(50,000)	(149,550)	50,150
Commercial Loan Fund	(719,245)	(630,244)	-	(630,244)	89,001
Rehabilitation Loan Fund	(298,871)	(96,871)	(152,000)	(248,871)	50,000
CDBG HOP Loan Fund	<u>(3,289,816)</u>	<u>(2,851,664)</u>	<u>(438,152)</u>	<u>(3,289,816)</u>	<u>-</u>
Total operating transfers - out	<u>(10,494,067)</u>	<u>(9,077,038)</u>	<u>(1,104,657)</u>	<u>(10,181,695)</u>	<u>312,372</u>
Total other financing uses, net	<u>(9,537,422)</u>	<u>(8,139,336)</u>	<u>(1,091,896)</u>	<u>(9,231,232)</u>	<u>306,190</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance at beginning of year			<u>-</u>		
Fund balance at end of year			<u>-</u>		
A portion of a legally budgeted CDBG/HOME Grant and Administration Fund is consolidated into the Community Development Fund for reporting purposes:					
Transfer from Community Development Fund			464,505		
General government expenditures			(137,664)		
Economic and physical development expenditures			(326,841)		
Fund balance at beginning of year			<u>-</u>		
Fund balance at end of year			<u>\$ -</u>		

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2023  
With Comparative Actual Amounts for Year Ended June 30, 2022**

	2023		Variance Positive (Negative)	2022 Actual
	Budget	Actual		
Expenditures:				
General government:				
Finance		\$ 216,402		\$ 203,110
Economic and physical development:				
Economic and community development		513,781		425,738
Total expenditures	<u>\$ 795,200</u>	<u>730,183</u>	<u>\$ 65,017</u>	<u>628,848</u>
Other financing sources:				
Operating transfers-in:				
General Fund	188,185	146,025	(42,160)	128,681
Community Development Fund	471,945	464,505	(7,440)	365,167
Home Investment Partnership Fund	<u>135,070</u>	<u>119,653</u>	<u>(15,417)</u>	<u>135,000</u>
Total operating transfers - in	<u>795,200</u>	<u>730,183</u>	<u>(65,017)</u>	<u>628,848</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
Fund balance at beginning of year		-		-
Fund balance at end of year		<u>\$ -</u>		<u>\$ -</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Home Investment Partnership Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual**

**From Inception and Year Ended June 30, 2023**

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental:					
Federal grants	\$ 7,713,773	\$ 5,167,194	57,497	\$ 5,224,691	\$ (2,489,082)
Interest Earnings	-	813	9,390	10,203	10,203
Total revenues	<u>7,713,773</u>	<u>5,168,007</u>	<u>66,887</u>	<u>5,234,894</u>	<u>(2,478,879)</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>1,672,581</u>	<u>315,710</u>	<u>-</u>	<u>315,710</u>	<u>1,356,871</u>
Excess of revenues over expenditures	<u>6,041,192</u>	<u>4,852,297</u>	<u>66,887</u>	<u>4,919,184</u>	<u>(1,122,008)</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	86,650	86,650	-	86,650	-
Home Loan Fund	<u>3,895,523</u>	<u>3,721,487</u>	<u>317,964</u>	<u>4,039,451</u>	<u>143,928</u>
Total operating transfers - in	<u>4,222,161</u>	<u>4,048,125</u>	<u>317,964</u>	<u>4,366,089</u>	<u>143,928</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, 2023**

	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	\$ (1,060,359)	\$ (925,219)	\$ (119,653)	\$ (1,044,872)	\$ 15,487
Rehabilitation Loan Fund	(200,000)	(177,033)	-	(177,033)	22,967
Home Loan Fund	<u>(9,002,994)</u>	<u>(7,299,074)</u>	<u>(389,328)</u>	<u>(7,688,402)</u>	<u>1,314,592</u>
Total operating transfers - out	<u>(10,263,353)</u>	<u>(8,401,326)</u>	<u>(508,981)</u>	<u>(8,910,307)</u>	<u>1,353,046</u>
Total other financing uses, net	<u>(6,041,192)</u>	<u>(4,353,201)</u>	<u>(191,017)</u>	<u>(4,544,218)</u>	<u>1,496,974</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 499,096</u>	(124,130)	<u>\$ 374,966</u>	<u>\$ 374,966</u>
Fund balance at beginning of year			<u>499,096</u>		
Fund balance at end of year			374,966		
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			119,653		
General government expenditures			(35,461)		
Economic and physical development expenditures			(84,192)		
An unbudgeted Home Loan Fund is consolidated into the Home Investment Partnership Fund for reporting purposes:					
Investment earnings			1,769		
Miscellaneous income			3,487		
Transfer from Home Investment Partnership Fund			389,328		
Economic and physical development expenditures			(348,967)		
Transfer to Home Investment Partnership Fund			(317,964)		
Fund balance at beginning of year			<u>9,161,105</u>		
Fund balance at end of year			<u>\$ 9,263,724</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, 2023  
With Comparative Actual Amounts for Year Ended June 30, 2022**

	2023		Variance Positive (Negative)	2022 Actual
	Budget	Actual		
Revenues:				
Ad valorem taxes:				
Current year	\$ 529,095	\$ 545,689	\$ 16,594	\$ 486,802
Prior years	-	4,105	4,105	1,539
Penalties and interest	700	2,067	1,367	1,076
Total ad valorem taxes	529,795	551,861	22,066	489,417
Local option sales tax	222,511	239,957	17,446	216,501
Investment earnings	4,000	22,888	18,888	753
Total revenues	756,306	814,706	58,400	706,671
Expenditures:				
Economic and physical development:				
Downtown municipal service district	951,575	843,595	107,980	497,298
Excess (deficiency) of revenues over (under) expenditures	(195,269)	(28,889)	166,380	209,373
Other financing sources:				
Appropriated fund balance	195,269	-	(195,269)	-
Net change in fund balance	\$ -	(28,889)	\$ (28,889)	209,373
Fund balance at beginning of year		808,572		599,199
Fund balance at end of year		\$ 779,683		\$ 808,572

**CITY OF WILMINGTON, NORTH CAROLINA**

**Opioid Settlement Funds  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual**

**Year Ended June 30, 2023  
With Comparative Actual Amounts for Year Ended June 30, 2022**

	2023		Variance Positive (Negative)	2022 Actual
	Budget	Actual		
Revenues:				
Investment earnings	\$ -	\$ 2,468	\$ 2,468	\$ -
Net change in fund balance	<u>\$ -</u>	2,468	<u>\$ -</u>	-
Fund balance at beginning of year		<u>-</u>		<u>-</u>
Fund balance at end of year		<u>\$ 2,468</u>		<u>\$ -</u>

**CAPITAL PROJECT FUNDS TAB (FRONT)**

**CAPITAL PROJECT FUNDS TAB (BACK)**

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**From Inception and Year Ended June 30, 2023**

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental:					
Grants and contributions	\$ 15,494,028	\$ 6,830,748	\$ 1,041,319	\$ 7,872,067	\$ (7,621,961)
Hurricane disaster assistance	-	192,536	-	192,536	192,536
Total restricted intergovernmental	15,494,028	7,023,284	1,041,319	8,064,603	(7,429,425)
Investment earnings	1,518,977	1,617,668	2,287,938	3,905,606	2,386,629
Donations	387,031	3,731,138	37,699	3,768,837	3,381,806
Total revenues	17,400,036	12,372,090	3,366,956	15,739,046	(1,660,990)
Expenditures:					
Transportation:					
Riverfront assessment update	53,500	43,102	6,184	49,286	4,214
Bridge repairs	2,353,210	1,258,034	19,646	1,277,680	1,075,530
Front Street bridge repair	372,416	-	-	-	372,416
4th Street bridge replacement	250,000	-	-	-	250,000
Water Street/Riverfront improvements	3,343,905	3,173,685	-	3,173,685	170,220
Water Street/Riverfront stabilization	472,782	436,462	-	436,462	36,320
Water Street improvements phase 2	6,364,457	4,880,420	1,522	4,881,942	1,482,515
Florence recovery - streets	200,000	155,877	-	155,877	44,123
Rail Realignment	3,500,000	-	-	-	3,500,000
Street rehabilitation	8,033,715	1,900,174	3,481,605	5,381,779	2,651,936
Brick street rehabilitation	1,700,000	497,093	-	497,093	1,202,907
Hawksbill causeway	1,075,000	58,418	637,576	695,994	379,006
McRae/Nixon/ 10th Street rehabilitation	1,302,331	1,124,182	172,244	1,296,426	5,905
Castle/Greenfield Street rehabilitation	1,840,800	1,645,823	122,433	1,768,256	72,544
Pine Valley East Street paving	1,098,338	1,075,051	-	1,075,051	23,287
Red Cross brick street rehabilitation	524,358	524,357	-	524,357	1
17th/Andrews/Harbor/Bragg rehabilitation	1,500,000	1,254,358	-	1,254,358	245,642
Harnett Street ADA ramps	100,000	51,742	-	51,742	48,258
Dawning Creek resurfacing	232,864	232,864	-	232,864	-
Pine Grove and Lincoln repair	575,000	464,165	-	464,165	110,835
Savannah Court resurfacing	50,000	46,850	-	46,850	3,150
South Oleander-Forest Hills-Echo Farms	589,509	46,571	542,937	589,508	1
Old East Wilmington-North College	1,242,248	978,527	258,294	1,236,821	5,427
College Acres Drive rehabilitation	281,232	-	-	-	281,232
5th Avenue rehabilitation	3,083,485	-	84,943	84,943	2,998,542
Brookwood Avenue rehabilitation	400,000	-	-	-	400,000
Downtown/Northside rehabilitation	294,172	-	-	-	294,172
Sunset/Longleaf/Echo/Pine rehabilitation	2,775,127	-	658,025	658,025	2,117,102
College/Seagate/Rogersville rehabilitation	688,511	-	458,638	458,638	229,873
Forest Hills/Devon Park rehabilitation	835,913	-	679,958	679,958	155,955
Dry Pond/Bottom/Lake Forest rehabilitation	464,163	-	111,913	111,913	352,250
Neighborhood traffic management	1,752,500	1,653,870	-	1,653,870	98,630
Market/Water Streets bulkhead	1,509,237	1,380,736	-	1,380,736	128,501

**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, 2023**

	Project Authorization	Prior Years	Current Year	Totals to Date	Variance Positive (Negative)
Expenditures: (continued)					
Transportation: (continued)					
Coordinated improvements-CFPUA	\$ 1,900,000	\$ -	\$ -	\$ -	\$ 1,900,000
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
Way finding signage	89,683	36,690	2,451	39,141	50,542
Wrightsville/Greenville improvements	1,553,606	189,000	46,440	235,440	1,318,166
Park Avenue multi-use path	1,458,342	1,186,455	33,567	1,220,022	238,320
Hinton Avenue multi-use path	1,388,690	183,853	42,926	226,779	1,161,911
Hooker Road multi-use path	2,776,443	236,508	33,309	269,817	2,506,626
5th and Wooster pedestrian crossing	394,979	370,604	-	370,604	24,375
Kerr Avenue bike lane/sidewalks	704,383	704,382	-	704,382	1
Gregory/Williston Streets	1,050,649	742,959	-	742,959	307,690
Love Grove emergency access	150,000	-	-	-	150,000
Coastline Inn riverfront stabilization	992,550	787,595	-	787,595	204,955
Sidewalk gap improvements	44,516	44,516	-	44,516	-
Shipyards Boulevard bus pullout	508,476	458,407	-	458,407	50,069
Eastwood Road access management	5,155,000	2,504,473	62,905	2,567,378	2,587,622
Carolina Beach Road streetscape	4,300,000	15,315	-	15,315	4,284,685
North Front Street streetscape	3,773,717	1,269,382	2,125,068	3,394,450	379,267
Dawson/Wooster Streets improvements	1,100,000	265,782	81,418	347,200	752,800
Pine Grove intersection improvements	2,500,000	351,623	831,449	1,183,072	1,316,928
Oleander/Pine Grove realignment	2,100,000	312,919	916,719	1,229,638	870,362
Racine/New Center Drive turn lane	723,440	17,616	635,663	653,279	70,161
Wrightsville/Wallace Avenue roundabout	1,500,000	203,935	35,150	239,085	1,260,915
Pine Grove/Greenville Loop roundabout	1,500,000	231,294	67,183	298,477	1,201,523
Pine Grove/Holly Tree roundabout	1,500,000	231,086	44,497	275,583	1,224,417
Contingency - roadway projects	10,942,254	-	-	-	10,942,254
Oleander/Hawthorn to 42nd Street	1,025,838	27,584	177,852	205,436	820,402
Wrightsville/Castle/Independence	174,757	123,465	8,095	131,560	43,197
Oleander/Wooster/Mimosa	874,060	339,655	370,416	710,071	163,989
Dawson/Wrightsville/Oleander	2,078	2,078	-	2,078	-
Wrightsville/College/Hawthorn	1,139,589	197,166	29,383	226,549	913,040
Wrightsville/44th/Independence	989,616	176,936	23,836	200,772	788,844
17th Street sidewalk/Wooster	553,294	115,661	300,571	416,232	137,062
Oleander/Pine Grove/College	159,855	159,855	-	159,855	-
Delaney sidewalk improvements	79,746	79,745	-	79,745	1
McClelland sidewalk improvements	589,527	128,676	344,353	473,029	116,498
Fairlawn sidewalk improvements	292,982	292,982	-	292,982	-
Kerr/Wilshire crosswalk	30,120	30,120	-	30,120	-
16th Street/Dawson crosswalk	75,000	25,623	-	25,623	49,377
College/Wilshire crosswalk	40,973	40,973	-	40,973	-
8th Street/Dawson crosswalk	50,000	-	-	-	50,000
8th Street/Wooster crosswalk	50,000	-	-	-	50,000
17th Street/Dawson crosswalk	75,000	25,623	-	25,623	49,377

**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, 2023**

	Project Authorization	Prior Years	Current Year	Totals to Date	Variance Positive (Negative)
Expenditures: (continued)					
Transportation: (continued)					
Holly Tree/College crosswalk	\$ 550,551	\$ 82,635	\$ 19	\$ 82,654	\$ 467,897
Greenville Loop trail - Old Mill/Park	1,875,173	540,711	91,674	632,385	1,242,788
Kerr Avenue trail	907,439	146,595	33,975	180,570	726,869
Central College trail	1,951,079	1,599,131	-	1,599,131	351,948
Masonboro Loop multiuse path	2,982,142	502,934	588,298	1,091,232	1,890,910
Contingency - bike/pedestrian	733,880	-	-	-	733,880
Chestnut/Grace reconstruction	2,540,143	2,109,665	40,325	2,149,990	390,153
23rd Street connection/Scientific	2,660,528	646,691	149,624	796,315	1,864,213
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	2,240	25,807	149,193
Eastwood/Military Cutoff interchange	560,000	-	-	-	560,000
Market Street hawk signal	200,000	35,023	5,006	40,029	159,971
Red Cross Riverwalk access	259,772	215,981	-	215,981	43,791
Independence Blvd screen wall repair	488,000	27,138	392	27,530	460,470
Dock Street shoreline stabilization	33,500	14,416	-	14,416	19,084
Downtown alley improvements	277,000	14,920	-	14,920	262,080
Northside bicycle improvements	30,000	12,877	-	12,877	17,123
Greenville Loop trail - College/Pine Grove	1,310,128	215,377	710,358	925,735	384,393
Greenville Loop trail - Pine Grove	548,645	-	-	-	548,645
Greenville Loop trail - Old Mill	3,291,867	417,306	266,134	683,440	2,608,427
Market Street access management	1,550,400	-	-	-	1,550,400
Downtown rail trail - phase 1	710,000	28,446	182,699	211,145	498,855
Annual pavement markings	278,200	-	-	-	278,200
Dirt street paving	50,000	-	-	-	50,000
Towles Road emergency access	285,384	-	18,139	18,139	267,245
Trail repair and preservation	60,000	-	59,995	59,995	5
Greenville Loop guard rail	40,000	-	-	-	40,000
Sidewalk rehabilitation and repairs	2,583,783	1,009,557	379,234	1,388,791	1,194,992
Cross walk improvements 2017	150,000	146,947	(10,296)	136,651	13,349
Pedestrian/Bike improvements	619,047	6,892	2,500	9,392	609,655
Military Cutoff pedestrian improvements	60,471	-	28,950	28,950	31,521
Bridge #29 at Smith Creek walkway	8,750	-	-	-	8,750
Downtown tree wells	8,977	-	7,848	7,848	1,129
South 17th Street multiuse path	917,500	-	35,259	35,259	882,241
Medical Center Drive sidewalks	3,300	-	900	900	2,400
Greenville/Shinwood/Old Mill improvement	960,569	-	47,899	47,899	912,670
Sidewalk gaps Randall/Kent	92,000	-	-	-	92,000
Randall MUP lighting	5,500	-	5,500	5,500	-
Railroad realignment	2,500,000	1,934,945	127,785	2,062,730	437,270
Rail study	250,000	-	250,000	250,000	-
<b>Total transportation</b>	<b>138,059,649</b>	<b>46,163,734</b>	<b>16,473,626</b>	<b>62,637,360</b>	<b>75,422,289</b>

**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, 2023**

	Project Authorization	Prior Years	Current Year	Totals to Date	Variance Positive (Negative)
Expenditures: (continued)					
Cultural and recreational:					
Riverwalk North marina	\$ 16,102,550	\$ 8,454,804	\$ 48,000	\$ 8,502,804	\$ 7,599,746
Riverwalk South handrails	741,400	-	12,000	12,000	729,400
Riverwalk Best Western pier demo	310,684	-	29,835	29,835	280,849
Riverwalk-Conlon Pier repair	658,150	509,604	-	509,604	148,546
Convention Center Bulkhead	233,643	209,952	-	209,952	23,691
Riverfront structural	906,843	269,699	57,133	326,832	580,011
Riverwalk North feasibility study	<u>78,175</u>	<u>-</u>	<u>78,175</u>	<u>78,175</u>	<u>-</u>
Total cultural and recreational	<u>19,031,445</u>	<u>9,444,059</u>	<u>225,143</u>	<u>9,669,202</u>	<u>9,362,243</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>159,626,966</u>	<u>56,591,085</u>	<u>16,698,769</u>	<u>73,289,854</u>	<u>86,337,112</u>
Excess of expenditures over revenues	<u>(142,226,930)</u>	<u>(44,218,995)</u>	<u>(13,331,813)</u>	<u>(57,550,808)</u>	<u>84,676,122</u>
Other financing sources:					
Operating transfers - in:					
General Fund	13,997,182	14,054,866	58,175	14,113,041	115,859
Debt Service fund	22,210,367	19,567,761	2,642,607	22,210,368	1
Building Improvements Fund	<u>864,400</u>	<u>864,400</u>	<u>-</u>	<u>864,400</u>	<u>-</u>
Total operating transfers - in	37,071,949	34,487,027	2,700,782	37,187,809	115,860
Issuance of bonds	44,565,105	44,565,105	-	44,565,105	-
Issuance of installment obligations	48,665,678	25,508,129	8,898,015	34,406,144	(14,259,534)
Premium on bonds	5,253,607	5,253,607	-	5,253,607	-
Premium on installment obligations	<u>6,670,591</u>	<u>3,478,158</u>	<u>3,192,432</u>	<u>6,670,590</u>	<u>(1)</u>
Total other financing sources	<u>142,226,930</u>	<u>113,292,026</u>	<u>14,791,229</u>	<u>128,083,255</u>	<u>(14,143,675)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 69,073,031</u>	1,459,416	<u>\$ 70,532,447</u>	<u>\$ 70,532,447</u>
Fund balance at beginning of year			<u>69,073,031</u>		
Fund balance at end of year			<u>\$ 70,532,447</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, 2023**

	Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
Restricted intergovernmental	\$ 3,577,935	\$ 1,651,516	\$ -	\$ 1,651,516	\$ (1,926,419)
Investment earnings	172,422	194,034	595,878	789,912	617,490
Donations	3,573,714	3,632,558	484,260	4,116,818	543,104
Other	8,672	8,672	-	8,672	-
<b>Total revenues</b>	<b>7,332,743</b>	<b>5,486,780</b>	<b>1,080,138</b>	<b>6,566,918</b>	<b>(765,825)</b>
<b>Expenditures:</b>					
<b>Cultural and recreational:</b>					
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	2,090,873	1,001,447	361,653	1,363,100	727,773
Recreation master plan	162,963	154,455	8,459	162,914	49
Tennis complex	3,240,091	3,235,430	-	3,235,430	4,661
Portia Mills Hines Park	812,300	423,496	358,711	782,207	30,093
Bijou Park renovation	793,037	616,740	167,061	783,801	9,236
Riverfront Park development	34,041,232	32,983,655	235,435	33,219,090	822,142
Soccer complex	17,040,928	1,354,089	4,240,392	5,594,481	11,446,447
CCT-Eastwood Road parking	25,000	-	-	-	25,000
Wade Park building improvements	85,000	18,220	16,908	35,128	49,872
Tennis complex resurfacing	61,000	54,650	-	54,650	6,350
Skate park office replacement	65,000	58,352	-	58,352	6,648
MLK Center expansion	4,422,061	257,861	170,386	428,247	3,993,814
Greenfield Park improvements	500,000	-	8,000	8,000	492,000
Olsen Park	3,034,050	175	139,190	139,365	2,894,685
Bradley Creek canoe/kayak	375,625	20,338	39,415	59,753	315,872
Halyburton maintenance building	305,000	-	-	-	305,000
Contingency 2016 Parks Bond	760,924	-	-	-	760,924
Riverfront park phase 1-A	1,725,708	38,535	38,680	77,215	1,648,493
Tennis reconstruction - Empie Park	783,146	-	5,000	5,000	778,146
Riverwalk maintenance	267,756	42,755	57,963	100,718	167,038
1898 Park Improvements	15,542	-	14,525	14,525	1,017
Riverwalk visitor center renovation	617,154	304,889	277,300	582,189	34,965
Riverfront Park promenade and alleys	510,300	-	231,604	231,604	278,696
Maides Park inclusive playground	657,153	-	-	-	657,153
Tree mitigation plantings	598,168	269,001	8,204	277,205	320,963
<b>Total expenditures</b>	<b>73,550,487</b>	<b>41,217,206</b>	<b>6,378,886</b>	<b>47,596,092</b>	<b>25,954,395</b>
<b>Excess of expenditures over revenues</b>	<b>(66,217,744)</b>	<b>(35,730,426)</b>	<b>(5,298,748)</b>	<b>(41,029,174)</b>	<b>25,188,570</b>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**From Inception and Year Ended June 30, 2023**

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Other financing sources (uses):					
Operating transfers - in:					
General Fund	\$ 1,714,341	\$ 1,436,546	\$ 291,000	\$ 1,727,546	\$ 13,205
Debt Service Fund	13,362,905	11,026,941	2,335,964	13,362,905	-
Special Purpose Fund	<u>1,000,000</u>	-	-	-	<u>(1,000,000)</u>
Total operating transfers - in	<u>16,077,246</u>	<u>12,463,487</u>	<u>2,626,964</u>	<u>15,090,451</u>	<u>(986,795)</u>
Operating transfers - out:					
General Fund	(330,000)	(330,000)	-	(330,000)	-
Debt Service Fund	<u>(125,000)</u>	<u>(125,000)</u>	-	<u>(125,000)</u>	-
Total operating transfers - out	<u>(455,000)</u>	<u>(455,000)</u>	-	<u>(455,000)</u>	-
Issuance of bonds	29,371,382	29,371,381	-	29,371,381	(1)
Issuance of installment obligations	19,482,150	12,334,855	7,147,296	19,482,151	1
Issuance of other long-term obligations	1,025,193	1,025,193	-	1,025,193	-
Premium on bonds	614,701	614,701	-	614,701	-
Premium on installment obligations	<u>102,072</u>	-	<u>102,071</u>	<u>102,071</u>	<u>(1)</u>
Total other financing sources, net	<u>66,217,744</u>	<u>55,354,617</u>	<u>9,876,331</u>	<u>65,230,948</u>	<u>(986,796)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 19,624,191</u>	<u>4,577,583</u>	<u>\$ 24,201,774</u>	<u>\$ 24,201,774</u>
Fund balance at beginning of year			<u>19,624,191</u>		
Fund balance at end of year			<u>\$ 24,201,774</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, 2023**

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental					
Hurricane assistance	\$ 1,326,992	\$ 2,466,483	\$ (28,837)	\$ 2,437,646	\$ 1,110,654
Other	4,612,415	408,652	1,693,866	2,102,518	(2,509,897)
Total restricted intergovernmental	<u>5,939,407</u>	<u>2,875,135</u>	<u>1,665,029</u>	<u>4,540,164</u>	<u>(1,399,243)</u>
Investment earnings	<u>292,488</u>	<u>273,408</u>	<u>217,336</u>	<u>490,744</u>	<u>198,256</u>
Miscellaneous:					
Insurance reimbursement	61,864	61,864	-	61,864	-
Rents	295,760	448,222	36,239	484,461	188,701
Lease interest	-	5,300	5,266	10,566	10,566
Other	35,521	35,521	-	35,521	-
Donations	-	-	67,945	67,945	67,945
Total miscellaneous	<u>393,145</u>	<u>550,907</u>	<u>109,450</u>	<u>660,357</u>	<u>267,212</u>
Total revenues	<u>6,625,040</u>	<u>3,699,450</u>	<u>1,991,815</u>	<u>5,691,265</u>	<u>(933,775)</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	2,563,550	1,778,584	151,664	1,930,248	633,302
Window repair & replacements	317,775	126,500	137,075	263,575	54,200
Building security	270,708	238,490	23,321	261,811	8,897
Building improvements	3,448,958	1,919,453	956,988	2,876,441	572,517
Northern warehouse purchase	2,031,760	1,946,858	2,724	1,949,582	82,178
Administration building	1,000,000	-	-	-	1,000,000
Enterprise backup system	150,000	149,052	-	149,052	948
ADA compliance	3,044,941	3,044,940	-	3,044,940	1
HVAC replacement	4,021,043	3,759,911	254,167	4,014,078	6,965
IT core system replacement	4,967,320	3,373,148	136,507	3,509,655	1,457,665
Elevator modernization	402,500	379,390	-	379,390	23,110
Kenan fountain	192,086	-	-	-	192,086
Wellington station renovations	107,599	84,503	-	84,503	23,096
City Hall / Thalian Hall	606,000	155,245	285,517	440,762	165,238
Facility condition assessments	81,390	56,723	6,302	63,025	18,365
115 N Front Street renovations	200,000	-	-	-	200,000
Leases	33,032	-	33,032	33,032	-
City Hall office space improvements	187,400	-	21,148	21,148	166,252
Generator replacement study	387,596	-	80,040	80,040	307,556
929 N Front Street renovation	<u>1,662,293</u>	<u>-</u>	<u>1,419,478</u>	<u>1,419,478</u>	<u>242,815</u>
Total general government	<u>29,912,850</u>	<u>21,230,423</u>	<u>3,507,963</u>	<u>24,738,386</u>	<u>5,174,464</u>
Public safety:					
Building improvements	191,126	191,125	(457)	190,668	458

**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, 2023**

	Project Authorization	Prior Years	Actual		Variance Positive (Negative)
			Current Year	Totals to Date	
Expenditures: (continued)					
Public Safety: (continued)					
Firing range & training facility	\$ 12,624,160	\$ 12,452,159	\$ -	\$ 12,452,159	\$ 172,001
Shipyards fire station #5	5,057,037	5,037,867	-	5,037,867	19,170
River Lights fire station	8,567,543	332,348	156,029	488,377	8,079,166
Police headquarters chiller replacement	880,000	770,253	64,518	834,771	45,229
Fire Station concrete repairs	150,000	-	-	-	150,000
Total public safety	<u>27,469,866</u>	<u>18,783,752</u>	<u>220,090</u>	<u>19,003,842</u>	<u>8,466,024</u>
Transportation:					
Multi-modal facility study	<u>6,489,783</u>	<u>1,449,716</u>	<u>2,113,678</u>	<u>3,563,394</u>	<u>2,926,389</u>
Economic and physical development:					
Land acquisition and economic development	<u>1,385,501</u>	<u>1,030,951</u>	<u>304</u>	<u>1,031,255</u>	<u>354,246</u>
Cultural and recreational:					
Parks Maintenance Facility	10,543,516	969,493	210,304	1,179,797	9,363,719
Greenfield Amphitheater repairs	117,229	95,087	-	95,087	22,142
City pool improvements	80,000	23,878	5,337	29,215	50,785
Building improvements	<u>402,028</u>	<u>402,028</u>	<u>-</u>	<u>402,028</u>	<u>-</u>
Total cultural and recreational	<u>11,142,773</u>	<u>1,490,486</u>	<u>215,641</u>	<u>1,706,127</u>	<u>9,436,646</u>
Debt Service:					
Principal payments on subscriptions	<u>6,525</u>	<u>-</u>	<u>6,525</u>	<u>6,525</u>	<u>-</u>
Total expenditures	<u>76,407,298</u>	<u>43,985,328</u>	<u>6,064,201</u>	<u>50,049,529</u>	<u>26,357,769</u>
Excess of expenditures over revenues	<u>(69,782,258)</u>	<u>(40,285,878)</u>	<u>(4,072,386)</u>	<u>(44,358,264)</u>	<u>25,423,994</u>
Other financing sources (uses):					
Operating transfers - in:					
General Fund	19,668,265	17,816,483	1,647,293	19,463,776	(204,489)
Debt Service Fund	7,219,701	4,920,844	2,298,857	7,219,701	-
Special Purpose Fund	1,828,298	1,515,058	313,240	1,828,298	-
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	<u>80,609</u>	<u>80,609</u>	<u>-</u>	<u>80,609</u>	<u>-</u>
Total operating transfers - in	<u>31,807,215</u>	<u>27,343,335</u>	<u>4,259,390</u>	<u>31,602,725</u>	<u>(204,490)</u>
Operating transfers - out:					
Streets and Sidewalks Fund	(47,000)	(47,000)	-	(47,000)	-
Parks and Recreation Fund	<u>(26,666)</u>	<u>(26,666)</u>	<u>-</u>	<u>(26,666)</u>	<u>-</u>
Total operating transfers - out	<u>(73,666)</u>	<u>(73,666)</u>	<u>-</u>	<u>(73,666)</u>	<u>-</u>

**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, 2023**

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Other financing sources: (continued)					
Issuance of installment obligations	\$ 34,111,195	\$ 17,586,926	\$ 7,934,690	\$ 25,521,616	\$ (8,589,579)
Issuance of other long-term obligations	1,535,488	1,535,488	-	1,535,488	-
Premium on installment obligations	2,368,994	2,255,700	113,293	2,368,993	(1)
Issuance of subscription	<u>33,032</u>	<u>-</u>	<u>33,032</u>	<u>33,032</u>	<u>-</u>
Total other financing sources, net	<u>69,782,258</u>	<u>48,647,783</u>	<u>12,340,405</u>	<u>60,988,188</u>	<u>(8,794,070)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 8,361,905</u>	<u>8,268,019</u>	<u>\$ 16,629,924</u>	<u>\$ 16,629,924</u>
Fund balance at beginning of year			<u>8,361,905</u>		
Fund balance at end of year			<u>\$ 16,629,924</u>		

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**From Inception and Year Ended June 30, 2023**

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
<b>Revenues:</b>					
Restricted intergovernmental	\$ 3,198,440	\$ 719,404	\$ 670,944	\$ 1,390,348	\$ (1,808,092)
Investment earnings	7,035	9,903	8,408	18,311	11,276
Donations	274,500	-	39,424	39,424	(235,076)
<b>Total revenues</b>	<b>3,479,975</b>	<b>729,307</b>	<b>718,776</b>	<b>1,448,083</b>	<b>(2,031,892)</b>
<b>Expenditures:</b>					
<b>General government:</b>					
GTV upgrade	164,804	142,947	-	142,947	21,857
Main firewall replacement	80,000	67,824	-	67,824	12,176
<b>Total general government</b>	<b>244,804</b>	<b>210,771</b>	<b>-</b>	<b>210,771</b>	<b>34,033</b>
<b>Public safety:</b>					
New Hanover community endowment	219,500	-	-	-	219,500
Assistance to Firefighters grant	48,375	-	-	-	48,375
Port security grant 2019	655,686	651,486	-	651,486	4,200
Jag equipment / NHC 2021	43,402	-	37,858	37,858	5,544
Traffic intersection post storm recovery	482,000	-	439,669	439,669	42,331
Downtown Riverwalk E-Bike program	40,000	-	39,364	39,364	636
Port security grant 2022	864,164	-	-	-	864,164
<b>Total public safety</b>	<b>2,353,127</b>	<b>651,486</b>	<b>516,891</b>	<b>1,168,377</b>	<b>1,184,750</b>
<b>Transportation:</b>					
Emergency vehicle signal preemption II	1,271,020	88,367	137,469	225,836	1,045,184
<b>Economic and physical development:</b>					
DC fast charging station	163,430	144,548	-	144,548	18,882
Level 2 EV charger	20,000	-	16,584	16,584	3,416
<b>Total economic and physical development</b>	<b>183,430</b>	<b>144,548</b>	<b>16,584</b>	<b>161,132</b>	<b>22,298</b>
<b>Cultural and recreational:</b>					
New Hanover community endowment	55,000	-	39,424	39,424	15,576
<b>Total expenditures</b>	<b>4,107,381</b>	<b>1,095,172</b>	<b>710,368</b>	<b>1,805,540</b>	<b>2,301,841</b>
Excess (deficiency) of revenues over (under) expenditures	(627,406)	(365,865)	8,408	(357,457)	269,949
<b>Other financing sources:</b>					
<b>Operating transfers - in:</b>					
General Fund	627,406	431,386	220,439	651,825	24,419
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ 65,521</b>	<b>228,847</b>	<b>\$ 294,368</b>	<b>\$ 294,368</b>
Fund balance at beginning of year			65,521		
Fund balance at end of year			<u>\$ 294,368</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, 2023  
With Comparative Actual Amounts for Year Ended June 30, 2022**

	2023		Variance Positive (Negative)	2022 Actual
	Budget	Actual		
Revenues:				
Ad valorem taxes				
Current year	\$ 15,330,231	\$ 15,566,332	\$ 236,101	\$ 15,326,989
Prior years	-	60,495	60,495	64,723
Total ad valorem taxes	15,330,231	15,626,827	296,596	15,391,712
Investment earnings	163,937	506,105	342,168	26,590
Donations	125,000	125,000	-	-
Total revenues	15,619,168	16,257,932	638,764	15,418,302
Expenditures:				
Debt service:				
Principal retirement		13,795,543		14,014,477
Interest and other charges		6,546,855		6,752,196
Total expenditures	20,499,297	20,342,398	156,899	20,766,673
Excess expenditures over revenues	(4,880,129)	(4,084,466)	795,663	(5,348,371)
Other financing sources (uses):				
Operating transfer-in:				
General Fund	9,334,832	9,334,832	-	9,334,832
Parks and Recreation Fund	-	-	-	125,000
Total operating transfers - in	9,334,832	9,334,832	-	9,459,832
Operating transfers-out:				
Streets and Sidewalks Fund	(2,642,607)	(2,642,607)	-	(2,189,544)
Parks and Recreation Fund	(2,335,964)	(2,335,964)	-	(1,158,592)
Building Improvements Fund	(2,298,857)	(2,298,857)	-	(1,744,020)
Parking Facilities Fund	(1,908,405)	(1,908,405)	-	(1,926,239)
Total operating transfers-out	(9,185,833)	(9,185,833)	-	(7,018,395)
Appropriated fund balance	4,731,130	-	(4,731,130)	-
Total other financing sources, net	4,880,129	148,999	(4,731,130)	2,441,437
Net change in fund balance	\$ -	(3,935,467)	\$ (3,935,467)	(2,906,934)
Fund balance at beginning of year		21,992,782		24,899,716
Fund balance at end of year		\$ 18,057,315		\$ 21,992,782

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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, 2023  
With Comparative Actual Amounts for Year Ended June 30, 2022**

	2023		Variance Positive (Negative)	2022 Actual
	Budget	Actual		
Revenues:				
Operating revenues:				
Charges for services:				
Refuse collection	\$ 10,830,269	\$ 10,832,831	\$ 2,562	\$ 9,892,467
Recycling	78,628	81,644	3,016	89,430
Fines and forfeitures	500	50	(450)	250
Other operating revenues	9,000	15,757	6,757	76,018
Total operating revenues	<u>10,918,397</u>	<u>10,930,282</u>	<u>11,885</u>	<u>10,058,165</u>
Nonoperating revenues:				
Restricted intergovernmental	91,000	95,178	4,178	87,058
Investment earnings	<u>33,000</u>	<u>142,260</u>	<u>109,260</u>	<u>7,052</u>
Total nonoperating revenues	<u>124,000</u>	<u>237,438</u>	<u>113,438</u>	<u>94,110</u>
Total revenues	<u>11,042,397</u>	<u>11,167,720</u>	<u>125,323</u>	<u>10,152,275</u>
Expenditures:				
Operating expenditures:				
Administration		591,230		672,197
Customer refuse		4,310,719		3,754,918
Recycling		740,418		620,622
Yard waste		2,030,378		1,894,979
Downtown collection		1,314,281		1,054,754
Bulk/metal collections		657,177		723,615
Other operating expenditures		<u>894,892</u>		<u>894,828</u>
Total operating expenditures	<u>11,165,402</u>	<u>10,539,095</u>	<u>626,307</u>	<u>9,615,913</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(123,005)</u>	<u>628,625</u>	<u>751,630</u>	<u>536,362</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, 2023  
With Comparative Actual Amounts for Year Ended June 30, 2022**

	2023		Variance	2022
	Budget	Actual	Positive (Negative)	Actual
Other financing sources (uses):				
Operating transfer - in:				
General Fund	\$ 38,366	\$ 38,366	\$ -	\$ 38,366
Special Purpose Fund	-	-	-	764
Public Improvements Fund	-	-	-	212,572
Total operating transfers - in	38,366	38,366	-	251,702
Operating transfer - out:				
Equipment, Maintenance and Replacement Fund	(2,514,313)	(2,514,313)	-	(1,874,735)
Appropriated fund balance	2,598,952	-	(2,598,952)	-
Total other financing sources (uses), net	123,005	(2,475,947)	(2,598,952)	(1,623,033)
Net change in fund balance	\$ -	(1,847,322)	\$ (1,847,322)	(1,086,671)
Reconciliation from budgetary basis to full accrual basis:				
Deferred inflows of resources for accounts receivable		(150)		(250)
Vacation and sick leave accrual		(11,748)		25,104
Other postemployment benefits (expense) gain		1,792,074		(309,946)
Deferred outflows of resources for contributions made to pension plan in current fiscal year		402,679		363,855
Pension expense		(671,163)		(245,743)
Depreciation		(3,288)		(4,137)
Capital asset expenditures		-		6,685
Change in inventory		3,778		2,571
Investment earnings accrual		24,792		-
Change in net position		\$ (310,348)		\$ (1,248,532)

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2023  
With Comparative Actual Amounts for Year Ended June 30, 2022**

	2023		Variance Positive (Negative)	2022 Actual
	Budget	Actual		
Revenues:				
Operating revenues:				
Charges for services:				
Utility fees	\$ 10,157,052	\$ 9,782,138	\$ (374,914)	\$ 9,769,114
City streets	3,150,000	3,150,000	-	3,042,743
Other operating revenues	<u>88,000</u>	<u>109,337</u>	<u>21,337</u>	<u>91,811</u>
Total operating revenues	13,395,052	13,041,475	(353,577)	12,903,668
Nonoperating revenues:				
Investment earnings	<u>65,000</u>	<u>398,654</u>	<u>333,654</u>	<u>13,149</u>
Total revenues	<u>13,460,052</u>	<u>13,440,129</u>	<u>(19,923)</u>	<u>12,916,817</u>
Expenditures:				
Operating expenditures:				
Services		978,340		861,428
Maintenance		4,124,472		4,512,280
Engineering		524,895		522,181
Other operating expenditures		<u>1,402,426</u>		<u>1,397,388</u>
Total operating expenditures	<u>8,321,302</u>	<u>7,030,133</u>	<u>1,291,169</u>	<u>7,293,277</u>
Nonoperating expenditures:				
Interest and fiscal charges		725,719		763,941
Principal payments on bonds		840,000		740,000
Principal payments on installment obligations		<u>70,000</u>		<u>75,000</u>
Total nonoperating expenditures	<u>1,637,466</u>	<u>1,635,719</u>	<u>1,747</u>	<u>1,578,941</u>
Total expenditures	<u>9,958,768</u>	<u>8,665,852</u>	<u>1,292,916</u>	<u>8,872,218</u>
Excess of revenues over expenditures	<u>3,501,284</u>	<u>4,774,277</u>	<u>1,272,993</u>	<u>4,044,599</u>
Other financing sources (uses):				
Operating transfers out:				
Storm Water Capital Projects Fund	(4,829,850)	(4,829,849)	1	(2,975,000)
Appropriated fund balance	<u>1,328,566</u>	<u>-</u>	<u>(1,328,566)</u>	<u>-</u>
Total other financing uses, net	<u>(3,501,284)</u>	<u>(4,829,849)</u>	<u>(1,328,565)</u>	<u>(2,975,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>(55,572)</u>	<u>\$ (55,572)</u>	<u>1,069,599</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2023  
With Comparative Actual Amounts for Year Ended June 30, 2022**

	2023		Variance Positive (Negative)	2022 Actual
	Budget	Actual		
Reconciliation from budgetary basis to full accrual basis:				
Vacation and sick leave accrual		\$ (5,415)		\$ (36,909)
Other postemployment benefits (expense) gain		(199,215)		811,093
Deferred outflow of resources for contributions made to pension plan in current fiscal year		308,948		273,056
Pension expense		(503,678)		(167,364)
Change in inventory		(12,920)		(24,849)
Capital asset expenditures		254,832		387,857
Depreciation		(1,359,312)		(1,241,796)
Other noncapital expenses - Storm Water Capital Projects Fund		(950,518)		(361,846)
Operating transfer - Storm Water Capital Projects Fund		4,829,849		2,975,000
Investment earnings accrual		106,689		-
Investment earnings - Storm Water Capital Projects Fund		291,885		13,915
Principal payments on revenue bonds		840,000		740,000
Principal payments on installment obligations		70,000		75,000
Interest expense adjustments		158,343		90,520
Capital contributions - others		363,983		125,571
Transfer of capital assets to Equipment Maintenance and Replacement Fund		29,511		(137,907)
Restricted intergovernmental		1,622,838		(39,697)
Other		7,500		(15,000)
Change in net position		<u>\$ 5,797,748</u>		<u>\$ 4,536,243</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, 2023**

	Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
Investment earnings	\$ 880,624	\$ 1,566,930	\$ 291,885	\$ 1,858,815	\$ 978,191
<b>Restricted intergovernmental:</b>					
Grants and contributions	3,477,004	855,029	1,622,838	2,477,867	(999,137)
Hurricane disaster assistance	4,629,875	4,637,883	-	4,637,883	8,008
Total restricted intergovernmental	8,106,879	5,492,912	1,622,838	7,115,750	(991,129)
Total revenues	8,987,503	7,059,842	1,914,723	8,974,565	(12,938)
<b>Expenditures:</b>					
Wisteria/Clearbrook area	5,593,744	3,765,848	26,940	3,792,788	1,800,956
Greenville Avenue/White Avenue	1,213,500	974,287	-	974,287	239,213
Brookshire/Beasley drainage	3,917,766	1,585,349	243,402	1,828,751	2,089,015
Clear Run branch improvements	12,196,409	2,304,040	6,070,761	8,374,801	3,821,608
New Macumbers outfall	1,000,000	-	-	-	1,000,000
Red Berry drainage improvements	523,607	63,678	60,520	124,198	399,409
Eagles Nest drainage improvements	6,000	5,450	-	5,450	550
Storm drainage rehabilitation	3,294,679	1,508,993	161,866	1,670,859	1,623,820
River Road culvert replacement	1,883,848	1,716,150	-	1,716,150	167,698
Pirates Cove drainage improvements	640,917	90,977	50,664	141,641	499,276
Red Cross brick street rehabilitation	205,634	205,633	-	205,633	1
Whispering Pines/Masonboro drainage	3,314,850	115,109	55,117	170,226	3,144,624
Mineral Springs/Burnt Mill bank stabilization	436,937	103,483	245,701	349,184	87,753
Downey branch bank stabilization	368,908	76,470	267,476	343,946	24,962
New Orleans Place drainage improvements	10,000	2,500	2,556	5,056	4,944
Storm rehabilitation annual needs 2021	1,129,808	548,420	374,096	922,516	207,292
Adams Street storm rehabilitation	810,000	611,697	193,646	805,343	4,657
Legion Stadium storm rehabilitation	155,000	154,890	-	154,890	110
Metts Avenue storm rehabilitation	260,000	256,845	-	256,845	3,155
Columbia Avenue storm rehabilitation	50,000	10,678	-	10,678	39,322
University Commons storm rehabilitation	770,000	682,541	85,265	767,806	2,194
Carriage Hills wet pond rehabilitation	100,000	39,558	-	39,558	60,442
Greenfield spillway storm rehabilitation	1,175,066	-	1,168,153	1,168,153	6,913
Arden Street storm rehabilitation	214,200	-	195,575	195,575	18,625
Bragg Street storm rehabilitation	102,000	-	100,332	100,332	1,668
Fifth Avenue storm rehabilitation	690,000	-	385,601	385,601	304,399
Holly Tree Road storm rehabilitation	316,200	-	299,937	299,937	16,263
Lennon Drive storm rehabilitation	295,800	-	290,393	290,393	5,407
Saint Andrews Drive storm rehabilitation	377,400	-	361,952	361,952	15,448
Buffaloes outfall storm rehabilitation	325,000	-	26	26	324,974
Water Street drainage improvements	644,000	548,411	-	548,411	95,589
Water Street drainage improvements phase II	375,204	342,643	-	342,643	32,561
Chestnut/grace storm water reconstruction	194,857	124,203	-	124,203	70,654
Florence recovery - storm water	5,521,583	5,138,125	-	5,138,125	383,458
10th and Grace Street storm drainage-ARPA	250,000	-	-	-	250,000
Total expenditures	48,362,917	20,975,978	10,639,979	31,615,957	16,746,960

**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, 2023**

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Excess of expenditures over revenues	\$ (39,375,414)	\$ (13,916,136)	\$ (8,725,256)	\$ (22,641,392)	\$ 16,734,022
Other financing sources (uses):					
Operating transfers - in:					
Special Purpose Fund	\$ 250,000	\$ -	\$ -	\$ -	\$ (250,000)
Storm Water Management Fund	31,409,226	26,672,652	4,829,849	31,502,501	93,275
Total operating transfers - in	31,659,226	26,672,652	4,829,849	31,502,501	(156,725)
Issuance of bonds	7,716,188	6,716,187	-	6,716,187	(1,000,001)
Total other financing sources, net	39,375,414	33,388,839	4,829,849	38,218,688	(906,726)
Net change in fund balance	\$ -	\$ 19,472,703	\$ (3,895,407)	\$ 15,577,296	\$ 15,827,296

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2023  
With Comparative Actual Amounts for Year Ended June 30, 2022**

	2023			
	Budget	Actual	Variance Positive (Negative)	2022 Actual
Revenues:				
Operating revenues:				
Charges for services:				
Parking fees	\$ 3,877,828	\$ 4,875,022	\$ 997,194	\$ 3,881,176
Parking violations	418,000	650,880	232,880	453,669
Other operating revenues	-	280,104	280,104	244,070
Total operating revenues	4,295,828	5,806,006	1,510,178	4,578,915
Nonoperating revenues:				
Interest earned	20,000	151,907	131,907	3,143
Total revenues	4,315,828	5,957,913	1,642,085	4,582,058
Expenditures:				
Operating expenditures:				
Street parking		1,390,249		1,169,335
Second Street deck		471,058		426,265
Market Street deck		711,156		611,601
Second Street lot		92,249		87,377
Hannah Block lot		34,609		32,206
River Place deck		487,604		417,551
Total operating expenditures	3,557,626	3,186,925	370,701	2,744,335
Nonoperating expenditures:				
Interest and fiscal charges		631,835		670,775
Principal payments on installment obligations		1,785,911		1,783,225
Principal payments on leases		157,467		154,005
Total nonoperating expenditures	3,526,995	2,575,213	951,782	2,608,005
Total expenditures	7,084,621	5,762,138	1,322,483	5,352,340
Excess (deficiency) of revenues over (under) expenditures	(2,768,793)	195,775	2,964,568	(770,282)

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2023  
With Comparative Actual Amounts for Year Ended June 30, 2022**

	2023		Variance Positive (Negative)	2022 Actual
	Budget	Actual		
Other financing sources (uses):				
Operating transfers - in:				
Debt Service Fund	\$ 1,908,405	\$ 1,908,405	\$ -	\$ 1,926,239
Parking Facilities Capital Projects Fund	892,472	892,472	-	-
Total operating transfers - in	2,800,877	2,800,877	-	1,926,239
Operating transfers - out:				
Parking Facilities Capital Projects Fund	(512,271)	(512,271)	-	(1,483,336)
Appropriated fund balance	480,187	-	(480,187)	-
Total other financing sources, net	2,768,793	2,288,606	(480,187)	442,903
Net change in fund balance	\$ -	2,484,381	\$ 2,484,381	(327,379)
Reconciliation from budgetary basis to full accrual basis:				
Vacation and sick leave accrual		7,727		(1,547)
Other postemployment benefits expense		(12,708)		(10,688)
Pension expense		(30,899)		(10,502)
Deferred outflows of resources for contributions made to pension plan in current fiscal year		23,148		16,750
Depreciation		(2,049,315)		(2,027,077)
Amortization		(178,568)		(178,568)
Other noncapital expenses - Parking Facilities Capital Projects Fund		(1,073,969)		(1,124,644)
Investment earnings accrual		41,455		-
Interest expense adjustment		(8,266)		(22,892)
Investment earnings - Parking Facilities Capital Projects Fund		73,834		4,390
Transfers of capital assets to governmental funds		(8,495)		-
Operating transfer - Parking Facilities Capital Projects Fund		(380,201)		1,483,336
Principal payments on installment obligations		1,785,911		1,783,225
Principal payments on leases		157,467		154,005
Interest expense accrual		1,729		3,939
Change in net position		\$ 833,231		\$ (257,652)

**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, 2023**

	Project Authorization	Actual		Totals to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
Investment earnings	\$ -	\$ 133,314	\$ 73,834	\$ 207,148	\$ 207,148
Sale of air rights	1,015,338	1,015,338	-	1,015,338	-
<b>Total revenues</b>	<b>1,015,338</b>	<b>1,148,652</b>	<b>73,834</b>	<b>1,222,486</b>	<b>207,148</b>
<b>Expenditures:</b>					
Water Street parking deck	31,335,177	30,029,070	666,975	30,696,045	639,132
Second Street parking deck repair	2,579,486	1,478,374	1,076,083	2,554,457	25,029
Market Street parking deck lights	85,000	84,631	-	84,631	369
Camera Replacement Decks	616,156	444,381	26,378	470,759	145,397
PARCS equipment replacement	486,327	458,502	-	458,502	27,825
Smart meters - phase II	300,000	153,426	-	153,426	146,574
Market Street parking deck access improvements	139,050	110,069	14,309	124,378	14,672
Market Street parking deck major repair	623,600	21,400	7,250	28,650	594,950
Second Street parking deck elevator modernization	206,000	-	-	-	206,000
929 N Front Street parking deck	158,671	-	75,866	75,866	82,805
<b>Total expenditures</b>	<b>36,529,467</b>	<b>32,779,853</b>	<b>1,866,861</b>	<b>34,646,714</b>	<b>1,882,753</b>
<b>Excess of expenditures over revenues</b>	<b>(35,514,129)</b>	<b>(31,631,201)</b>	<b>(1,793,027)</b>	<b>(33,424,228)</b>	<b>2,089,901</b>
<b>Other financing sources:</b>					
<b>Operating transfers - in:</b>					
Debt Service Fund	1,369,371	1,369,371	-	1,369,371	-
Parking Facilities Fund	6,150,749	5,638,771	512,271	6,151,042	293
<b>Total operating transfers - in</b>	<b>7,520,120</b>	<b>7,008,142</b>	<b>512,271</b>	<b>7,520,413</b>	<b>293</b>
<b>Operating transfers - out:</b>					
Parking Facilities Fund	(892,472)	-	(892,472)	(892,472)	-
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	-
<b>Total other financing sources (uses), net</b>	<b>35,514,129</b>	<b>35,894,623</b>	<b>(380,201)</b>	<b>35,514,422</b>	<b>293</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ 4,263,422</b>	<b>\$ (2,173,228)</b>	<b>\$ 2,090,194</b>	<b>\$ 2,090,194</b>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2023  
With Comparative Actual Amounts for Year Ended June 30, 2022**

	2023		Variance Positive (Negative)	2022 Actual
	Budget	Actual		
Revenues:				
Operating revenues:				
Fees and coupons	\$ 1,414,761	\$ 1,572,874	\$ 158,113	\$ 1,374,739
Cart rentals	311,324	367,434	56,110	356,307
Concessions	196,246	301,782	105,536	241,773
Other operating revenues	<u>56,396</u>	<u>63,909</u>	<u>7,513</u>	<u>60,723</u>
Total operating revenues	1,978,727	2,305,999	327,272	2,033,542
Nonoperating revenues:				
Interest earned	<u>6,000</u>	<u>49,049</u>	<u>43,049</u>	<u>1,122</u>
Total revenues	<u>1,984,727</u>	<u>2,355,048</u>	<u>370,321</u>	<u>2,034,664</u>
Expenditures:				
Operating expenditures:				
Golf course		1,706,230		1,729,924
Other operating expenditures		-		212,014
Total operating expenditures	<u>1,843,990</u>	<u>1,706,230</u>	<u>137,760</u>	<u>1,941,938</u>
Excess of revenues over expenditures	<u>140,737</u>	<u>648,818</u>	<u>508,081</u>	<u>92,726</u>
Other financing sources (uses):				
Operating transfer - in:				
General Fund	71,277	71,277	-	-
Operating transfer - out:				
Golf Capital Projects Fund	<u>(212,014)</u>	<u>(212,014)</u>	<u>-</u>	<u>-</u>
Total other financing uses:	<u>(140,737)</u>	<u>(140,737)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	508,081	<u>\$ 508,081</u>	92,726
Reconciliation from budgetary basis to full accrual basis:				
Deferred inflows of resources for accounts receivable		-		(13,349)
Deferred inflows of resources for gift certificates		1,452		(2,656)
Investment earnings accrual		9,476		-
Vacation and sick leave accrual		(9,957)		(7,608)
Other postemployment benefits (expense) gain		28,847		(100,470)
Deferred outflows of resources for contributions made to pension plan in current fiscal year		66,684		59,808
Pension Expense		(110,318)		(40,217)
Change in inventory		(12,161)		35,616
Capital asset expenditures		77,553		262,240
Depreciation		(162,656)		(123,895)
Investment earnings - Golf Capital Projects Fund		398		196
Operating transfer - Golf Capital Projects Fund		<u>212,014</u>		<u>-</u>
Change in net position		<u>\$ 609,413</u>		<u>\$ 162,391</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, 2023**

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Investment earnings	\$ -	\$ 5,122	\$ 398	\$ 5,520	\$ 5,520
Expenditures:					
Municipal Golf course improvements	1,365,000	1,335,055	-	1,335,055	29,945
Golf course improvements	212,014	-	47,431	47,431	164,583
Total expenditures	<u>1,577,014</u>	<u>1,335,055</u>	<u>47,431</u>	<u>1,382,486</u>	<u>194,528</u>
Excess of expenditures over revenues	<u>(1,577,014)</u>	<u>(1,329,933)</u>	<u>(47,033)</u>	<u>(1,376,966)</u>	<u>200,048</u>
Other financing sources:					
Operating transfers - in:					
Debt Service Fund	200,000	200,000	-	200,000	-
Parks and Recreation Fund	1,165,000	1,165,000	-	1,165,000	-
Golf Fund	212,014	-	212,014	212,014	-
Total other financing sources	<u>1,577,014</u>	<u>1,365,000</u>	<u>212,014</u>	<u>1,577,014</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 35,067</u>	<u>\$ 164,981</u>	<u>\$ 200,048</u>	<u>\$ 200,048</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, 2023**

	<u>Equipment, Maintenance and Replacement Fund</u>	<u>Technology Replacement Fund</u>	<u>Total Internal Service Funds</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 19,812,674	\$ 1,632,599	\$ 21,445,273
Other receivables	153,599	2,877	156,476
Due from other governments	98,783	70,417	169,200
Inventory of materials and supplies	48,715	-	48,715
Prepays	4,536	14,293	18,829
	<u>20,118,307</u>	<u>1,720,186</u>	<u>21,838,493</u>
Noncurrent assets:			
Capital assets:			
Intangible software	19,000	-	19,000
Furniture, fixtures, machinery and equipment	31,638,661	-	31,638,661
Intangible right-to-use leased equipment	-	489,564	489,564
Less accumulated depreciation/amortization	<u>(22,503,221)</u>	<u>(100,327)</u>	<u>(22,603,548)</u>
Total capital assets, net of accumulated depreciation/ amortization	<u>9,154,440</u>	<u>389,237</u>	<u>9,543,677</u>
Total assets	<u>29,272,747</u>	<u>2,109,423</u>	<u>31,382,170</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Other postemployment benefits deferrals	81,354	-	81,354
Pension deferrals	234,204	-	234,204
Contributions to pension plan in current fiscal year	85,790	-	85,790
Total deferred outflows of resources	<u>401,348</u>	<u>-</u>	<u>401,348</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	169,042	7,025	176,067
Accrued liabilities	23,837	-	23,837
Current portion of long-term liabilities:			
Lease liability	-	118,036	118,036
Accrued vacation and sick leave	82,520	-	82,520
Total current liabilities	<u>275,399</u>	<u>125,061</u>	<u>400,460</u>
Noncurrent liabilities:			
Noncurrent portion of long-term liabilities:			
Lease liability	-	214,997	214,997
Accrued vacation and sick leave	30,042	-	30,042
Net other postemployment benefits liability	367,093	-	367,093
Net pension liability	503,151	-	503,151
Total noncurrent liabilities	<u>900,286</u>	<u>214,997</u>	<u>1,115,283</u>
Total liabilities	<u>1,175,685</u>	<u>340,058</u>	<u>1,515,743</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Other postemployment benefits deferrals	141,337	-	141,337
Pension deferrals	8,942	-	8,942
Total deferred inflows of resources	<u>150,279</u>	<u>-</u>	<u>150,279</u>
<b>NET POSITION</b>			
Net investment in capital assets	9,154,440	56,204	9,210,644
Unrestricted	19,193,691	1,713,161	20,906,852
Total net position	<u>\$ 28,348,131</u>	<u>\$ 1,769,365</u>	<u>\$ 30,117,496</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2023**

	Equipment, Maintenance and Replacement Fund	Technology Replacement Fund	Total Internal Service Funds
Operating revenues:			
Charges for services	\$ 2,562,019	\$ -	\$ 2,562,019
Charges for equipment replacement	5,580,881	809,612	6,390,493
Other operating revenues	<u>34,502</u>	<u>-</u>	<u>34,502</u>
Total operating revenues	<u>8,177,402</u>	<u>809,612</u>	<u>8,987,014</u>
Operating expenses:			
Salaries, employee benefits and other personnel costs	824,027	-	824,027
Materials and fuels consumed	16,889	-	16,889
Services	1,414,716	-	1,414,716
Utilities	15,234	-	15,234
Depreciation	3,234,599	-	3,234,599
Amortization	-	86,801	86,801
Other operating expenses	<u>606,143</u>	<u>904,937</u>	<u>1,511,080</u>
Total operating expenses	<u>6,111,608</u>	<u>991,738</u>	<u>7,103,346</u>
Operating income (loss)	<u>2,065,794</u>	<u>(182,126)</u>	<u>1,883,668</u>
Nonoperating revenues (expenses):			
Investment earnings	577,554	12,983	590,537
Interest and other charges	-	(529)	(529)
Loss on disposal of capital assets	<u>(232,672)</u>	<u>(102,565)</u>	<u>(335,237)</u>
Total nonoperating revenues (expenses), net	<u>344,882</u>	<u>(90,111)</u>	<u>254,771</u>
Income (loss) before transfers and capital contributions	2,410,676	(272,237)	2,138,439
Capital contributions	330,191	-	330,191
Transfers from other funds	2,522,808	713,724	3,236,532
Transfers to other funds	<u>(29,511)</u>	<u>-</u>	<u>(29,511)</u>
Change in net position	5,234,164	441,487	5,675,651
Net position at beginning of year	<u>23,113,967</u>	<u>1,327,878</u>	<u>24,441,845</u>
Net position at end of year	<u>\$ 28,348,131</u>	<u>\$ 1,769,365</u>	<u>\$ 30,117,496</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2023**

	Equipment, Maintenance and Replacement Fund	Technology Replacement Fund	Total Internal Service Funds
Cash flows from operating activities:			
Receipts from customers and users	\$ 520,137	\$ (23,880)	\$ 496,257
Receipts from interfund services provided	7,747,304	809,612	8,556,916
Payments to suppliers	(886,268)	(1,018,882)	(1,905,150)
Payments to or on behalf of employees	(966,837)	-	(966,837)
Payments for interfund services used	<u>(6,096)</u>	<u>-</u>	<u>(6,096)</u>
Net cash provided by (used in) operating activities	<u>6,408,240</u>	<u>(233,150)</u>	<u>6,175,090</u>
Cash flows from noncapital financing activities:			
Transfers from other funds	<u>2,514,313</u>	<u>713,724</u>	<u>3,228,037</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(4,931,313)	(102,565)	(5,033,878)
Principal payments on leases	-	(142,713)	(142,713)
Interest and other charges	-	(529)	(529)
Proceeds from sale of capital assets	<u>888,184</u>	<u>-</u>	<u>888,184</u>
Net cash used in capital and related financing activities	<u>(4,043,129)</u>	<u>(245,807)</u>	<u>(4,288,936)</u>
Cash flows from investing activities:			
Investment earnings	<u>430,364</u>	<u>10,230</u>	<u>440,594</u>
Net increases in cash and cash equivalents	5,309,788	244,997	5,554,785
Cash and cash equivalents at beginning of year	<u>14,502,886</u>	<u>1,387,602</u>	<u>15,890,488</u>
Cash and cash equivalents at end of year	<u>\$ 19,812,674</u>	<u>\$ 1,632,599</u>	<u>\$ 21,445,273</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2023**

	<u>Equipment, Maintenance and Replacement Fund</u>	<u>Technology Replacement Fund</u>	<u>Total Internal Service Funds</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 2,065,794	\$ (182,126)	\$ 1,883,668
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	3,234,599	86,801	3,321,400
Changes in assets and liabilities:			
Accounts receivable	33,875	-	33,875
Due from other governments	56,164	(23,880)	32,284
Inventory of materials and supplies	29,350	-	29,350
Prepays	1,122,390	13,018	1,135,408
Deferred outflows of resources for pensions	(118,535)	-	(118,535)
Deferred outflows of resources for other postemployment benefits	(13,302)	-	(13,302)
Net pension liability	365,745	-	365,745
Net other postemployment benefits liability	(67,496)	-	(67,496)
Deferred inflows of resources for pensions	(195,767)	-	(195,767)
Deferred inflows of resources for other postemployment benefits	(78,933)	-	(78,933)
Accounts payable and accrued liabilities	(17,276)	(126,963)	(144,239)
Accrued vacation and sick leave	(8,368)	-	(8,368)
Net cash provided by (used in) operating activities	<u>\$ 6,408,240</u>	<u>\$ (233,150)</u>	<u>\$ 6,175,090</u>
Noncash investing, capital and financing activities:			
Issuance of leases	\$ -	\$ 370,710	\$ 370,710
Transfer of capital assets between proprietary funds	(21,016)	-	(21,016)
Capital contributions from governmental funds	330,131	-	330,131
Donation of capital assets to governmental funds	(1,120,856)	(102,565)	(1,223,421)
Net effect of noncash activities	<u>\$ (811,741)</u>	<u>\$ 268,145</u>	<u>\$ (543,596)</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, 2023  
With Comparative Actual Amounts for Year Ended June 30, 2022**

	2023		Variance Positive (Negative)	2022 Actual
	Budget	Actual		
Revenues:				
Operating revenues:				
Charges for services	\$ 2,507,104	\$ 2,562,019	\$ 54,915	\$ 2,464,223
Charges for equipment replacement	5,551,787	5,580,881	29,094	4,767,640
Other operating revenues	5,000	34,502	29,502	29,962
Total operating revenues	8,063,891	8,177,402	113,511	7,261,825
Nonoperating revenues:				
Investment earnings	-	486,059	486,059	12,285
Sale of capital assets	-	888,184	888,184	457,035
Total nonoperating revenues	-	1,374,243	1,374,243	469,320
Total revenues	8,063,891	9,551,645	1,487,754	7,731,145
Expenditures:				
Operating expenditures:				
Garage operations		2,898,387		2,712,584
Capital and noncapital equipment		4,997,241		3,759,423
Total operating expenditures	16,074,220	7,895,628	8,178,592	6,472,007
Nonoperating expenditures:				
Interest and other charges	4,797	-	4,797	4,797
Principal payments on other long-term obligations	410,000	-	410,000	410,000
Total nonoperating expenditures	414,797	-	414,797	414,797
Total expenditures	16,489,017	7,895,628	8,593,389	6,886,804
Excess (deficiency) of revenues over (under) expenditures	(8,425,126)	1,656,017	10,081,143	844,341
Other financing sources:				
Operating transfer-in:				
Solid Waste Management Fund	2,514,313	2,514,313	-	1,874,735
Public Improvements Fund	-	-	-	154,812
Total operating transfers - in	2,514,313	2,514,313	-	2,029,547
Appropriated fund balance	5,910,813	-	(5,910,813)	-
Total other financing sources	8,425,126	2,514,313	(5,910,813)	2,029,547
Net change in fund balance	\$ -	4,170,330	\$ 4,170,330	2,873,888

**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, 2022**

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

	2023		Variance Positive (Negative)	2022 Actual
	Budget	Actual		
Reconciliation from budgetary basis to full accrual basis:				
Vacation and sick leave accrual		\$ 8,368		\$ (9,569)
Other postemployment benefits gain		159,731		80,847
Deferred outflows of resources for contributions made to pension plan in current fiscal year		85,790		74,398
Pension Expense		(137,233)		(54,257)
Change in inventory		(29,350)		35,323
Capital asset expenditures		4,931,313		3,458,410
Depreciation		(3,234,599)		(2,795,988)
Investment earnings accrual		91,495		-
Principal payments on other long-term obligations		-		410,000
Interest expense accrual		-		2,132
Disposal of capital assets		(1,120,856)		(5,034)
Capital contributions from governmental funds		330,191		329,459
Transfers of capital assets from enterprise funds		8,495		137,907
Transfers of capital assets to enterprise funds		(29,511)		-
Donation of capital assets to governmental funds		-		(15,795)
		<u>                    </u>		<u>                    </u>
Change in net position		<u>\$ 5,234,164</u>		<u>\$ 4,521,721</u>



**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June 30, 2023  
With Comparative Actual Amounts for Year Ended June 30, 2022**

	2023		Variance	2022
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Operating revenues:				
Charges for equipment replacement	\$ 821,086	\$ 809,612	\$ (11,474)	\$ 767,750
Nonoperating revenues:				
Investment earnings	-	11,269	11,269	459
Total revenues	821,086	820,881	(205)	768,209
Expenditures:				
Operating expenditures:				
Information technology operations		716,984		679,160
Capital and noncapital equipment		661,228		425,332
Total operating expenditures	1,885,445	1,378,212	507,233	1,104,492
Nonoperating expenditures:				
Principal payments on leases	142,714	142,713	1	13,818
Interest and other charges	671	529	142	-
Total nonoperating expenditures	143,385	143,242	143	13,818
Total expenditures	2,028,830	1,521,454	507,376	1,118,310
Excess of expenditures over revenues	(1,207,744)	(700,573)	507,171	(350,101)
Other financing sources:				
Operating transfer-in:				
General Fund	713,724	713,724	-	448,349
Issuance of leases	400,000	370,710	(29,290)	152,044
Appropriated fund balance	94,020	-	(94,020)	-
Total other financing sources	1,207,744	1,084,434	(123,310)	600,393
Net change in fund balance	\$ -	383,861	\$ 383,861	250,292
Reconciliation from budgetary basis to full accrual basis:				
Capital asset expenditures		102,565		-
Investment earnings accrual		1,714		-
Right-to-use leased assets capital outlay		370,710		152,044
Issuance of leases		(370,710)		(152,044)
Principal payments on leases		142,713		13,818
Amortization expense for intangible assets		(86,801)		(13,526)
Donations of capital assets to governmental funds		(102,565)		-
Change in net position		\$ 441,487		\$ 250,584

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

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

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**June, 30 2023**

Governmental funds capital assets:	
Land	\$ 69,732,090
Easements	30,399,194
Improvements other than buildings	88,234,356
Buildings, plant and structures	191,379,049
Furniture, fixtures, machinery and equipment	30,580,858
Computer software	3,342,240
Streets and drainage	289,715,852
Construction in progress	19,634,403
Right-to-use leased assets	199,956
Right-to-use subscription assets	<u>2,369,183</u>
Total governmental funds capital assets	<u>\$ 725,587,181</u>
Investment in governmental funds capital assets by source:	
Prior years for which detail is not available	\$ 16,472,425
General Fund	41,479,606
Special Purpose Fund	5,589,804
Capital Project Funds	472,473,465
Accepted dedications	<u>189,571,881</u>
Total governmental funds capital assets	<u>\$ 725,587,181</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 <sup>(1)</sup>  
Schedule By Function and Activity**

**June, 30 2023**

Function and Activity	Land	Easements	Improvements other than Buildings	Buildings, Plant and Structures	Furniture, Fixtures, Machinery and Equipment	Computer Software
<b>General government:</b>						
City Manager	\$ -	\$ -	\$ -	\$ -	\$ 85,705	\$ -
City Attorney	-	-	-	-	-	-
Human Resources	-	-	-	-	-	-
Finance	-	-	-	-	30,354	-
Information technology services	-	-	-	-	1,807,320	2,633,542
Development services	-	-	-	-	229,614	13,120
General government	<u>9,405,650</u>	<u>10,026</u>	<u>4,000,563</u>	<u>44,969,776</u>	<u>803,107</u>	<u>-</u>
Total general government	<u>9,405,650</u>	<u>10,026</u>	<u>4,000,563</u>	<u>44,969,776</u>	<u>2,956,100</u>	<u>2,646,662</u>
<b>Public safety:</b>						
Police	2,016,744	-	36,250	32,783,800	6,486,705	341,054
Fire	4,915,114	-	479,279	28,583,423	18,101,562	-
Total public safety	<u>6,931,858</u>	<u>-</u>	<u>515,529</u>	<u>61,367,223</u>	<u>24,588,267</u>	<u>341,054</u>
<b>Transportation:</b>						
Traffic engineering	37,638	-	-	45,758	779,851	19,721
Transportation planning	294,882	-	-	625,459	-	13,576
Streets and drainage	32,998,517	30,344,918	7,853,695	104,500	460,247	218,773
Total transportation	<u>33,331,037</u>	<u>30,344,918</u>	<u>7,853,695</u>	<u>775,717</u>	<u>1,240,098</u>	<u>252,070</u>
<b>Cultural and recreational:</b>						
Parks and recreation	9,012,797	44,250	75,839,569	35,642,822	957,323	33,404
Economic and physical development	11,050,748	-	25,000	48,623,511	839,070	69,050
<b>Total governmental funds capital assets</b>	<u>\$ 69,732,090</u>	<u>\$ 30,399,194</u>	<u>\$ 88,234,356</u>	<u>\$ 191,379,049</u>	<u>\$ 30,580,858</u>	<u>\$ 3,342,240</u>

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

Function and Activity	Streets and Drainage	Construction in Progress	Right-to-use Leased Assets	Right-to-use Subscription Assets	Total
General government:					
City Manager	\$ -	\$ -	\$ -	\$ 13,459	\$ 99,164
City Attorney	-	-	-	18,331	18,331
Human Resources	-	-	-	13,481	13,481
Finance	-	-	-	22,023	52,377
Information Technology Services	-	1,063,671	-	1,987,813	7,492,346
Development Services	-	-	14,896	-	257,630
General government	<u>-</u>	<u>1,085,517</u>	<u>31,780</u>	<u>33,032</u>	<u>60,339,451</u>
Total general government	<u>-</u>	<u>2,149,188</u>	<u>46,676</u>	<u>2,088,139</u>	<u>68,272,780</u>
Public safety:					
Police	-	465,602	128,653	265,079	42,523,887
Fire	-	377,954	24,627	15,965	52,497,924
Total public safety	<u>-</u>	<u>843,556</u>	<u>153,280</u>	<u>281,044</u>	<u>95,021,811</u>
Transportation:					
Traffic engineering	-	225,836	-	-	1,108,804
Transportation Planning	-	2,583,704	-	-	3,517,621
Streets and drainage	<u>288,421,766</u>	<u>7,184,337</u>	<u>-</u>	<u>-</u>	<u>367,586,753</u>
Total transportation	<u>288,421,766</u>	<u>9,993,877</u>	<u>-</u>	<u>-</u>	<u>372,213,178</u>
Cultural and recreational:					
Parks and recreation	<u>1,294,086</u>	<u>6,647,782</u>	<u>-</u>	<u>-</u>	<u>129,472,033</u>
Economic and physical development					
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,607,379</u>
Total governmental funds capital assets					
	<u>\$ 289,715,852</u>	<u>\$ 19,634,403</u>	<u>\$ 199,956</u>	<u>\$ 2,369,183</u>	<u>\$ 725,587,181</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**Year Ended June, 30 2023**

Function and Activity	July 1, 2022	Additions	Deductions
<b>General government:</b>			
City Manager	\$ 119,606	\$ -	\$ (20,442)
City Attorney	18,331	-	-
Human Resource Management	13,481	-	-
Finance	30,354	22,023	-
Information Technology Services	7,043,039	419,532	(72,790)
Development Services	266,580	-	(8,950)
General government buildings	<u>57,683,093</u>	<u>2,942,669</u>	<u>(66,988)</u>
Total general government	<u>65,174,484</u>	<u>3,384,224</u>	<u>(169,170)</u>
<b>Public safety:</b>			
Police	41,967,873	811,195	-
Fire	<u>51,388,874</u>	<u>135,001</u>	<u>(87,010)</u>
Total public safety	<u>93,356,747</u>	<u>946,196</u>	<u>(87,010)</u>
<b>Transportation:</b>			
Traffic engineering	971,335	137,469	-
Transportation planning	1,403,943	2,113,678	-
Streets and drainage	<u>350,470,354</u>	<u>16,957,276</u>	<u>(60,200)</u>
Total transportation	<u>352,845,632</u>	<u>19,208,423</u>	<u>(60,200)</u>
<b>Cultural and recreational:</b>			
Parks and recreation	<u>123,410,772</u>	<u>6,142,367</u>	<u>(55,736)</u>
Economic and physical development	<u>55,825,558</u>	<u>4,816,821</u>	<u>(35,000)</u>
<b>Total governmental funds capital assets</b>	<u>\$ 690,613,193</u>	<u>\$ 34,498,031</u>	<u>\$ (407,116)</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, 2023</u>
General government:		
City Manager	\$ -	\$ 99,164
City Attorney	-	18,331
Human Resource Management	-	13,481
Finance	-	52,377
Information Technology Services	102,565	7,492,346
Development Services	-	257,630
General government buildings	<u>(219,323)</u>	<u>60,339,451</u>
Total general government	<u>(116,758)</u>	<u>68,272,780</u>
Public safety:		
Police	(255,181)	42,523,887
Fire	<u>1,061,059</u>	<u>52,497,924</u>
Total public safety	<u>805,878</u>	<u>95,021,811</u>
Transportation:		
Traffic engineering	-	1,108,804
Transportation planning	-	3,517,621
Streets and drainage	<u>219,323</u>	<u>367,586,753</u>
Total transportation	<u>219,323</u>	<u>372,213,178</u>
Cultural and recreational:		
Parks and recreation	<u>(25,370)</u>	<u>129,472,033</u>
Economic and physical development	<u>-</u>	<u>60,607,379</u>
Total governmental funds capital assets	<u>\$ 883,073</u>	<u>\$ 725,587,181</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**June 30, 2023**

Fiscal Year	Uncollected Balance July 1, 2022	Additions	Collections and Credits	Uncollected Balance June 30, 2023
2022-2023	\$ -	\$ 86,628,169	\$ 86,240,148	\$ 388,021
2021-2022	411,427	-	213,805	197,622
2020-2021	513,218	-	53,923	459,295
prior years	<u>2,214,847</u>	<u>-</u>	<u>453,808</u>	<u>1,761,039</u>
	3,139,492	86,628,169	86,961,684	2,805,977
Less allowance for uncollectible taxes	<u>(1,642,553)</u>	<u>(207,964)</u>	<u>-</u>	<u>(1,850,517)</u>
Totals <sup>(1)</sup>	<u>\$ 1,496,939</u>	<u>\$ 86,420,205</u>	<u>\$ 86,961,684</u>	<u>\$ 955,460</u>

Reconciliation of collections and credits:

New Hanover County tax office

remittances:

Taxes - ad valorem - current year - General Fund & Debt Service Fund \$ 86,565,965

Taxes - ad valorem - penalties and interest - General Fund 248,878

Total remittances 86,814,843

Other adjustments 395,719

Less penalties and interest (248,878)

Total collections and credits \$ 86,961,684

(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.

**CITY OF WILMINGTON, NORTH CAROLINA**

**Analysis of Current Tax Levy**

**For the Fiscal Year Ended June 30, 2023**

	City - Wide		Total Levy		
	Property		Total	Property	Registered
	Valuation	Rate	Levy	excluding	Motor
				Registered	Motor
				Vehicles	Vehicles
Original levy: <sup>(1)</sup>					
Property taxed at current year's rate	\$21,601,103,233	\$ 0.3950	\$85,324,357	\$81,154,155	\$4,170,202
Motor vehicles taxed at prior year's rate	318,929,023	0.3808	1,214,482	-	1,214,482
second, third, & fourth year's rate	4,588,024	0.4984	22,867	-	22,867
fifth year's rate	14,158	0.4834	68	-	68
sixth year's rate	18,258	0.4850	89	-	89
Penalties	-		100,128	100,128	-
Total	21,924,652,696		86,661,991	81,254,283	5,407,708
Discoveries:					
Current year taxes	-		110,105	110,105	-
Total	-		86,772,096	81,364,388	5,407,708
Abatements:	(29,532,932)		(116,655)	(116,655)	-
Other adjustments	-		(27,272)	(27,272)	-
Total property valuation	<u>\$21,895,119,764</u>				
Net levy			86,628,169	81,220,461	5,407,708
Uncollected taxes at June 30, 2023			388,021	388,021	-
Current year's taxes collected			<u>\$86,240,148</u>	<u>\$80,832,440</u>	<u>\$ 5,407,708</u>
Current levy collection percentage			<u>99.55%</u>	<u>99.52%</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.

**CITY OF WILMINGTON, NORTH CAROLINA**

**Schedule of Receipts and Expenditures -  
Room Occupancy Tax**

**From Inception and Year Ended June 30, 2023**

Receipts prior years	<u>\$ 56,302,585</u>
Receipts:	
July, 2022	743,368
August, 2022	631,662
September, 2022	529,777
October, 2022	520,227
November, 2022	391,697
December, 2022	314,240
January, 2023	328,971
February, 2023	396,589
March, 2023	556,695
April, 2023	576,484
May, 2023	654,825
June, 2023	<u>725,941</u>
Receipts current year	<u>6,370,476</u>
Receipts to date	<u>\$ 62,673,061</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

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

**From Inception and Year Ended June 30, 2023**

Disbursements prior years	\$ 47,116,496
Disbursements:	
Facility repairs and maintenance	476,687
Marketing	509,992
Debt service	3,714,059
Fiscal agent fees	<u>2,640</u>
Disbursements current year	<u>4,703,378</u>
Disbursements to date	<u>\$ 51,819,874</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	214 - 227
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	228 - 231
These schedules contain information to help the reader assess the city’s most significant local revenue source, the property tax.	
Debt Capacity	232 - 238
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	239
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	240 - 245
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			
	2014	2015	2016	2017
Governmental activities:				
Net investment in capital assets	\$ 212,542,837	\$ 208,606,209	\$ 220,482,002	\$ 222,453,072
Restricted	40,472,965	39,505,449	40,527,283	41,349,356
Unrestricted (1), (2), (3), (4)	32,846,564	42,766,980	53,837,868	49,108,721
Total governmental activities net assets	\$ 285,862,366	\$ 290,878,638	\$ 314,847,153	\$ 312,911,149
Business-type activities:				
Net investment in capital assets	\$ 31,426,724	\$ 29,662,351	\$ 30,970,797	\$ 33,518,870
Restricted	2,005,412	1,938,140	1,549,898	1,455,998
Unrestricted (1), (4)	14,894,628	19,539,071	23,497,622	27,162,767
Total business-type activities net assets	\$ 48,326,764	\$ 51,139,562	\$ 56,018,317	\$ 62,137,635
Primary government:				
Net investment in capital assets	\$ 243,969,561	\$ 238,268,560	\$ 251,452,799	\$ 255,971,942
Restricted	42,478,377	41,443,589	42,077,181	42,805,354
Unrestricted	47,741,192	62,306,051	77,335,490	76,271,488
Total primary government net assets	\$ 334,189,130	\$ 342,018,200	\$ 370,865,470	\$ 375,048,784

**Notes:**

- (1) 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.
- (2) 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.
- (3) 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.
- (4) 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					
2018	2019	2020	2021	2022	2023
\$ 222,365,472	\$ 240,380,429	\$ 244,648,339	\$ 260,026,675	\$ 280,909,012	\$ 298,127,945
42,500,030	52,687,351	55,579,604	53,089,657	64,217,735	72,080,664
<u>36,410,461</u>	<u>19,982,339</u>	<u>52,073,409</u>	<u>54,048,205</u>	<u>55,353,740</u>	<u>60,201,787</u>
<u>\$ 301,275,963</u>	<u>\$ 313,050,119</u>	<u>\$ 352,301,352</u>	<u>\$ 367,164,537</u>	<u>\$ 400,480,487</u>	<u>\$ 430,410,396</u>
\$ 32,935,755	\$ 33,297,271	\$ 32,725,013	\$ 39,343,595	\$ 42,597,241	\$ 52,925,790
1,055,998	1,055,998	485,936	543,492	602,047	681,410
<u>31,660,796</u>	<u>38,490,587</u>	<u>42,964,463</u>	<u>41,244,317</u>	<u>41,124,566</u>	<u>37,646,698</u>
<u>\$ 65,652,549</u>	<u>\$ 72,843,856</u>	<u>\$ 76,175,412</u>	<u>\$ 81,131,404</u>	<u>\$ 84,323,854</u>	<u>\$ 91,253,898</u>
\$ 255,301,227	\$ 273,677,700	\$ 277,373,352	\$ 299,370,270	\$ 323,506,253	\$ 351,053,735
43,556,028	53,743,349	56,065,540	53,633,149	64,819,782	72,762,074
<u>68,071,257</u>	<u>58,472,926</u>	<u>95,037,872</u>	<u>95,292,522</u>	<u>96,478,306</u>	<u>97,848,485</u>
<u>\$ 366,928,512</u>	<u>\$ 385,893,975</u>	<u>\$ 428,476,764</u>	<u>\$ 448,295,941</u>	<u>\$ 484,804,341</u>	<u>\$ 521,664,294</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Changes in Net Position**

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

	Fiscal Year			
	2014	2015	2016	2017
<b>Expenses</b>				
Governmental activities:				
General government	\$ 19,631,088	\$ 20,942,970	\$ 21,981,320	\$ 24,897,698
Public safety	46,131,851	45,301,661	48,796,835	51,805,339
Transportation	13,850,270	14,623,301	15,483,263	17,757,240
Economic and physical development	6,196,637	7,758,498	6,890,269	6,918,462
Environmental protection	-	6,229	17,854	-
Cultural and recreational	9,465,475	9,992,088	10,187,498	11,290,134
Transit system	1,285,000	1,678,074	1,523,022	2,799,556
Interest and other charges	8,399,202	7,868,677	8,773,139	7,169,163
Total governmental activities expenses	<u>104,959,523</u>	<u>108,171,498</u>	<u>113,653,200</u>	<u>122,637,592</u>
Business-type activities:				
Recycling and trash services	10,433,131	9,689,997	8,800,178	8,260,576
Storm water management	6,788,592	7,195,516	6,909,622	7,152,715
Parking facilities	2,802,364	3,143,322	2,925,836	2,927,402
Golf	1,293,363	1,331,375	1,365,365	1,458,687
Total business-type activities expenses	<u>21,317,450</u>	<u>21,360,210</u>	<u>20,001,001</u>	<u>19,799,380</u>
Total primary government expenses	<u>\$ 126,276,973</u>	<u>\$ 129,531,708</u>	<u>\$ 133,654,201</u>	<u>\$ 142,436,972</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 3,961,251	\$ 3,757,329	\$ 1,614,695	\$ 1,424,614
Public safety	1,078,557	991,754	936,090	1,028,767
Transportation	1,469,697	1,522,176	1,645,916	1,770,500
Economic and physical development	3,264,492	3,318,334	3,886,639	3,865,824
Cultural and recreational	777,142	858,460	883,347	846,872
Operating grants and contributions	7,113,819	8,368,567	7,553,003	8,803,433
Capital grants and contributions	5,128,944	2,260,265	15,403,679	3,779,344
Total governmental activities program revenues	<u>22,793,902</u>	<u>21,076,885</u>	<u>31,923,369</u>	<u>21,519,354</u>
Business-type activities:				
Charges for services:				
Recycling and trash services	8,433,430	8,803,224	8,996,252	9,168,326
Storm water management	8,810,446	9,441,985	9,928,041	10,678,945
Parking facilities	3,156,906	3,253,754	3,399,380	3,367,787
Golf	852,982	874,778	1,247,303	1,204,706

**TABLE 2**

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 26,388,276	\$ 47,767,484	\$ 25,863,172	\$ 32,303,341	\$ 34,635,188	\$ 40,088,557
52,304,423	62,138,353	58,668,628	58,555,020	57,680,970	67,596,845
16,938,651	18,469,985	18,192,731	21,380,068	20,691,751	24,843,344
7,249,221	7,910,229	8,249,770	7,237,706	8,718,652	8,050,333
-	-	-	-	-	-
11,401,557	11,362,869	13,762,924	12,782,133	13,097,808	15,156,155
1,437,257	1,460,155	1,696,925	1,555,018	1,599,708	1,712,255
7,569,643	7,366,318	6,970,781	7,852,939	7,737,500	7,439,442
<u>123,289,028</u>	<u>156,475,393</u>	<u>133,404,931</u>	<u>141,666,225</u>	<u>144,161,577</u>	<u>164,886,931</u>
8,500,496	8,832,873	10,232,326	9,347,492	9,777,524	9,026,763
7,989,010	7,759,203	13,973,357	9,141,384	8,327,457	10,064,788
4,477,517	3,216,815	4,162,438	5,364,931	6,770,339	7,139,881
1,444,079	1,650,273	1,652,780	1,673,651	1,856,464	1,828,238
<u>22,411,102</u>	<u>21,459,164</u>	<u>30,020,901</u>	<u>25,527,458</u>	<u>26,731,784</u>	<u>28,059,670</u>
<u>\$ 145,700,130</u>	<u>\$ 177,934,557</u>	<u>\$ 163,425,832</u>	<u>\$ 167,193,683</u>	<u>\$ 170,893,361</u>	<u>\$ 192,946,601</u>
\$ 1,341,845	\$ 1,066,542	\$ 1,822,490	\$ 1,642,496	\$ 1,941,753	\$ 1,924,761
1,011,421	1,117,151	928,093	1,021,619	1,089,470	1,068,204
1,733,382	1,644,353	1,587,388	1,653,218	2,140,123	2,128,902
4,301,935	4,678,390	4,216,149	841,187	3,577,317	5,289,810
857,897	1,073,155	880,433	559,857	1,222,856	1,434,776
6,479,533	24,933,225	17,634,226	16,898,636	17,424,837	15,136,420
1,253,284	6,463,891	17,674,759	2,439,909	6,148,569	8,840,402
<u>16,979,297</u>	<u>40,976,707</u>	<u>44,743,538</u>	<u>25,056,922</u>	<u>33,544,925</u>	<u>35,823,275</u>
9,245,211	9,329,350	9,611,671	9,531,483	9,982,147	10,914,525
11,517,793	11,837,173	12,383,673	12,387,107	12,811,857	12,932,139
3,408,219	3,551,650	3,096,076	3,343,870	4,334,845	5,525,902
1,240,596	1,460,888	1,682,236	1,795,361	1,956,814	2,243,542

**CITY OF WILMINGTON, NORTH CAROLINA**

**Changes in Net Position (Continued)**

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

	Fiscal Year			
	2014	2015	2016	2017
<b>Program Revenues (continued)</b>				
Business-type activities (continued):				
Operating grants and contributions	\$ 97,018	\$ 106,836	\$ 73,830	\$ 449,020
Capital grants and contributions	49,500	774,874	405,208	-
Total business-type activities program revenues	<u>21,400,282</u>	<u>23,255,451</u>	<u>24,050,014</u>	<u>24,868,784</u>
Total primary government program revenues	<u>\$ 44,194,184</u>	<u>\$ 44,332,336</u>	<u>\$ 55,973,383</u>	<u>\$ 46,388,138</u>
Net (expense)/revenue				
Governmental activities	\$ (82,165,621)	\$ (87,094,613)	\$ (81,729,831)	\$ (101,118,238)
Business-type activities	<u>82,832</u>	<u>1,895,241</u>	<u>4,049,013</u>	<u>5,069,404</u>
Total primary government net expense	<u>\$ (82,082,789)</u>	<u>\$ (85,199,372)</u>	<u>\$ (77,680,818)</u>	<u>\$ (96,048,834)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes:				
Ad valorem taxes	\$ 58,981,967	\$ 60,524,844	\$ 65,339,216	\$ 66,670,221
Room occupancy tax	2,771,391	3,080,208	3,337,377	3,824,615
Local option sales tax	19,168,840	21,216,765	22,990,436	24,371,379
Franchise tax	6,120,923	8,174,142	8,392,055	8,251,577
Video programming sales tax	1,397,010	1,442,808	1,390,363	1,408,749
Rental vehicle tax	224,043	267,219	298,745	313,471
Unrestricted grants and contributions	1,943,781	1,949,695	2,078,287	2,314,364
Investment earnings	346,850	263,771	336,799	506,832
Miscellaneous	589,940	1,794,794	970,198	791,188
Transfers from (to) other funds	<u>(2,846,136)</u>	<u>(279,647)</u>	<u>(535,736)</u>	<u>(771,186)</u>
Total governmental activities	<u>88,698,609</u>	<u>98,434,599</u>	<u>104,597,740</u>	<u>107,681,210</u>
Business-type activities:				
Investment earnings	90,641	69,492	93,856	135,225
Miscellaneous	224,488	1,364,753	200,150	143,503
Transfers from (to) other funds	<u>2,846,136</u>	<u>279,647</u>	<u>535,736</u>	<u>771,186</u>
Total business-type activities	<u>3,161,265</u>	<u>1,713,892</u>	<u>829,742</u>	<u>1,049,914</u>
Total primary government	<u>\$ 91,859,874</u>	<u>\$ 100,148,491</u>	<u>\$ 105,427,482</u>	<u>\$ 108,731,124</u>

**TABLE 2**

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 77,899	\$ 93,833	\$ 5,528,043	\$ 149,607	\$ 31,366	\$ 1,718,016
1,015,338	121,175	-	563,624	141,566	363,983
<u>26,505,056</u>	<u>26,394,069</u>	<u>32,301,699</u>	<u>27,771,052</u>	<u>29,258,595</u>	<u>33,698,107</u>
<u>\$ 43,484,353</u>	<u>\$ 67,370,776</u>	<u>\$ 77,045,237</u>	<u>\$ 52,827,974</u>	<u>\$ 62,803,520</u>	<u>\$ 69,521,382</u>
\$ (106,309,731)	\$ (115,498,686)	\$ (88,661,393)	\$ (116,609,303)	\$ (110,616,652)	\$ (129,063,656)
4,093,954	4,934,905	2,280,798	2,243,594	2,526,811	5,638,437
<u>\$ (102,215,777)</u>	<u>\$ (110,563,781)</u>	<u>\$ (86,380,595)</u>	<u>\$ (114,365,709)</u>	<u>\$ (108,089,841)</u>	<u>\$ (123,425,219)</u>
\$ 72,729,763	\$ 76,858,987	\$ 78,232,370	\$ 80,518,378	\$ 82,558,376	\$ 86,821,341
3,780,078	5,061,597	3,811,622	4,077,235	5,859,370	6,370,476
24,689,205	28,923,348	30,274,790	34,416,611	38,986,074	40,085,234
8,280,297	8,730,544	8,392,030	8,247,813	8,251,765	8,676,707
1,374,281	1,323,879	1,278,838	1,261,462	1,172,474	1,097,987
296,213	382,984	384,757	400,361	455,318	499,404
2,179,507	2,900,175	2,475,238	3,506,998	3,774,465	4,276,513
1,459,258	2,889,157	1,827,459	177,171	316,027	8,159,701
783,117	1,353,525	1,582,621	1,278,964	2,724,032	2,530,953
(955,300)	(1,151,354)	(347,099)	(2,412,505)	(165,299)	475,249
<u>114,616,419</u>	<u>127,272,842</u>	<u>127,912,626</u>	<u>131,472,488</u>	<u>143,932,602</u>	<u>158,993,565</u>
334,606	920,501	570,681	62,751	42,968	1,290,399
209,978	184,547	132,978	237,142	457,372	476,457
955,300	1,151,354	347,099	2,412,505	165,299	(475,249)
<u>1,499,884</u>	<u>2,256,402</u>	<u>1,050,758</u>	<u>2,712,398</u>	<u>665,639</u>	<u>1,291,607</u>
<u>\$ 116,116,303</u>	<u>\$ 129,529,244</u>	<u>\$ 128,963,384</u>	<u>\$ 134,184,886</u>	<u>\$ 144,598,241</u>	<u>\$ 160,285,172</u>

(Continued)

**CITY OF WILMINGTON, NORTH CAROLINA**

**Changes in Net Position (Continued)**

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

	Fiscal Year			
	2014	2015	2016	2017
<b>Change in Net Position</b>				
Governmental activities (1), (2), (3), (4)	\$ 6,532,988	\$ 11,339,986	\$ 22,867,909	\$ 6,562,972
Business-type activities (1), (4)	<u>3,244,097</u>	<u>3,609,133</u>	<u>4,878,755</u>	<u>6,119,318</u>
Total primary government	<u>\$ 9,777,085</u>	<u>\$ 14,949,119</u>	<u>\$ 27,746,664</u>	<u>\$ 12,682,290</u>

**Notes:**

- (1) 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.
- (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 governmental activities as an adjustment to beginning net position in the amount of \$1,100,606.
- (3) 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.
- (4) 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>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 8,306,688	\$ 11,774,156	\$ 39,251,233	\$ 14,863,185	\$ 33,315,950	\$ 29,929,909
<u>5,593,838</u>	<u>7,191,307</u>	<u>3,331,556</u>	<u>4,955,992</u>	<u>3,192,450</u>	<u>6,930,044</u>
<u>\$ 13,900,526</u>	<u>\$ 18,965,463</u>	<u>\$ 42,582,789</u>	<u>\$ 19,819,177</u>	<u>\$ 36,508,400</u>	<u>\$ 36,859,953</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Fund Balances of Governmental Funds**

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

	Fiscal Year			
	2014	2015	2016	2017
General fund				
Nonspendable	\$ 1,562,635	\$ 1,538,800	\$ 1,507,848	\$ 1,491,417
Restricted	11,435,444	12,008,976	12,717,909	12,895,809
Committed (1)	42,970	88,073	1,066,118	1,332,296
Assigned	1,610,000	2,090,966	6,744,343	8,960,200
Unassigned	<u>31,383,688</u>	<u>39,880,339</u>	<u>39,322,702</u>	<u>34,473,018</u>
Total general fund	<u>\$ 46,034,737</u>	<u>\$ 55,607,154</u>	<u>\$ 61,358,920</u>	<u>\$ 59,152,740</u>
All other governmental funds				
Nonspendable	\$ 16,891	\$ 13,533	\$ 11,344	\$ 63,349
Restricted	39,854,806	40,316,562	41,923,582	51,622,940
Committed	10,659,480	19,142,750	17,542,590	20,318,880
Assigned	-	-	-	-
Unassigned deficit	<u>(3,235,662)</u>	<u>(1,451,305)</u>	<u>(686,906)</u>	<u>(721,702)</u>
Total all other governmental funds	<u>\$ 47,295,515</u>	<u>\$ 58,021,540</u>	<u>\$ 58,790,610</u>	<u>\$ 71,283,467</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					
2018	2019	2020	2021	2022	2023
\$ 1,335,687	\$ 1,236,657	\$ 1,280,350	\$ 1,179,009	\$ 1,175,225	\$ 1,312,737
13,637,741	19,729,125	19,926,185	17,039,944	18,862,743	20,293,691
1,430,717	1,510,695	1,350,283	4,919,605	4,641,398	4,988,262
3,215,840	4,020,000	4,376,519	10,171,500	2,347,246	9,520,000
<u>36,831,068</u>	<u>31,052,237</u>	<u>44,267,810</u>	<u>47,910,034</u>	<u>46,118,757</u>	<u>39,444,932</u>
<u>\$ 56,451,053</u>	<u>\$ 57,548,714</u>	<u>\$ 71,201,147</u>	<u>\$ 81,220,092</u>	<u>\$ 73,145,369</u>	<u>\$ 75,559,622</u>
\$ 77,325	\$ 5,156	\$ 4,797	\$ 6,585	\$ 111,350	\$ 502,539
63,116,382	43,135,094	66,937,129	93,325,717	97,206,126	114,089,437
26,972,671	42,179,716	62,116,259	60,656,797	61,816,570	65,163,621
-	-	100,000	3,187,787	3,153,118	-
<u>(2,403,053)</u>	<u>(343,687)</u>	<u>(86,422)</u>	<u>(21,393)</u>	<u>(1,480)</u>	<u>(100,851)</u>
<u>\$ 87,763,325</u>	<u>\$ 84,976,279</u>	<u>\$ 129,071,763</u>	<u>\$ 157,155,493</u>	<u>\$ 162,285,684</u>	<u>\$ 179,654,746</u>

**CITY OF WILMINGTON, NORTH CAROLINA**

**Changes in Fund Balances of Governmental Funds**

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

	Fiscal Year			
	2014	2015	2016	2017
<b>Revenues</b>				
Taxes:				
Ad valorem taxes (1)	\$ 59,403,121	\$ 60,530,615	\$ 65,195,129	\$ 66,565,824
Room occupancy tax	2,771,391	3,080,208	3,337,377	3,824,615
Local option sales tax	19,168,840	21,216,765	22,990,436	24,371,379
Franchise tax	6,120,923	8,174,142	8,392,055	8,251,577
Video programming sales tax	1,397,010	1,442,808	1,390,363	1,408,749
Rental vehicle tax	224,043	267,219	298,745	313,471
Unrestricted intergovernmental	1,771,881	1,782,895	1,917,812	2,036,486
Restricted intergovernmental	13,062,264	12,852,324	9,294,002	9,599,088
Licenses and permits	3,092,735	2,962,469	739,925	691,594
Sales and services	5,394,557	6,119,686	6,310,273	6,311,529
Fines and forfeits	253,712	206,164	208,172	170,291
Investment earnings	337,943	237,956	306,476	462,236
Net decrease in fair value of investments	-	-	-	-
Donations	74,273	374,911	2,850,402	321,736
Miscellaneous	1,510,756	2,232,889	1,897,323	1,931,162
<b>Total revenues</b>	<u>114,583,449</u>	<u>121,481,051</u>	<u>125,128,490</u>	<u>126,259,737</u>
<b>Expenditures</b>				
General government	21,834,095	19,231,860	21,022,781	23,550,837
Public safety	42,382,161	46,861,709	48,728,194	50,644,028
Transportation	17,109,467	15,486,218	16,259,346	18,541,367
Economic and physical development	4,705,182	6,401,630	5,821,479	7,640,212
Environmental protection	-	30,000	-	-
Cultural and recreational	10,484,545	10,390,225	9,387,653	9,958,608
Transit system	1,285,000	1,678,074	1,523,022	1,379,556
Debt service				
Principal retirement	12,915,558	12,183,558	9,865,621	8,710,370
Interest and other charges	8,893,071	8,348,321	9,142,250	7,079,902
<b>Total expenditures</b>	<u>119,609,079</u>	<u>120,611,595</u>	<u>121,750,346</u>	<u>127,504,880</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,025,630)</u>	<u>869,456</u>	<u>3,378,144</u>	<u>(1,245,143)</u>

TABLE 4

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 72,719,264	\$ 76,893,451	\$ 77,906,517	\$ 80,082,446	\$ 82,974,384	\$ 87,366,704
3,780,078	5,061,597	3,811,622	4,077,235	5,859,370	6,370,476
24,689,205	28,923,348	30,274,789	34,416,611	38,986,074	40,085,234
8,280,297	8,730,544	8,392,030	8,247,813	8,251,765	8,676,707
1,374,281	1,323,879	1,278,838	1,261,462	1,172,474	1,097,987
296,213	382,984	384,757	400,361	455,318	499,404
2,030,182	2,745,750	2,326,113	3,361,998	3,706,215	4,276,513
6,873,658	25,634,324	19,199,391	17,706,619	18,211,703	16,782,015
666,089	778,125	840,146	869,878	927,312	829,141
7,317,144	7,588,543	6,769,508	3,056,345	6,623,088	8,384,877
183,557	134,763	109,275	136,909	118,682	142,603
1,325,685	2,723,319	1,699,918	161,159	303,281	6,962,409
-	-	-	-	-	-
57,285	173,792	425,215	499,231	2,529,620	780,878
1,829,057	2,167,679	2,327,793	1,938,103	3,978,644	3,422,501
<u>131,421,995</u>	<u>163,262,098</u>	<u>155,745,912</u>	<u>156,216,170</u>	<u>174,097,930</u>	<u>185,677,449</u>
25,031,197	47,976,747	25,108,826	31,006,461	48,691,687	40,128,522
51,920,607	61,347,469	59,838,805	55,978,248	58,304,928	64,510,887
19,894,256	17,063,854	21,368,980	22,533,186	20,897,014	31,399,239
6,058,398	7,436,076	7,074,814	6,543,447	7,910,468	11,010,953
-	-	-	-	-	-
10,567,078	12,257,425	17,908,795	33,509,358	14,835,394	16,951,387
1,437,257	1,460,155	1,696,925	1,555,018	1,599,708	1,712,255
10,248,620	8,623,090	9,419,671	11,931,280	14,884,639	16,710,814
7,354,834	7,549,609	7,329,924	8,391,180	8,645,813	8,430,165
<u>132,512,247</u>	<u>163,714,425</u>	<u>149,746,740</u>	<u>171,448,178</u>	<u>175,769,651</u>	<u>190,854,222</u>
<u>(1,090,252)</u>	<u>(452,327)</u>	<u>5,999,172</u>	<u>(15,232,008)</u>	<u>(1,671,721)</u>	<u>(5,176,773)</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			
	2014	2015	2016	2017
<b>Other financing sources (uses)</b>				
Transfers from other funds	\$ 23,093,276	\$ 14,766,335	\$ 16,159,158	\$ 23,004,926
Transfers to other funds	(26,419,412)	(15,524,249)	(17,178,498)	(24,141,773)
Issuance of bonds	3,050,000	-	2,925,000	-
Issuance of refunding bonds	-	-	6,650,000	-
Issuance of installment obligations	-	18,562,657	-	11,835,000
Issuance of refunding installment obligations	-	23,195,000	48,940,000	-
Premium on bonds	59,359	-	50,259	-
Premium on refunding bonds	-	-	1,286,956	-
Premium on refunding installment obligations	-	2,400,578	5,942,920	-
Premium on installment obligations	-	1,230,241	-	735,310
Payment to redeem installment obligations	-	-	-	-
Payment to refunded bond escrow agent	-	-	(7,831,032)	-
Payment to refunded installment obligation escrow agent	-	-	(54,381,288)	-
Payment to refund outstanding installment obligations	-	(25,267,632)	-	-
Payment to defeased other long-term obligation escrow agent	-	-	(605,613)	-
Issuance of lease	-	-	-	-
Issuance of subscription	-	-	-	-
Total other financing sources (uses), net	<u>(216,777)</u>	<u>19,362,930</u>	<u>1,957,862</u>	<u>11,433,463</u>
Net change in fund balances (2)	<u>\$ (5,242,407)</u>	<u>\$ 20,232,386</u>	<u>\$ 5,336,006</u>	<u>\$ 10,188,320</u>
Debt service as a percentage of noncapital expenditures	21.1%	19.0%	16.9%	13.7%

**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					
2018	2019	2020	2021	2022	2023
\$ 26,812,830	\$ 46,630,514	\$ 16,551,039	\$ 20,414,882	\$ 32,402,474	\$ 27,790,561
(28,102,056)	(47,844,139)	(17,291,548)	(23,656,965)	(35,183,576)	(30,522,333)
15,300,000	-	16,165,000	43,000,000	-	-
-	-	-	3,770,000	-	-
-	-	31,450,000	7,450,000	-	23,980,001
-	-	11,785,000	9,157,200	-	-
956,434	-	27,038	4,994,294	-	-
-	-	-	887,030	-	-
-	-	2,312,362	-	-	-
-	-	4,676,071	1,057,788	-	3,407,796
-	-	(14,000,000)	-	-	-
-	-	-	(4,629,133)	-	-
-	-	-	(9,000,601)	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	1,486,493	116,051
-	-	-	-	-	97,123
<u>14,967,208</u>	<u>(1,213,625)</u>	<u>51,674,962</u>	<u>53,444,495</u>	<u>(1,294,609)</u>	<u>24,869,199</u>
<u>\$ 13,876,956</u>	<u>\$ (1,665,952)</u>	<u>\$ 57,674,134</u>	<u>\$ 38,212,487</u>	<u>\$ (2,966,330)</u>	<u>\$ 19,692,426</u>
14.9%	11.1%	13.2%	14.8%	15.8%	15.5%

**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
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
2022	18,981,187,663	2,281,086,055	172,037,551	21,434,311,269 (1)	0.3808	100
2023	19,223,790,658	2,492,248,957	179,080,149	21,895,119,764	0.3950	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			
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
2022	0.3095	0.0622	0.0091	0.3808	0.4750	0.8558
2023	0.3237	0.0622	0.0091	0.3950	0.4550	0.8500

**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.

**TABLE 7**

**CITY OF WILMINGTON, NORTH CAROLINA**

**Top Ten Taxpayers**

**Current Year and Nine Years Ago**

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Corning Inc.	\$ 245,327,563	1	1.12 %	\$ 220,252,069	1	1.67 %
River Ventures LLC	91,256,600	2	0.42	77,920,600	2	0.59
Mayfaire Town Center LP	90,527,447	3	0.41	32,362,300	8	0.25
Bedrock Holdings II LLC	88,171,000	4	0.40	-	-	-
Live Oak Banking Company	79,928,420	5	0.37	-	-	-
Duke Energy Progress	77,380,864	6	0.35	57,510,780	3	0.44
RPP Holdings LLC	73,781,600	7	0.34	-	-	-
Arboretum West Mixed Use LLC	62,103,900	8	0.28	-	-	-
Triangle Avalon Wilmington LLC	60,180,200	9	0.27	-	-	-
Wilmington Independent Living LLC	58,960,100	10	0.27	-	-	-
RSE Independence LLC (mall)	-		0.00	54,078,800	4	0.41
GS II University Centre LLC	-		0.00	36,458,500	5	0.28
BellSouth Tel Co.	-		0.00	34,174,091	6	0.26
Wal Mart	-		0.00	33,015,922	7	0.25
NNP IV Cape Fear River LLC	-		0.00	30,010,200	9	0.23
Aaipharma Services Corp.	-		-	28,454,322	10	0.22
	<u>\$ 927,617,694</u>		<u>4.23 %</u>	<u>\$ 604,237,584</u>		<u>4.60 %</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
2014	\$ 59,345,505	\$ 58,401,236	98.41 %	\$ 722,156	\$ 59,123,392	99.63 %
2015	60,699,959	59,873,924	98.64	607,068	60,480,992	99.64
2016	65,268,084	64,538,131	98.88	487,212	65,025,343	99.63
2017	66,617,502	65,992,717	99.06	411,744	66,404,461	99.68
2018	72,487,354	71,879,009	99.16	399,233	72,278,242	99.71
2019	76,556,885	75,989,085	99.26	313,788	76,302,873	99.67
2020	77,774,831	77,013,812	99.02	368,699	77,382,511	99.50
2021	79,936,469	79,169,607	99.04	307,567	79,477,174	99.43
2022	82,286,366	81,874,939	99.50	213,806	82,088,745	99.76
2023	86,628,169	86,240,148	99.55	-	86,240,148	99.55

**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	Leases	Subscriptions	Revenue Bonds	Installment Obligations	Other Long-term Obligations	Leases			
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	4.39	2,228
2021 (3)	92,863,406	162,449,048	9,351,554	-	-	19,354,145	28,556,621	-	-	312,574,774	4.79	2,689
2022 (3)	87,457,649	153,104,275	7,819,445	202,431	-	18,510,138	26,692,598	-	1,661,434	295,447,970	N/A	2,498
2023 (3)	82,063,472	169,844,120	6,802,416	459,092	1,368,109	17,501,206	24,828,763	-	1,503,967	304,371,145	N/A	2,509

**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)
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
2022 (3)	87,457,649	0.41	741
2023 (3)	82,063,472	0.37	676

**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

June 30, 2023

Jurisdiction	Debt Outstanding	Estimated Percentage Applicable <sup>(1)</sup>	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes:			
New Hanover County	\$ 412,600,943	44.28 %	\$ 182,699,698
City of Wilmington direct debt			<u>260,537,209</u>
Total direct and overlapping debt			<u>\$ 443,236,907</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			
	2014	2015	2016	2017
Debt limit	\$1,053,344,449	\$1,052,128,367	\$ 1,075,112,344	\$ 1,095,058,898
Total net debt applicable to debt limit	<u>186,131,634</u>	<u>196,111,641</u>	<u>173,712,584</u>	<u>175,309,527</u>
Legal debt margin	<u>\$ 867,212,815</u>	<u>\$ 856,016,726</u>	<u>\$ 901,399,760</u>	<u>\$ 919,749,371</u>
Total net debt applicable to the debt limit as a percentage of the debt limit	17.67%	18.64%	16.16%	16.01%
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)	16.29%	17.35%	14.98%	N/A

**Legal Debt Margin Calculation for Fiscal Year 2023**

Total assessed valuation at June 30, 2023	<u>\$ 21,895,119,764</u>
Debt limit: 8% of total assessed value	\$ 1,751,609,581
Amount of debt applicable to debt limit:	
General obligation bonds	\$ 74,840,000
Other debt (excluding revenue bonds)	<u>181,404,490</u>
Gross debt	256,244,490
Total net debt applicable to debt limit	<u>256,244,490</u>
Available legal debt margin	<u>\$ 1,495,365,091</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					
2018	2019	2020	2021	2022	2023
\$1,195,229,512	\$1,222,355,970	\$1,245,408,322	\$1,278,487,950	\$1,714,744,902	\$ 1,751,609,581
<u>181,546,469</u>	<u>185,743,646</u>	<u>230,393,176</u>	<u>266,603,646</u>	<u>249,775,944</u>	<u>256,244,490</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>	<u>\$1,464,968,958</u>	<u>\$ 1,495,365,091</u>
15.19%	15.20%	18.50%	20.85%	14.57%	14.63%
N/A	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 <sup>(1)</sup>	Less Operating Expenses <sup>(2)</sup>	Net Available Revenue	Debt Service <sup>(3)</sup>		Coverage
				Principal	Interest	
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
2022	12,876,036	6,412,240	6,463,796	840,000	713,200	4.16
2023	15,469,042	8,138,100	7,330,942	880,000	671,200	4.73

**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 <sup>(1)</sup>	Personal Income (amounts expressed in thousands)	Per Capita Income <sup>(2)</sup>	Median Age <sup>(3)</sup>	School Enrollment <sup>(4)</sup>	Unemployment Ratio <sup>(5)</sup>
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	6,240,405	50,780	39.0	12,381	7.9
2021	116,243 <sup>(6)</sup>	6,529,718	56,173	39.4	12,329	4.7
2022	118,294	N/A	N/A	39.6	12,252	3.7
2023	121,309	N/A	N/A	39.7	12,402	3.5

**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.

TABLE 15

## CITY OF WILMINGTON, NORTH CAROLINA

## Principal Employers

## Current Year and Nine Years Ago

Employer	2023			2014		
	Employees	Rank	Percentage of Total County Employment (1)	Employees	Rank	Percentage of Total County Employment (1)
Novant Health*	8,581	1	6.73 %	5,991	1	5.75 %
New Hanover County Schools**	3,702	2	2.90	3,645	2	3.50
University of North Carolina (Wilmington)*	2,236	3	1.75	1,844	4	1.77
New Hanover County**	1,982	4	1.55	1,563	5	1.50
General Electric Nuclear Fuel/Aircraft***	1,888	5	1.48	2,195	3	2.11
Thermo Fisher Scientific (PPD)*	1,800	6	1.41	1,464	6	1.41
City of Wilmington*	1,116	7	0.88	995	10	0.96
Cape Fear Community College*	1,083	8	0.85	1,176	8	1.13
Corning, Inc*	1,000	9	0.78	1,000	9	0.96
Wilmington Health*	1,000	10	0.78	-	-	-
Verizon Wireless*	-	-	-	1,216	7	1.17
Total	24,388		19.13 %	21,089		20.25 %

**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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government	147	160	163	170	172	176	179	188	197	195
Public Safety										
Police										
Sworn personnel	266	273	273	278	278	281	281	278	278	273
Civilians	59	63	73	76	78	78	71	76	76	83
Fire										
Sworn personnel	210	210	208	211	210	207	207	207	207	222
Civilians	10	10	11	13	13	13	15	15	16	13
Code enforcement	8	5	5	6	6	6	6	6	7	7
Transportation	57	58	58	58	59	60	60	59	60	62
Economic and Physical Development	8	8	8	8	8	8	8	8	8	7
Cultural and Recreational	74	75	88	92	93	100	102	100	105	105
Solid Waste	83	83	83	75	75	75	75	75	75	75
Storm Water Management	60	60	60	60	60	60	60	62	61	61
Parking Facilities	2	2	2	2	2	2	2	3	3	3
Golf Course	11	11	14	13	13	13	13	13	13	10
Total	<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>	<u>1,106</u>	<u>1,116</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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Police</b>										
Calls dispatched	176,195	178,865	200,474	185,576	186,668	178,039	161,001	163,504	151,958	152,198
Part I crimes	6,024	5,880	5,840 (1)	4,985	4,674	4,188	4,273	4,016	3,923	4,394
<b>Fire</b>										
Actual fires	492	453	492	485	494	511	499	504	561	857
Fire department responses	12,386	12,545	13,310	14,025	13,482	14,047	11,540	9,425	10,417	15,480
Fire inspections completed	5,964	5,082	4,400	5,336	4,855	5,079	5,458	5,298	6,639	7,322
<b>Streets and Sidewalks Maintenance</b>										
Miles of streets resurfaced	22	11	15	11	16	9	21	14	11	23
<b>Solid Waste</b>										
Tons of residential refuse	22,120	22,661	22,955	24,265	27,030	28,999	28,859	26,174	25,571	28,058
Tons of recyclables	5,853	6,096	7,059	6,998	7,232	7,573	7,186	6,745	6,320	6,897
<b>Storm Water</b>										
Number of customers	29,354	29,378	31,273	36,890	37,633	37,859	38,217	38,479	38,757	39,180
ERUs	91,342	92,043	92,622	92,026	93,206	94,222	95,447	95,002	96,380	102,141
<b>Golf Course</b>										
Total number of regular rounds	32,605 (2)	26,126 (2)	34,678	34,642	35,849	41,406	44,874	48,180	50,262	54,296

**Source:** Various City departments.

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

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

(2) The municipal golf course was closed for a portion of fiscal year 2014 and 2015 for greens renovations.

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# CITY OF WILMINGTON, NORTH CAROLINA

## Capital Asset Statistics by Function

### Last Ten Fiscal Years

	Fiscal Year		
	2014	2015	2016
Police			
Stations / facilities	2	2	2
Patrol units	283	285	271
Fire			
Fire stations	11	11	10
Transportation			
Streets (miles)	399	399	400
Streetlights (2)	688	690	716
Cultural and Recreational			
Parks	39	39	39
Parks acreage	421	421	421
Trail miles	23	27	27
Athletic and recreation facilities	16	16	16
Athletic and recreation facilities acreage	323	323	323
Solid Waste			
Collection trucks	56	46	46
Storm Water			
Storm sewers (miles)	509 (1)	509	526
Parking			
Parking Decks	4	4	4
Fleet			
Vehicles (excluding patrol units)	242	237	215

**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						
2017	2018	2019	2020	2021	2022	2023
2	2	2	2	2	2	2
286	290	296	299	337	349	380
10	10	9	9	9	9	9
403	404	406	412	413	414	415
740	761	763	774	854	879	888
39	39	40	40	40	40	40
421	421	421	421	421	421	421
27	27	29	32	32	32	32
16	16	16	16	16	16	16
323	323	323	323	380	380	380
				(3)		
46	47	47	47	46	45	44
528	529	530	557	575	576	603
4	3	3	4	4	4	4
215	226	239	238	230	242	249

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**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 (*Government Auditing Standards*), 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, 2023, and the related notes to the financial statements, which collectively comprise City of Wilmington's basic financial statements, and have issued our report thereon dated November 29, 2023.

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*.

**Report on 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

### **Report on 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  
November 29, 2023



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

**Independent Auditor's Report**

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

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Each Major Federal Program***

We have audited City of Wilmington, North Carolina's (the City) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2023. 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.

In our opinion, the City of Wilmington complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of each of its major federal programs for the year ended June 30, 2023.

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 \$5,947,226 in federal awards during the year ended June 30, 2023. 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.

***Basis for Opinion on Each Major Federal Programs***

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 (*Government Auditing Standards*); 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. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion on compliance for the major federal programs. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the State Single Audit Implementation Act, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 Auditor's Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in the internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion of the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

#### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of City of Wilmington as of and for the year ended June 30, 2023, and have issued our report thereon dated November 29, 2023, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*PBMares, LLP*

Morehead City, North Carolina  
November 29, 2023



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

**Independent Auditor's Report**

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

**Report on Compliance for Each Major State Program**

***Opinion on 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, 2023. 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 \$2,156,154 in State awards during the year ended June 30, 2023. 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.

In our opinion, the City of Wilmington complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major State program for the year ended June 30, 2023.

***Basis for Opinion on the Major State Program***

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. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion on compliance for the major State program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's State programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the major State program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## Report on 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.

Our audit was not designed for the purpose of expressing an opinion of the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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  
November 29, 2023

**CITY OF WILMINGTON, NORTH CAROLINA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2023**

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**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 the major federal program:

Material weakness(es) identified? \_\_\_\_\_ Yes        X   No

Significant deficiency(ies) identified? \_\_\_\_\_ Yes        X   None Reported

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

Unmodified

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

\_\_\_\_\_ Yes        X   No

Identification of major federal program:

Federal Assistance Listing	Name of Federal Program or Cluster
21.027	American Rescue Plan Act
21.205	Highway Planning and Construction
11.473	Office for Coastal Management -National Oceanic and Atmospheric Administration

**CITY OF WILMINGTON, NORTH CAROLINA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**For the Year Ended June 30, 2023**

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**I – Schedule of Findings and Questioned Costs (Continued)**

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

\$ 750,000

Auditee qualified as low-risk auditee?

           Yes        X   No

*State Awards*

Internal control over the major State program:

Material weakness(es) identified?

           Yes        X   No

Significant deficiency(ies) identified?

           Yes        X   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?

           Yes        X   No

Identification of major State program:

NCDOT 4

Non-State System Street-Aid Allocation

**CITY OF WILMINGTON, NORTH CAROLINA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**For the Year Ended June 30, 2023**

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**II – Financial Statement Findings**

None reported.

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

None reported.

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

None reported.

**CITY OF WILMINGTON, NORTH CAROLINA**

**CORRECTIVE ACTION PLAN  
For the Year Ended June 30, 2023**

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No corrective action plan is required for the year ended June 30, 2023.



**CITY OF WILMINGTON, NORTH CAROLINA**  
**Schedule of Expenditures of Federal and State Awards**  
**Year Ended June 30, 2023**

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
<b>Federal Awards:</b>							
<u>U.S. Department of Housing and Urban Development</u>							
Office of Community Planning & Development:							
Direct Programs:							
CDBG - Entitlement Grants Cluster							
Community Development Block Grants:							
Community Development Block Grants	14.218	B-16-MC-370010	-	\$ 8,045	\$ -	\$ -	\$ -
Community Development Block Grants	14.218	B-17-MC-370010	-	1,269	-	-	-
Community Development Block Grants	14.218	B-18-MC-370010	-	345	-	-	-
Community Development Block Grants	14.218	B-19-MC-370010	-	73,210	-	-	-
Community Development Block Grants	14.218	B-20-MC-370010	-	227,805	-	-	-
Community Development Block Grants	14.218	B-21-MC-370010	-	336,248	-	-	-
Community Development Block Grants	14.218	B-22-MC-370010	-	584,061	-	-	600
Total CDBG - Entitlement Grants Cluster				<u>1,230,983</u>	<u>-</u>	<u>-</u>	<u>600</u>
Home Investment Partnerships Program:							
Home Investment Partnerships Program	14.239	M-22-MC-37-0207	-	-	-	-	389,328
Total Home Investment Partnerships Program				<u>-</u>	<u>-</u>	<u>-</u>	<u>389,328</u>
Lead Hazard Reduction Demonstration Grant Program:							
HUD-Lead Based Paint Hazard Reduction	14.905	NCLHB0725-19	-	218,065	-	-	-
Total U.S. Department of Housing and Urban Development				<u>1,449,048</u>	<u>-</u>	<u>-</u>	<u>389,928</u>
<u>U.S. Department of Transportation</u>							
DOT Federal Railroad Administration:							
Direct Program:							
Wilmington Rail Realignment	20.325	69A36520501370CRSNC	-	100,782	-	-	-

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

**Year Ended June 30, 2023**

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
<b>Federal Awards (continued):</b>							
<u>U.S. Department of Transportation (continued)</u>							
Federal Transit Administration:							
Pass-through N.C. Department of Transportation:							
Metropolitan Transportation Planning:							
Transportation Planning	20.505	23-08-116	36230.27.22.6	\$ 111,958	\$ -	\$ 85,836	\$ 13,998
Transportation Planning	20.505	23-08-116	36230.27.22.6	-	13,993	-	-
Total Metropolitan Transportation Planning				<u>111,958</u>	<u>13,993</u>	<u>85,836</u>	<u>13,998</u>
Federal Highway Administration:							
Pass-through N.C. Department of Transportation:							
Wrightsville/Greenville Improvement	20.205	U-5534 C	44096.2.F4;.3.F4;	24,999	-	-	6,222
Park Avenue Multiuse Path	20.205	U-5534 F	44096.2.F7;.3.F7	26,003	-	-	5,166
Hinton Avenue Multiuse Path	20.205	U-5534 H	44096.2.F9;.3.F9	16,641	-	-	4,120
Hooker Road Multiuse Path	20.205	U-5534 G	44096.2.F8;.3.F8	5,105	-	-	1,228
5th Avenue & Wooster	20.205	U-5527 B	50077.1.F3;.2.F3;.3.F3	(1,134)	-	-	1,134
Shipyards Bus Pullout	20.205	U-5534 N	44096.1.15;.2.15;.3.15	(17,818)	-	-	8,983
Holly Tree / College Crosswalk	20.205	U-5534 Q	44096.2.F18;.3.F18	18	-	-	-
Multi Modal Phase 1B	20.205	U-6234	48930.1.1;.3.1	1,693,866	-	-	419,812
Market Street HAWK Signal	20.205	EB-6028	48749.1.1;.3.1	4,434	-	-	572
Pre-Emptive Signals Phase II	20.205	U-6235	48931.1.1;.3.1	114,726	-	-	22,743
Transportation Planning	20.205	7500025467	50341.1.18	359,897	-	-	89,975
Transportation Planning	20.205	7500025467	44094.1.4	636,649	-	-	159,162
Downtown Rail Trail Phase I	20.205	BL-0045	49921.1.1	182,699	-	-	-
EB-5600 - South 17th St. MUP	20.205	EB-5600	56000.2.1;.2.2	28,352	-	-	6,908
Total Highway Planning and Construction				<u>3,074,437</u>	<u>-</u>	<u>-</u>	<u>726,025</u>
Total U.S. Department of Transportation				<u>3,287,177</u>	<u>13,993</u>	<u>85,836</u>	<u>740,023</u>

**CITY OF WILMINGTON, NORTH CAROLINA**  
**Schedule of Expenditures of Federal and State Awards (Continued)**  
**Year Ended June 30, 2023**

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
<b>Federal Awards (continued):</b>							
<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	-	\$ 1,049,548	\$ -	\$ -	\$ 2,447,719
<u>U.S. Department of Justice</u>							
Pass-through New Hanover County '21 JAG-Equipment with New Hanover County							
	16.738	15PBJA21-GG-01663-JAGX	-	37,858	-	-	-
Total Edward Byrne Memorial Justice				37,858	-	-	-
Criminal Division:							
Equitable Sharing Program-Federal Forfeiture	16.922	-	-	136,967	-	-	-
Total U.S. Department of Justice				174,825	-	-	-
<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	-	6,273,157	-	3,653,088	-
Total U.S. Department of The Treasury				6,273,157	-	3,653,088	-

**CITY OF WILMINGTON, NORTH CAROLINA**  
**Schedule of Expenditures of Federal and State Awards (Continued)**  
**Year Ended June 30, 2023**

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
<b>Federal Awards (continued):</b>							
<u>U.S. Department of Homeland Security</u>							
Federal Emergency Management Agency: Direct Program:							
Pass-through N.C. Department of Public Safety:							
Public Assistance Grant	97.036	FEMA-4393-DR-NC	-	\$ (100,996)	\$ (33,665)	\$ -	\$ -
Public Assistance Grant	97.036	FEMA-4393-DR-NC	-	<u>(21,628)</u>	<u>(7,209)</u>	<u>-</u>	<u>-</u>
Total Pass-through N.C. Dept. of Crime Control and Public Safety:				<u>(122,624)</u>	<u>(40,874)</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Homeland Security				<u>(122,624)</u>	<u>(40,874)</u>	<u>-</u>	<u>-</u>
Total Federal Awards				<u>12,111,131</u>	<u>(26,881)</u>	<u>3,738,924</u>	<u>3,577,670</u>
<b>State Awards:</b>							
<u>N.C. Department of Environmental Quality</u>							
Level 2 EV Charger Project - Conv Center	N/A	Agmt 2000062939	-	<u>-</u>	<u>16,584</u>	<u>-</u>	<u>-</u>
Total N.C. Department of Environmental Quality				<u>-</u>	<u>16,584</u>	<u>-</u>	<u>-</u>
<u>N.C. Department of Public Safety</u>							
OPIOID Pilot Project 2021	-	CityofWilmington 2021-2023	-	<u>-</u>	<u>393,561</u>	<u>393,561</u>	<u>-</u>
Traffic Intersection Post Storm Recovery	-	NCEM-TIRG1002	-	<u>-</u>	<u>439,669</u>	<u>-</u>	<u>-</u>
Total N.C. Department of Public Safety				<u>-</u>	<u>833,230</u>	<u>393,561</u>	<u>-</u>

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

**Year Ended June 30, 2023**

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
<b>State Awards (continued):</b>							
<u>N.C. Department of Transportation</u>							
Powell Bill Funds	DOT - 4	Agmt 4000029276	32570	\$ -	\$ 3,229,838	\$ -	\$ 8,918
Municipal Agreement - Schedules C and D	-	-	3.1065SM; 3.2065SM	-	455,068	-	-
Small Construction Agreement	-	-	48935	-	27,003	-	-
Small Construction Agreement		Agmt 5416	44342	-	1,008	-	-
Total N.C. Department of Transportation				-	3,712,917	-	8,918
<u>N.C. Office of State Budget &amp; Management</u>							
Rail Study - NC Direct	-	FY22-DG-0019	-	-	250,000	-	-
Total N.C. Office of State Budget & Management				-	250,000	-	-
<u>Golden Leaf Foundation</u>							
Clear Run Branch Improv	-	G-6731 / Clear Run	-	-	49,228	-	-
Total Golden Leaf Foundation				-	49,228	-	-
Total State Awards				-	4,861,959	393,561	8,918
Total Federal and State Awards				\$ 12,111,131	\$ 4,835,078	\$ 4,132,485	\$ 3,586,588

# CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2023

### 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, 2023:

<u>Program Title</u>	<u>Federal AL Number</u>	<u>Amount</u>
Transportation Planning	20.505	\$ 85,836
COVID - 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	\$ 3,653,088
OPIOID Pilot Project 2021		\$ 393,561

### 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.