

Comprehensive Annual FINANCIAL REPORT

City of Wilmington, North Carolina

For the Fiscal Year Ended June 30, 2019



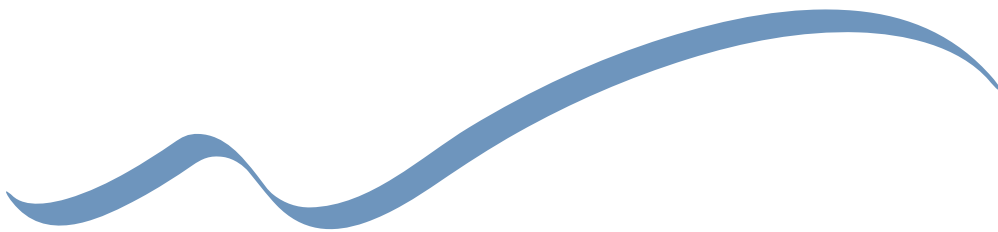
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Comprehensive Annual FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2019



Prepared by the Finance Department



INTRODUCTORY SECTION TAB (FRONT)

INTRODUCTORY SECTION TAB (BACK)

CITY OF WILMINGTON, NORTH CAROLINA

Comprehensive Annual Financial Report

Year Ended June 30, 2018

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City Council

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

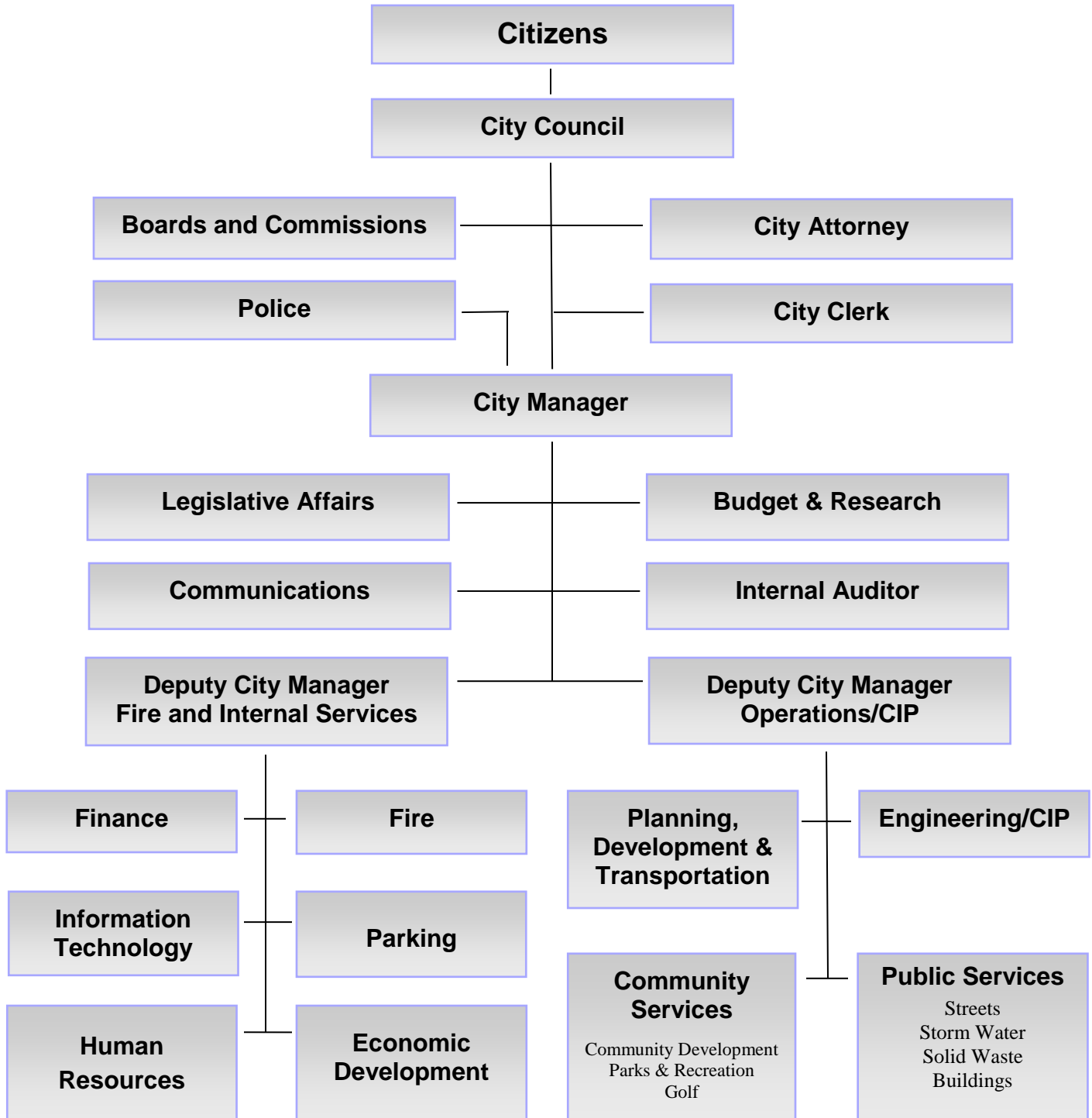
City Manager

Sterling B. Cheatham

Finance Director

Jennifer R. Maready





December 30, 2019



TO THE HONORABLE MAYOR, MEMBERS OF THE CITY COUNCIL AND CITIZENS OF THE CITY OF WILMINGTON, NORTH CAROLINA

It is our pleasure to submit the Comprehensive Annual Financial Report of the City of Wilmington, North Carolina for the fiscal year ended June 30, 2019. State law requires that all general-purpose local governments annually publish a complete set of financial statements. The financial statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This report complies with these requirements.

The Comprehensive Annual Financial Report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect City assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of the internal controls should not outweigh their benefits, the City's comprehensive framework on internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by RSM US LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2019 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, 2019 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 121,910 people, making it the eighth largest city in North Carolina.

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

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



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

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

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

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

ECONOMIC CONDITIONS AND OUTLOOK

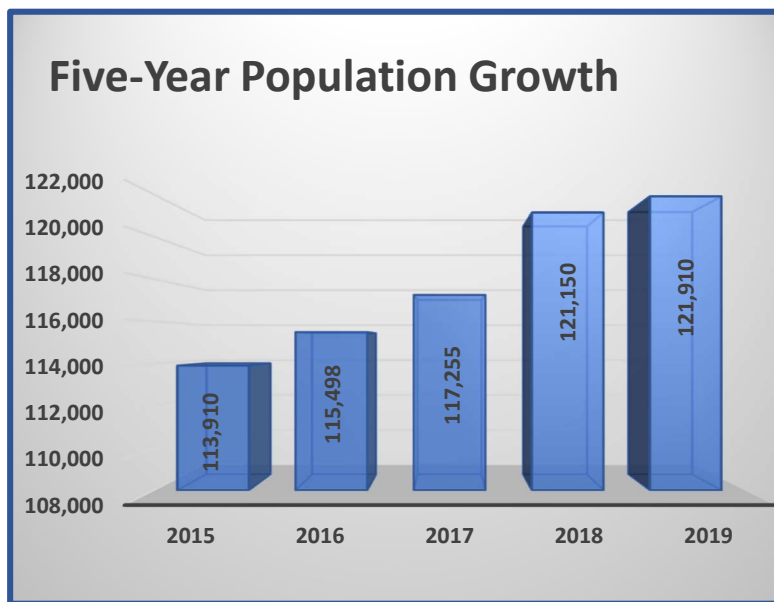
The City serves as the economic, cultural, and services hub for southeastern North Carolina. The historic attractions, mild climate, water related activities, and business opportunities have made the region one of the fastest growing areas of the nation. The Milken Institute/Greenstreet Real Estate Partners Best Performing Cities Index for 2018 ranks the Wilmington MSA 55th in the US, third in North Carolina of the largest metropolitan areas category for its ability to create and sustain jobs. *Forbes* magazine's 2019 annual ranking of Best Places for Business and Careers ranked Wilmington 12th for the cost of business, 48th in job growth and 38th in education. Wilmington earned the title of "Best American Riverfront" in *USA TODAY*'s "10 Best" contest for the Nation's Best Riverwalk and *Southern Living* voted Wilmington one of the "South's Best Cities in 2019" by the South's Best reader's choice awards. The Riverwalk is lined with more than 200 boutiques, cafes and vibrant nightlife along the Cape Fear River. WalletHub's 2019 Cities with the Fastest Growing Economies in the US ranked Wilmington with a total score of 46.63 and was 169th in sociodemographic and 317th for jobs and economy out of the 515 US cities ranked. In October 2019, *House Method*, the online magazine on lifestyle and interior design, listed Wilmington as one of "20 Small Towns Perfect for a Winter Getaway." The financial advising website, ValuePenguin.com placed Wilmington 13th in their October 2019 "Best Cities for Tourists" report. The report ranks cities based on 21 data points from eight reputable sources, using the two categories of attractions and the stay. Livability.com named the City 8th Best City for Recent College Grads and 8th best for Dreamy Beach Towns for Entrepreneurs in 2018. The online job search site *Indeed* ranked Wilmington number two among 185 US metros for having above-average employment opportunities and high projected growth potential. Factoring in the cost of living, citizen's dollars go further in the City than pretty much anywhere else in the country. According to ATTOM Data Solutions in September 2018, Wilmington has the hottest real estate market in the country. The firm analyzed more than 130 metropolitan areas with at least 100,000 single-family homes.

Wilmington received a lot of national attention for its food, architecture, and unique residents by *Travel and Leisure* readers. It was voted America's 7th Favorite City for Brunch and 8th Favorite City for Pizza in April 2017. Those same readers also ranked Wilmington as 8th Geekiest City and 8th Favorite City for Architecture. The only other North Carolina city to make two of those lists was Raleigh. Wilmington is also home to Bitty & Beau's Coffee. Originally opened in 2016 in a 500-square-foot space, Bitty & Beau's has tripled its workforce to 80 employees and moved into a 5,000 square-foot space. Inspired by the family's two youngest, the shop employs workers with intellectual and developmental disabilities. Featured on the Rachel Ray Show, Good Morning America, CNN, The Harry Show, Dr. Oz, HLN, People Magazine, and Southern Living magazine, Bitty & Beau's Coffee has become a destination. Every week hundreds of people walk thru the doors to experience more than a cup of coffee. The coffee shop ships coffee all over the world and it is the coffee of choice for the Rachel Ray Show. In February 2018, it opened a second shop in Charleston, SC and in January 2019 a third shop opened in Savannah, GA. A fourth shop is planned to open on City Dock in Annapolis, MD and is expected to employ 20.

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

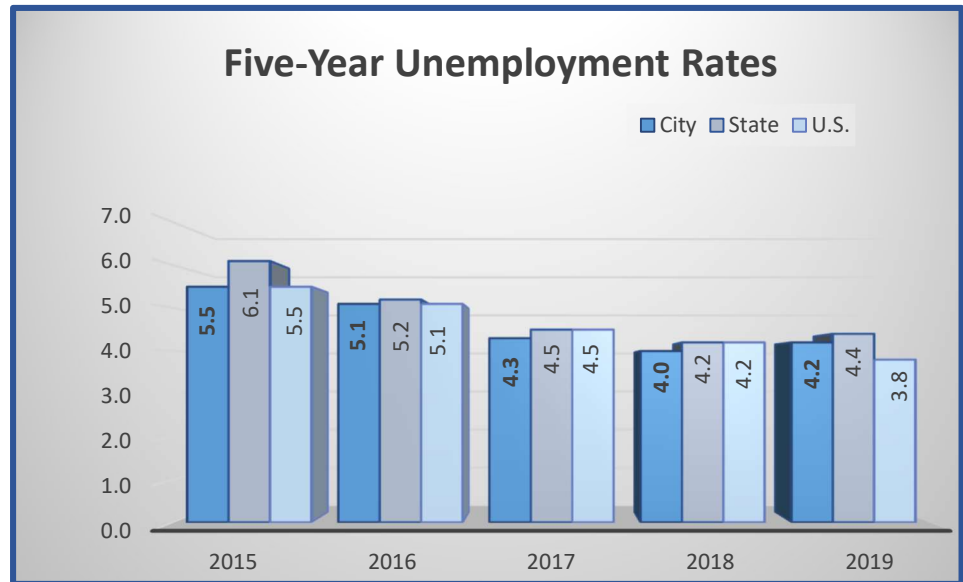
In the American Lung Association's 2019 State of the Air report (20th anniversary edition), Wilmington was tied in 13th place for the Top 25 Cleanest US Cities for Year-Round Particle Pollution and was included on the list for Cleanest US Cities for Ozone Air Pollution. Two types of air pollution dominate in the US; ozone and particle pollution. These two pollutants threaten the health and the lives of millions of Americans.

Port City Marina has been in operation for approximately 6 years with over 200 state-of-the-art floating concrete wet slips and a full complement of first-class amenities and services for boats and boaters of all types. The marina can accommodate boats up to 250 feet, with controlled depth of 10-feet within the basin, and deeper craft slips along the Cape Fear River. Amenities include an open-air concert venue and one full-service restaurant. Another restaurant is already constructed and working through opening plans. The marina has hosted seven cruise ships this year and hopes to bring more in the future. Two companies, American Cruise Lines and Noble Caledonia have included Wilmington on their routes, with several more having expressed interest, including Viking cruises.



The City's population has increased 59.76% since 2000. The University of North Carolina at Wilmington's Cameron School of Business hosted its annual Outlook Conference which focused on the economic and market forecasts. Based on economic forecasts, the Wilmington area should expect sustainable economic growth at around 2% each year over the next three years.

Wilmington's unemployment rate has consistently been less than state levels and very close to or below the federal levels. This is in part due to the diversity of the local economy with professional services, trade, health care, the hospitality industry, telecommunications equipment, construction and pharmaceuticals.



Top Ten Taxpayers

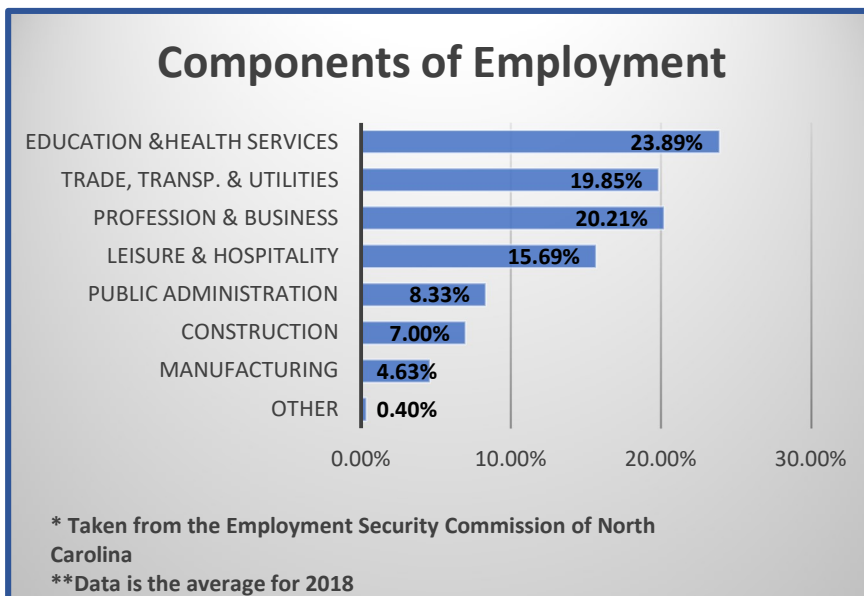
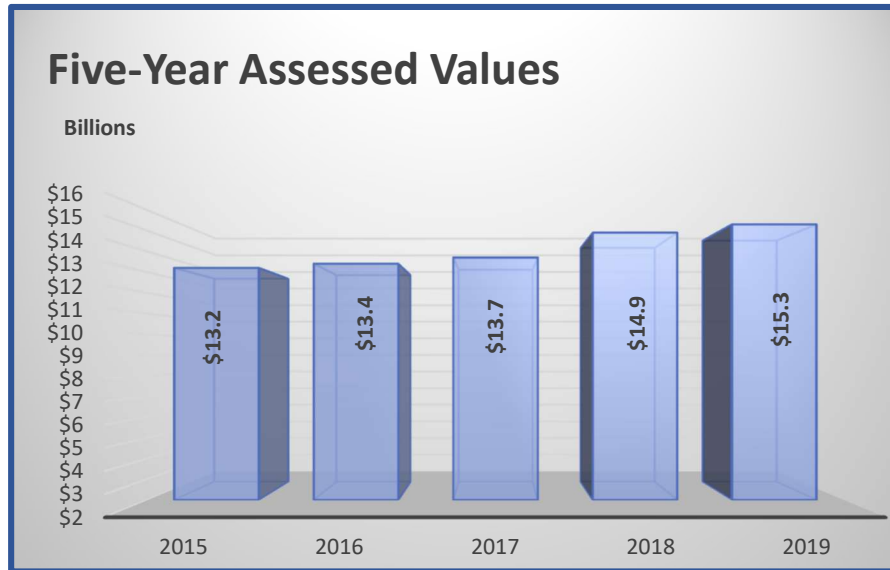
Taxpayer	Taxable Assessed Value	Percentage of Total Taxable Assessed Value	
Corning Inc.	\$ 248,052,813	1.62	%
Bedrock Holdings LLC	100,518,300	0.66	
River Ventures LLC	74,933,400	0.49	
Mayfaire Town Center LP	69,755,785	0.46	
RSE Independence LLC	63,255,800	0.41	
Duke Energy Progress	60,980,812	0.40	
Alcami	50,138,764	0.33	
Wilmington Independent Living LLC	45,908,445	0.30	
Carolina Bay Properties of Wilm LLC	40,967,828	0.27	
RPP Holdings LLC	38,310,000	0.25	
	<u>\$ 792,821,947</u>	<u>5.19</u>	<u>%</u>

Source: New Hanover County Tax Office

No single taxpayer comprises more than 1.62% of the total tax base providing further confirmation of the City's diversity and non-reliance on any one employer or employment sector for economic stability.

The Assessed Value trend shows that the City has seen positive growth in values.

Property in New Hanover County is appraised at least once every eight years on average as required by state law.



Local industries are involved in a range of operations from simple assembly to manufacturing processes producing synthetic fibers, fiber optics, nuclear fuel and jet engine components. **Wilmington is home to the Global Headquarters of PPD, Live Oak Bank, General Electric Nuclear Fuel, Gilford Mills, Inc., and Castle Branch.**

Top Ten Employers

Employer	Product/Service	Employees	Percentage of Total County Employment (1)
New Hanover Health Network*	Health Care	7,138	5.90 %
New Hanover County Schools**	Education	3,776	3.12
University of North Carolina (Wilmington)*	Education	2,024	1.67
General Electric Nuclear Fuel/Aircraft***	Uranium Enrichment & Nuclear Fuel	1,788	1.48
New Hanover County**	Government	1,787	1.48
Pharmaceutical Products Development*	Pharmaceuticals	1,500	1.24
Verizon Wireless*	Telecommunication	1,167	0.97
Cape Fear Community College*	Education	1,125	0.93
City of Wilmington*	Government	1,079	0.89
Wal-Mart**	Retail	1,065	0.88
Total		22,449	18.57 %

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

* Located within the City of Wilmington

** Located partially in the City of Wilmington

*** Located within New Hanover County

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

No single industry or employer dominates the local economy. The ten (10) largest employers continues to show the diversity of the City's economy by representing seven (7) different products/services. Education and government represent the only two (2) products/services provided by more than one employer.

Manufacturing and Business Services

General Electric's global headquarters for nuclear fuel is located in the County, outside of the City. Based in Wilmington, NC, **GE Hitachi Nuclear Energy (GEH)** is a global nuclear alliance created by GE and Hitachi to serve the global nuclear industry by offering the highest level of quality services related to nuclear power plant construction and maintenance. GEH specializes in uranium enrichment technology and is a world-leading provider of advanced reactors and nuclear services. 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 GE Hitachi. GE Gas Power combined the company's gas product and services groups. On January 3, 2017 GEH announced that it was awarded a three-year contract by OKG AB to support the dismantling of two reactors at the Oskarshamn Nuclear Power Plant near Oskarshamn, Sweden. The work, which will include dismantling, cutting and



packing reactor internals for final disposal, began in January 2017 and will continue through 2019. On April 26, 2017 it was announced that GEH was awarded a contract of more than \$140 million by Exelon Generation. The service agreement, which runs through the spring 2021 outage season, has GEH providing a full portfolio of outage and inspection services to Exelon throughout the U.S. and Canada. In October 2018, GE was awarded a \$33.7 million project by the U.S. Department of Energy. The two-and-a-half year project aims to develop and demonstrate new fuel rods that could be commercially deployed.

Global Nuclear Fuel Americas (GNF) operates a plant in the City where GNF manufactures light-water nuclear reactor fuel. GNF is powered by three giants; GE Energy, Toshiba and Hitachi. In January 2016 GNF announced a \$90 million contract from Energy Northwest to continue providing reloads of its high-performance GNF2 fuel for the utility company's nuclear reactor near Richland, Washington. GNF has fueled the Columbia Generating Station since 2009, and will now continue through 2027.

GE Aviation is a global leader in jet engine and aircraft system production including the GENx, LEAP and CFM jet engines which are either manufactured or use parts made locally. In December 2013, Air Canada announced its intention to purchase up to 109 Boeing's next-generation 737 aircraft to be delivered between 2017 and 2021. On February 13, 2017, GE Aviation announced that Singapore Airlines ordered 20 Boeing 777-9 aircraft, plus five spare engines. According to the news release, that is a total of 45 of the new GE9X engines valued at more than \$2 billion. The Wilmington site produces compressor spools, compressor blisks and high-pressure turbine rotor disks for the GE9X engine. The new engine has become one of the fastest selling widebody engines for GE. On April 11, 2018, GE Aviation announced that American Airlines selected its GENx-1B engines to power its 47 newly ordered Boeing 787 Dreamliners. The carrier also signed a TrueChoice overhaul agreement with GE for up to 20 years of maintenance, repair and overhaul for the engines ordered. The engine order and TrueChoice agreement are valued at more than \$6.5 billion.

In June 2014, **Castle Branch, Inc.**, already a major employer in the City, had its grand opening following a \$12 million expansion of its global corporate headquarters in the City. The new 60,000 square foot facility added to the existing 36,000 square foot location making Castle Branch one of the largest corporate headquarters in New Hanover County. Castle Branch, founded in 1997 originally based in Chapel Hill, NC, provides background screening, drug testing, employment verification, vendor credentialing and other services to its growing global client base. As of June 30, 2019, Castle Branch had 182 full-time employees with an average annual salary of \$58,254. Brett Martin, CEO and founder of Castle Branch, Inc., said that "support from WBD (Wilmington Business Development), the supportive government officials and the proximity to UNC Wilmington are all central factors in the company's selection of Wilmington over other national locations it had considered."



In March 2018, **National Gypsum**, announced that it would reopen its shuttered Wilmington plant. The company, which makes wallboard, plans to spend \$25 million to upgrade its facility. As of June 30, 2019, National Gypsum has employed 51 new full-time jobs with an average annual salary at or above \$57,000. The plant re-opened in October 2018.

In June 2016, **Burgess Corporation** moved its headquarters from Jacksonville, North Carolina to the City after being awarded a \$14 million contract from the Port of Wilmington. Burgess is a

construction and project management company founded in 1974. Another reason the company, which employs around 50 full-time employees, moved to the City is the availability of relevant manpower.

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

In August, 2018 six Wilmington-based companies ranked among the top 5,000 fastest-growing privately owned companies in the country, according to this year's *Inc. Magazine's* annual 5,000 list. The 2018 list is based on the amount of revenue growth for each company between 2013 and 2016. In 2018 topping that list from the City is **Untappd** at number 150, up from 259 in 2017, 11th in the food and beverage industry. Untappd, now with nearly 100 employees, is a mobile app that allows users to share with fellow users comments about brews they are enjoying and where.

N2 Publishing, headquartered in the City, also made *Inc. Magazine's* annual top 5,000 fastest-growing privately held companies in the country for seven years in a row. At number 3,490, the company was founded in 2004 and publishes neighborhood magazines. It now has 950 publications nationwide and employs 230 people. In 2017, N2 Publishing was named the fifth ranked company in the Nation for Top Culture by *Entrepreneur* magazine.

Research and Development

The City is rapidly growing as a clinical research hub. According to the **N.C. Biotechnology Center**, the Wilmington area is home to many companies such as Alcami, Modoc Research, Wilmington Pharmaceuticals and PPD in the clinical research cluster.

The world headquarters of **Pharmaceutical Product Development, Inc. ("PPD")** are located in the City's downtown area. PPD is a leading global contract research organization (CRO) providing discovery, development and post-approval services as well as compound partnering programs for pharmaceutical, biotechnology, medical device, academic and government organizations. PPD and ePharmaSolutions won the 2015 Microsoft *Life Sciences Innovation Award* for their strategic alliance delivering integrated, portal-based collaboration tools to streamline clinical trial management and study start-up for biopharmaceutical clients. In February 2017, *Training* magazine named PPD, for the sixth time, to its Top 125 list of businesses that excel in employee learning and development. The *Triangle Business Journal* named PPD the best CRO in the state at the publication's recent 2016 Life Sciences Award. In 2018 PPD was named to *Forbes* magazine's 2018 list of America's Best Large Employers.



In January 2016, PPD spun off subsidiary X-Chem, a leader in DNA-encoded library technology. PPD initially invested in X-Chem in 2010 before acquiring the company in 2014. This spin off

created an independent, privately owned biotech company which raised more than \$71 million through a Form D exempt offering of securities.

Alcami operates a FDA- and EU-approved solid-dose manufacturing plant, a clinical packaging and distribution center, and laboratory and stability services in the City. In March 2016 AAI Pharma merged with Cambridge Major Laboratories, Inc., a leading provider of custom development and manufacturing services for the pharmaceutical and biotechnology industries. The industry is now known as Alcam Corporation. With executive offices in the City, the corporation, along with UNCW announced in August 2018 they had been awarded an educational grant from the National Institute for Innovation in Manufacturing Biopharmaceuticals. The grant will fund the UNCW program “Partnership for Workforce Development in the Biopharmaceutical Industry,” which will be co-developed and taught by Alcam subject matter experts.



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

Pharmgate Animal Health announced in August 2015 that it relocated its headquarters from Ramsey, New Jersey to the City in order to be closer to important segments of its customer base. The office is involved with corporate functions and customer services for Canada and Latin America. The company, specializing in the development and marketing of medicines to control disease in North American livestock and poultry, purchased a nearly 7,500 square foot building. Pharmgate has been in business for 10 years and has four global research and development sites and four manufacturing sites.

University of North Carolina Wilmington (UNCW) Marine Biology Program is offered by the Center for Marine Science, a program dedicated to providing an environment that fosters a multidisciplinary approach to questions in basic marine research. The center fosters research programs of the highest quality and thereby enhances the educational experience for both undergraduate and graduate students in marine science. The MARBIONC program is a research based economic development program based at UNCW that discovers, develops and markets new products and technologies derived from the sea. Its mission is to stimulate economic development in the State through the discovery, development and marketing of new products and technologies derived from living organisms found in the sea.



The **MARBIONC** Building is located at the **UNCW Crest Research Park**. The 69,000 square foot interdisciplinary research facility assembles the State's cutting-edge biotechnology under one roof to advance new marine biotechnology discoveries and ensure the timely transfer of technology from the laboratory to the marketplace. The facility features LEED Silver certification, 24/7



physical and IT security, full power backup protection, and is designed to withstand Category 3 hurricane force winds. The Crest Research Park is the ideal environment for start-up and established companies involved in all aspects of biotechnological research and development. Located on the picturesque Intracoastal Waterway of Masonboro Inlet, the Crest Research Park offers the perfect location with access to the waterway and Interstate 40, U.S. Highways 421, 17, and 74-76. The Wilmington International Airport is only minutes away.

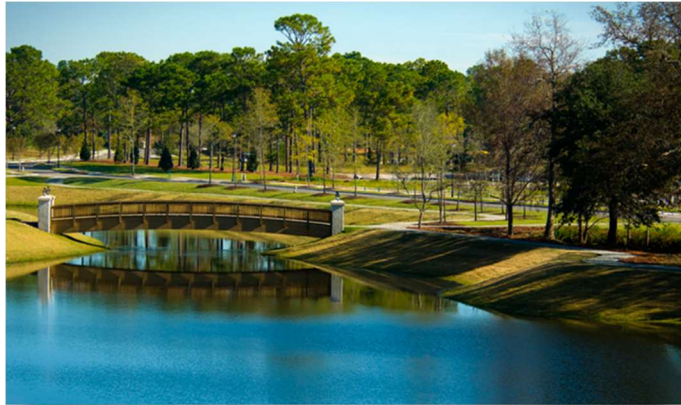
Crest is also home to **Marine Bio-Technologies Center of Innovation (MBCOI)**. Its mission is to find commercial applications for an array of marine-based technologies, and then to match researchers and developers with the companies that can bring those products to market. The ultimate goal is to use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



The **UNCW Center for Innovation and Entrepreneurship** works to identify and nurture high-growth, high-impact companies and to accelerate the entrepreneurial ecosystem in the southeastern area of the State. This center is a nurturing environment for innovators as well as the entrepreneurs who will start the businesses to bring those innovations to the marketplace. Including a combination of event space for training, co-working space for “napkin-stage” startups, low cost office space, experienced mentors and a future venture capital fund, they have created a great environment for startups in a great place – Wilmington, NC. The unique events centered on increasing sales, preparing successful Small Business Innovation Research grant proposals and developing better investor presentations will help entrepreneurs make better fundamental decisions at an early stage, setting them on the path to success within the local economy. The center serves both the students and faculty of UNC Wilmington as well as the startups interested in being a part of our community. UNCW hosted the 2015 Instructional Innovation Incubator (13@UNC). This pilot workshop worked on developing new online, blended, hybrid, or otherwise technologically enhanced courses that expand educational opportunities for North Carolinians. The Small Business Administration named CIE as its winner of a national Growth Accelerator Fund competition. In April 2018 four local startups led by women were selected for the NC IDEA program, Anahata Swimwear, myBeeHyve, Skilly-do and Vavaroom.

Commercial and Retail

Autumn Hall began construction in 2007 on a mixed-use development with an estimated value of \$420 million. The original master plan included more than 200 acres and will have a wide range of residential, retail and office development. Commercial space included 403,000 square feet of retail space, 355,000 square feet of office space, and a 135-room hotel. The development also provided 72 acres of common/open space. A



total of 220 single-family home sites have been approved and approximately 131,000 square feet of office and commercial use, and a 40,000 square foot medical office facility have been constructed and is currently leased by New Hanover Regional Medical Center. In 2011 a multifamily development consisting of a total of 286 residential units, pool, and open space went under construction and was completed in the spring of 2013. Carolina Bay at Autumn Hall, which consists of 51 condominium units, was completed in 2013. Phase II of Carolina Bay at Autumn Hall, a continuing care retirement community with 122 multi-family units and a 100 bed assisted living facility has been completed. The next phase of development is currently under review. This phase includes 19,000 square feet of office space, 264,000 square feet of retail and restaurant space, and 56 residential units.

Live Oak Bank, with its headquarters in the City, currently occupies a beautiful two-story, 89,000 square foot facility on a 10.66-acre parcel within the Tiburon Office Park development. The developer received City Council approval at their March 21, 2017 meeting for a zoning modification to allow for the construction of two, 4-story 64,000 square foot buildings 62 feet in height, one 1-story 25,000 square foot building, and a 3.5-story parking garage accommodating +/-560 cars. As of June 30, 2019, Live Oak Bank has added 405 full time jobs,



over the past five years, with an average annual wage of \$108,759 to its workforce. In March 2016, Business North Carolina magazine named Live Oak Bank the best large employer to work for in North Carolina and Live Oak Bank's software affiliate, nCino the best small to medium-sized company to work for in North Carolina. Live Oak has topped *American Banker* magazine's Best Banks to Work for list for four consecutive years. Live Oak was named 2018 Lender of the Year by the USDA's Rural Business and Cooperative Service.

Galleria, on June 30, 2014, a 12.64-acre area was deannexed from the Town of Wrightsville Beach and annexed into the City by the North Carolina General Assembly, through Session Law 2014-45, effective June 30, 2014. It is anticipated that a mixed-use development, known as Galleria, consisting of residential, commercial, and office uses will be developed on the site.

Residential



A voluntary annexation was approved in 2009 that brought approximately 1,358 acres into the City limits. **RiverLights** is a large-scale, multi-phase residential and mixed-use development located on River Road in south Wilmington. The project is approved for as many as 2,790 residential units. Thirteen subdivisions with a total of 1,471 lots have been approved by the City's Subdivision Review Board. Five of these residential subdivisions are developer-identified *age-qualified developments* targeting residents 55 years of age and older. Phase I of Marina Village at River Lights was approved by the City on August 27, 2015. This development is a mixed-use community with 112-boat slips, 10 townhomes, and 9,800 square feet of restaurant space, approximately 16,000 square feet of office space, 4,000 square feet of retail space, and a 7,700 square foot art gallery. In May of 2019 a 250-unit, two-building apartment development (Middleburg Apartments), located in the MX-zoned portion of RiverLights, was submitted for review by the Technical Review Committee.

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 92 single-family lots have been released for construction. Plans for an additional 54 single-family lots are currently under review by the Technical Review Committee.

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

Arboretum West is a mixed-use development located at 108 Station Road and includes 360 apartment units, 10,000 square feet of office space, 3,000 square feet of retail space, and 5,000 square-feet of restaurant space. This project is currently under construction.

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

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

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

The Flats on Front is a large-scale, 300-unit, up-scale apartment complex with an attached parking deck located at 1055 N. Front Street. The project is currently under construction.

Kerr Station Lofts is a 151-unit student housing project located at 4599 Franklin Avenue. The project includes 121 apartment units in two multi-story buildings and 30 townhomes. The project is currently under construction.

Amberleigh Shores Phase II is a 287-unit multi-family development located at 7770 Market Street. This is the second phase of the overall Amberleigh Shore development. This project is currently under construction.

The Pearl is a 38-unit apartment building located at 724 S. 5th Street. Construction of the project is now complete.

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

City Block Apartments is a 112-unit, five-story apartment building located at 814 N. 3rd Street, which was constructed in 2013. A second phase of this project includes a 56-unit, five-story addition and is currently under review by the Technical Review Committee.

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

Dawson Street Lofts is a 48-unit residential building located at 865 Dawson Street. The project is part of a larger redevelopment project of a Wilmington Housing Authority property. The project is currently under review by the Technical Review Committee.

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

Tourism

Tourism is the area's largest economic component in terms of employment and revenues. Nearby beaches, the historic river front area, and the USS North Carolina Battleship Memorial are some of the attractions for tourism business. A variety of special events held year-round, such as the Azalea Festival and Riverfest, add to the area's appeal to tourists. The New Hanover County Tourism Development Authority (TDA) was established to expand the tourism industry and to maintain the health of the local economy. Funded in large part by the room occupancy tax discussed herein, the TDA serves as an umbrella organization representing all of the services available to a visitor within the area. The North Carolina Division of Travel and Tourism has estimated that in 2018, travel and tourism generated an economic impact of \$612.92 million in the County, an increase of 6.0% over 2017. The County is ranked eighth among North Carolina's 100 counties in tourism expenditures. State and local tax revenues from travel to the County amounted to \$54.27 million. Travel generated \$149.14 million in payroll in 2018 and provided 6,470 jobs in the area. In an October 2019 study, ValuePenguin conducted a study that ranked Wilmington 13th most friendly for tourists out of 200 cities. The New York-based personal finance company used data points ranging from walkability and attractions to number of breweries and tour guide wages to determine the most visitor friendly places in the country.

The Wilmington Railroad Museum



has a great collection of displays and areas for children, which include, Thomas the Tank Train play area, more than 20 operating scale model trains, spectacular model layouts, a real life-size caboose, a boxcar and a 100-year-old steam locomotive. One can even plan their little one's birthday party in the Red Caboose.

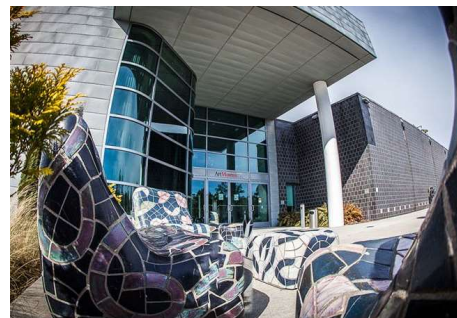
U.S.S. North Carolina (Battleship) is the centerpiece of the Wilmington Riverfront. A majestic symbol of this country's hard-earned naval victories in World War II and is the Memorial to the 10,000 North Carolinians of all the armed services who gave their lives during World War II. Commissioned in 1941,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



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

Sound Stage and make a masterpiece in the Art Studio.

The Cameron Art Museum occupies a 40,000 square foot facility on a 9.3 acre woodland park known as Pyramid Park, featuring long-leaf pine woodlands, outdoor sculptures, nature trails, a historic Civil War site and the Clay Studio housed in the Pancoe Art Education Center. The main museum building includes three exhibition areas, the Weyerhaeuser lecture and reception hall, a full-service museum café and catering kitchen, a museum gift shop and free parking. The Museum is committed to art education and presents exhibitions and public programs of both historical and contemporary significance, with 6 to 8 changing exhibitions annually, in addition to outdoor, site-specific projects on its park property. The museum offers art classes for students of all ages and an event schedule that includes musical performances.



Cape Fear Museum established in 1898, is the oldest continuously operating museum of history in North Carolina. The skeleton of a 20-foot-tall Giant Ground Sloth greets visitors to the museum. The entire family can enjoy a miniature re-creation of the second battle of Fort Fisher, a scale model



of Civil War Wilmington's waterfront and the Michael Jordan Discovery Gallery and an interactive science exhibit for the entire family. Children's activities, concerts, special events and acclaimed touring exhibits help make the Museum one of the primary repositories of local lore with an extensive permanent collection of over 40,000 artifacts. The

museum also offers a community park to welcome visitors with engaging hands-on exhibits, gardens featuring native and adaptive plants, and educational programs while also serving as a place to enjoy and explore nature in the City.

One of the venues for the screening of films is held at **Thalian Hall**, owned by the City and part of the City Hall since 1856. The City along with private donors funded a renovation that was completed in May 2010. Shows, events and films attract audiences totaling more than 85,000 people. The events ranged from music to ballet and theatre, from pop, jazz, folk and country music to the finest in domestic, independent and foreign films. The Thalian Hall complex is the site of recitals, awards ceremonies, film festivals, lectures and charity events, and is "home" to a large number of theatre and performing companies, including By Chance Productions, Opera House Theatre, Thalian Association, Willis Richardson Players, Theatre Exchange and Stageworks Youth Theatre. Thalian Hall is an education center, with unique performances and programs attracting more than 10,000 school children each season. Thalian Hall is one of the most heavily utilized facilities of its kind in the nation and is an economic generator stimulating the local economy by more than \$2 million annually.



The Hannah Block Historic USO/Community Art Center is a City-owned building that features five studios that are available to non-profit organizations for rehearsals of plays, musicals, and recitals. The auditorium seats over 200 and is available for weddings, parties and other programs. The facility includes a kitchen and may be rented for corporate and private functions.

The **Cucalorus Film Festival (Cucalorus)** is a multi-disciplinary arts organization supporting emerging and innovative creative professionals through an annual film festival, a residency program, a summer camp for teen filmmakers, a micro-cinema, and an extensive community outreach program. It is considered one of the region's premier cultural events drawing almost 18,000 visitors and screens over 200 films from around the world. Cucalorus takes place every November, celebrating independent and international film for five days in historic downtown Wilmington, NC. MovieMaker Magazine has recognized it as "50 Film Festivals Worth the Entry Fee" in 2019.

The Downtown Sundown Concert Series runs each Friday night from May through the early part of September. The free concerts feature both local performers and touring bands. The Downtown



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

concerts are held at Riverfront Park. The schedule features various musical styles with an emphasis on tribute bands. All headlining acts are touring bands that will visit the region for their performance. WDI schedules local bands to open each show and these acts are announced before the season begins.

Wilmington City Docks are transient docking facilities located approximately 15 miles from the Inter Coastal Waterway (ICW) on the scenic Cape Fear River in historic downtown Wilmington. The City offers a total of 1,200 feet of floating dock space with multiple floating face docks and can accommodate vessels up to 100 feet. Power (30 and 50 amp) and water are available. The docks are within walking distance of area attractions, hotels, shopping, dining, theater, nightlife, laundry facilities, post office, banks and supplies. Dockage is available by reservation only. The dock master monitors channel 16 on VHF.



The **Arts Council of Wilmington and New Hanover County (Arts Council)** launched its Arts on Tour mobile app, the state-of-the-art technology platform provides location-specific audio interpretation of arts venues in New Hanover County, including the sculpture installations. Whether art is displayed on exterior building walls or displayed in window storefronts, art is all around you in Wilmington. People seeking rich cultural venues are drawn to the area to enjoy symphony orchestras, theatre performances and festivals which take place year-round.

Fourth Friday Gallery Nights are free monthly events where downtown galleries, studios and art spaces open their doors to the public in an after-hours celebration of art and culture. Taking place from 6-9pm on the fourth Friday of each month, the self-guided tours have made downtown Wilmington a popular destination for art lovers. The Arts Council, in collaboration with Tri-State Sculptors, has installed 12 sculptures as part of the popular Pedestrian Art public art program.





Wilmington is home to **Airlie Gardens**, a premiere garden of the costal South features 67 acres of walking paths, formal gardens, seasonal blooms, historic structures, and contemporary sculptures. At the heart of the gardens is a 300-year-old oak tree with plenty of hanging Spanish moss. Take a leisurely stroll on one of the many paths and visit the butterfly house and bottle sculpture. If you visit in the spring, the flowers will provide a colorful backdrop to any photo album. A member of the North Carolina Birding Trail, its diverse ecosystems provide unique habitats for a variety of colorful wildlife.

Film Industry

For 35 years, there have been incentives available to productions working in the Wilmington Region: diverse location, talented local crew, soundstages, great climate, a can-do attitude, and a film-friendly environment. Combine these with the additional incentives of a rebate of up to 25% on qualified expenses of productions and the accommodation tax exemption. Now you can see why so many productions have decided to choose the Wilmington region. North Carolina's adopted grant program for the 2018-2019 fiscal year included an annual cap of \$31 million in recurring funds. With the approval of recurring funds in the state budget, local officials are gearing up to push the area market. With regards to which productions are selected for the N.C. Film and Entertainment Grants, the legislature has directed Commerce that they are most interested in television series and the second factor is the estimated economic impact of the production. The Secretary of Commerce makes the decision based on longevity, number of jobs – particularly well-paying crew jobs as well as in-state spending.

EUE/Screen Gems Studios, operates a 50-acre full service studio lot with 10 stages, one of which is the largest sound stage in the world, with a 37,500 square foot movie studio and 3,600 square foot special effects water tank at an estimated value of \$15 million. It is the latest expansion to the largest film and television lot east of California and has resulted in Wilmington being name "Hollywood East". The filmmaking industry has been an important economic force in the City and the County since the construction of production facilities in 1983 by DEG. From 1984 to present, the County has hosted more than 350 feature films, mini-series, "movies of the week," eight television series along with numerous commercials and music videos. Producers continue to utilize the available resources for filmmaking, and it is expected that the studio will remain a popular facility in the State. As reported by the Star News, for the first time in Hollywood East's history, Wilmington has spawned three No. 1 hits at the box office in one year with the release of "The Conjuring", "Iron Man



3" and "Safe Haven".

The investment in Stage 10 as well as "the large local crew with experience handling five simultaneous productions" was a major factor in hosting the production of "Iron Man 3". EUE/Screen Gems Studios used all ten stages of the Wilmington, NC film and television complex in filming "Iron Man 3". A new digital infrastructure designed for the complex needs of the production is now one of the best in the world.



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

In addition to 150,000 square feet of column-free space, EUE/Screen Gems also offers production offices with modern communications, construction shops, wardrobe facilities and prop/set decoration warehouses. Film-related tenants on the lot include a law firm specializing in entertainment law, a film bonding company, editors, a sound recording studio and a casting company. EUE/Screen Gems is also one of the largest suppliers of lighting, electric and grip rentals in the Southeast with locations onsite in Wilmington, NC as well as in Atlanta, GA and Charleston, SC.

HOSPITAL AND MEDICAL FACILITIES

New Hanover Regional Medical Center (NHRMC) is a teaching hospital and regional referral center and the tertiary care center for a seven-county area. NHRMC is one of 10 trauma centers in the state certified at Level II or above and is one of only two cardiac centers of excellence east of Interstate 40. NHRMC is home to the region's first Level III, Neonatal Intensive Care Unit, and has a *da Vinci®* Surgical System, which is a state-of-the-art robotic platform for surgeons. NHRMC's Zimmer Cancer Center has distinction attained by just 25% of the nation's hospitals: certification as a teaching cancer hospital by the Commission on Cancer of the American College of Surgeons. In April 2016, the Zimmer Cancer Center began a \$14.5 million expansion project, which was completed in the spring of 2017. In September 2019, NHRMC was recognized as one of America's best hospitals for cancer care by the Women's Choice Award, for the third consecutive year. This award signifies NHRMC's commitment and passion toward an extraordinary healthcare experience for women and all patients. In 2019, it was announced that NHRMC, for the fifth straight year, was named a recipient of one of the country's 100 best hospitals for patient experience by the Women's Choice Award. NHRMC completed an expansion and upgrade to the 17th Street Emergency Room in February 2017. This expansion increased the previous size from 17,800 square feet to 48,000 square feet and patient care spaces increased from 54 to 108 spaces. The Intensive Care Units at NHRMC's main campus have just received a \$14 million renovation. Also completed in 2019 are a new employee parking a garage and skywalk, an elevated pedestrian bridge that extends across 17th Street, providing a safe, sheltered place for employees to cross without impeding traffic flow. Construction on the new patient tower is underway and expected to be completed in Summer 2020.



NHRMC serves as the primary teaching site for four graduate medical education programs in internal medicine, obstetrics and gynecology, general surgery and family medicine. The residency

programs are affiliated with the University of North Carolina at Chapel Hill School of Medicine and administered by the South East Area Health Education Center. On May 12, 2018, the Wilmington campus graduated its first class at a ceremony in Chapel Hill. NHRMC is one of six institutions out of 700 eligible to be nominated recently for the Accreditation Council for Graduate Medical Education (ACGME) and Gold Foundation DeWitt “Bud” C. Baldwin Jr. Award. The Baldwin award recognizes institutions with accredited physician residency or fellowship programs that excel in fostering a respectful, supportive environment for medical education, delivery of patient care and personal and professional development.

NHRMC has been recognized as one of America’s best hospitals for bariatric surgery. Two other awards associated with the bariatric center included being designated as a Blue Distinction® Center+ for Bariatric Surgery by the Blue Cross and Blue Shield Association and accredited as a Bariatric Surgery Center of Excellence by the American Society of Metabolic and Bariatric Surgery and the American College of Surgeons. NHRMC is the first Pediatric Sleep Disorder Center and Epilepsy Monitoring Unit in the region. This is the only program of its kind in the area for patients from infancy through age 18.

NHRMC Orthopedic Hospital performs more orthopedic procedures than any other hospital in the region. That’s 8,000 orthopedic procedures a year, including more than 2,200 joint replacement surgeries. They offer board-certified orthopedic and neurosurgeons, as well as nurses, hospitalists, physical therapists, and other clinicians highly trained or certified in orthopedic care.

Wilmington Health is the largest private, fully integrated, multi-specialty medical group practice in the area with over 20 locations (including Convenient Care and Urgent Care). Wilmington Health has provided premier healthcare to the residents of southeastern area of the State for over 40 years. In 2016, Wilmington Health was presented the inaugural Transformation in Health Care award by Optum, the health services business of UnitedHealth Group. This award recognizes organizations that have made extraordinary impact on the healthcare system in three areas of transformational change: modernizing infrastructure, advancing care, and empowering consumers. In 2017 the AMGS Foundation recognized Wilmington Health as one of the Foundation Stars. The AMGA is a trade association leading the transformation of health care in America.

Partnering with Wilmington Health, **PMG Research of Wilmington** has two offices situated in a one-mile radius around a comprehensive network of multi-specialty providers. PMG offers access to experienced investigators with diverse expertise to serve Sponsor and research participant needs. Wilmington Health provides all ancillary services and procedures for PMG studies, creating a streamlined and convenient experience for participants and caregivers. With access to an electronic medical records system, PMG Research of Wilmington is able to utilize a pool of 376,000 potential patient volunteers for clinical research.

TRANSPORTATION

The Road System

The City is served by Interstate 40, U.S. highways 17, 117, 74, 76 and 421 and by North Carolina Highways 132 and 133. These highways connect the area to the major cities in North Carolina, South Carolina and Virginia.

Ground Based Freight and Mass Transit

Other transportation resources in the City include the CSX Rail Transport Group which provides rail freight service in the area with one scheduled train daily. Local bus service is provided by the Cape Fear Public Transportation Authority, which operates as Wave Transit. The Cape Fear Public Transportation Authority is governed by an eleven-member board with five members appointed by the Wilmington City Council, five members appointed by the County and one member jointly appointed by the City and the County. A private management firm operates a system of ten routes, the UNCW Shuttle service and the historic downtown trolley. The City's operating subsidy to the Wave Transit system is \$1,404,155 for fiscal year ending June 30, 2019. The City's operating subsidy for operations is approximately 16% of the current year's transit budget. There are also approximately 55 trucking companies serving the greater Wilmington area.

Rail Realignment. The City, in partnership with the Wilmington MPO and the NC DOT Rail Division, is evaluating a possible realignment of the existing heavy rail corridor that currently runs through the City to a safer, more direct route into and out of the Port of Wilmington. The new route could make the Port more competitive, enhance economic development opportunities statewide and in the region, and improve safety and economic efficiencies for the rail carrier. In concert with the realignment, the existing rail corridor, along with its various hazard and noise issues, could be repurposed for a much quieter and useful urban trolley line. Such a conversion would improve the quality of life for many neighborhoods, increase property values, promote development and redevelopment, and reduce traffic congestion on area streets. It would stimulate investment downtown, and in the many vacant and underperforming properties along the proposed trolley corridor, particularly on the south side of town. Upon repurposing, the existing rail corridor could also serve a dual function as a trail/greenway linking up with other City trails. Many other benefits, ranging from the elimination of over 30 rail/street crossings, to significant tourism expansion, to affordable housing impacts are being identified. A feasibility study to more thoroughly investigate the merits of the proposal has been completed and City Council adopted a resolution to accept the consultant's report at the April 18, 2017 meeting. Council approved continuing the project, with the City retaining the lead.

The U.S. Department of Transportation has announced that the city has received a \$2 million grant for its Rail Realignment Project. The city's grant is one of 45 projects across the US selected by the USDOT's Federal Railroad Administration. The grant will fund completion of preliminary engineering and federal environmental review for the long-term proposal to move freight rail from the City's urban core to a new rail bypass and bridge across the Cape Fear River to eliminate 32 railroad crossings.

The State Port

The **Port of Wilmington**, located in the City on the east bank of the Cape Fear River, is one of two deep water harbors in the State. The City's location affords industries equal accessibility to major markets to the north and south. Along with access to three major roadways, the port is located within 700 miles of more than 70% of America's industrial base. The Port of Wilmington has ample capacity to support today's cargo volumes and continues to invest in expanding the facility to meet projected growth in international trade, with a major expansion project currently under way. An



aggressive capital program has positioned the Port of Wilmington in a new class of service to the maritime transportation industry. With the completion of the Panama Canal expansion, the Port of Wilmington is focusing on how to handle the newest generation of ships – called post-Panamax. The goal is to enable the port to accommodate multiple post-Panamax container ships to increase the speed and efficiency of loading and unloading the vessels. The turning basin has been completed and the port welcomed the largest vessel to date, 1,100 feet long, 150 feet wide, and 8,200 TEU Vessel. Two “Neo-Panamax” cranes with a combine value of \$27.4 million arrived at the Port in March 2018, with a third on order. According to a news release in January 2019, the Port reported a year-over-year container volume increase of 23 percent. The accomplishments of 2018 can be attributed, in part, to the organization’s model of best in class gate truck turn times and high crane productivity rates as well as NC Ports’ investment in terminal improvements.

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

A 42-foot navigational channel offers customers additional vessel capacity. Readily available modern transit and warehouse facilities, new state-of-the-art Panamax container cranes and support equipment, and the latest in cargo management technology provide a broad platform for supporting international trade to the fast-growing Southeast U.S. market. Recent and ongoing improvements to regional and national highway networks make surface transportation supporting the Port of Wilmington superior to neighboring ports. What port officials have said keeps the port competitive with larger ports is its rapid turnaround times for trucks. A truck making a single run can be in and out in 20 minutes or less from the port. CSX Transportation provides daily service for boxcar, tanker and general cargo services. CSX Corporation and the Port of Wilmington offers the new Queen City Express, an intermodal terminal in Charlotte. It is the only direct freight rail service into the Greater Charlotte area from a port in North Carolina. This service facilitates the efficient, cost-effective movement of goods between the global marketplace and one of the most significant economic centers in the southeastern United States.

The NC Council of State approved a 21-year lease with Enviva Holdings for the construction of a \$35 million **Wood-Pellet Storage** and shipping facility at the Port. Enviva inflated two storage domes, with capabilities of 45,000 metric tons each. The domes have systems for continuously monitoring and controlling temperature as well as fire detection and suppression. Enviva also built a rail car unloading station, a ship loader and conveyor system at the Port. The biomass fuel export facility (wood-pellet) would ship as much as one million metric tons of pellets a year from forests in southeastern North Carolina. The Port of Wilmington is a key nexus for global commerce and an economic engine for the state of North Carolina. The waste wood products will end up as fuel for large municipal boilers across Europe, where wood is increasingly replacing coal as a means of producing heat and electricity. By using wood pellets instead of coal, Enviva said that countries can reduce their carbon footprint by about 80 percent. The Wilmington terminal’s first ship loaded in December 2016.



Port of Wilmington Cold Storage is a 101,000 square foot cold storage facility located directly on the terminal at the Port of Wilmington and is expected to create more than 100 new jobs. North Carolina's agriculture business has always relied heavily on the Port of Wilmington and this specific site offers over 11,000 pallet positions and represents further development in that market. North Carolina is a major hub for global exportation of refrigerated pork and poultry products and a major player in the protein production export business. By utilizing this newly created cold storage facility, protein producers are able to save a substantial amount on transportation costs to ship to their existing markets abroad. Having access to this facility reduces spoilage and increases delivery/export times for our customers and businesses in North Carolina. Potential import commodities such as fruits, vegetables and seafood present vast opportunities for the North Carolina State Ports Authority and the Port of Wilmington Cold Storage Facility.



“The Port of Wilmington Cold Storage facility adds the missing link in the global cold storage chain for Port of Wilmington by providing a facility which offers services of cold and frozen storage, blast freezing, and the loading and unloading of export and import products from North Carolina and around the world,” said Chuck McCarthy, President & CEO Port of Wilmington Cold Storage. On June 5, 2017 the refrigerated carrier, StreamLines’ Blue Stream service’s “Georgia Trader” was the first vessel on the string to load at the Port of Wilmington. This connects the port with perishable shippers in Central America and Europe. The combination of the new services and the cold storage facility will give more opportunity to North Carolina farmers to grow exports to Europe, as well as support cargo movement for grocers. It provides a seamless logistical advantage for international shippers. North Carolina’s ports are a few of the most market accessible ports on the U.S. East Coast. Within 1,000 miles of North Carolina’s borders are more than 170 million U.S. and Canadian consumers, more than 65 of the country’s top 100 metropolitan areas and nearly 60% of total U.S. retail sales. Exporters and importers continue to recognize the inland logistics advantage of North Carolina’s ports and its operational efficiencies. The Port now has 17 refrigerated shipping carriers. A lack of congestion, faster gate turn times and increased crane moves per hour have led to an 18 % container volume increase year-over-year, making the Port of Wilmington one of the fastest growing ports on the U.S. East Coast. North Carolina's Ports in Wilmington and Morehead City, plus inland terminals in Charlotte and in Greensboro, link the state's consumers, businesses and industry to world markets, and serve as magnets to attract new business and industry while receiving no direct taxpayer subsidy. Port activities contribute statewide to 76,000 jobs and \$700 million each year in state and local tax revenues.

The **Queen City Express** offers the only direct, non-stop service from a port in the U.S. Southeast into the Greater Charlotte area. Another gateway to connect eastern North Carolina to CSX’s expansive railway system will be the **Carolina Connector** (CCX) hub connecting intermodal customers throughout CSX’s entire network. This service will provide substantial advantage for the Port as first-class, intermodal connections will be available for its beneficial cargo owners and carriers alike. The intermodal rail terminal is expected to be completed 2020.

Carolina Marine Terminal loads and unloads ships that cost the owner of the cargo between \$10,000 and \$50,000 per day, so they have to do it fast and they have to do it right the first time. They have an ingenious conveyor design that takes product from the ship and moves it rapidly. This system works alongside a crane that can move 1,000 tons of bulk in an hour. They can get a truck in and out in 15 minutes from the time it hits the scales. They have constructed three (3) storage domes on industrially zoned property located just south of the NC State Port's property. The domes are 80-100 feet in height and range from 125-142 feet in diameter.



Wilmington International Airport

The **Wilmington International Airport**, a component unit of New Hanover County (the "Airport") is operated by the New Hanover County Airport Authority. The Airport is the 4th largest in the State. In calendar year 2018, the Airport served 934,058 passengers, an increase of 12% over 2017. Three commercial airlines; American Airlines/US Airways, United Airlines, and Delta provide regular jet and commuter service, offering direct (non-stop) service to seven major cities: Atlanta, Charlotte, Chicago, Dallas, New York, Philadelphia, and Washington Dulles International. The airlines also offer one-stop connections to seven hubs, six international gateways, and 310 destinations with just one stop. The Airport is a U.S. Customs and Border Protection General Aviation International Clearance Facility. This 13,500 square foot facility processes commercial and general aviation public passengers entering and exiting the United States. In late 2018, the airport began \$60 million in projects to expand the baggage handling area in phase one, expansion of the airline ticket lobby, ticket counters, and ticket offices in phase two and added gates, concourse rebuild, and enlarged baggage claim area in phase three.

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

EDUCATION

The University of North Carolina at Wilmington (UNCW), located within the City, was founded as Wilmington College in 1947 and designated as the 6th university in the University of North Carolina System (UNC) in 1969. UNCW is the only public university in southeastern North Carolina. Expanding from three buildings in 1961 to more than 90 today, the campus still reflects the Georgian style of architecture that has made the institution one of the most attractive in the State of North Carolina. UNCW manages the nation's only underwater ocean laboratory, Aquarius, owned by NOAA and located in the Florida Keys National Marine Sanctuary.



UNCW is a comprehensive level I university in the 16-campus University of North Carolina System. It is accredited by the Southern Association of Colleges and Schools and offers 55 majors, 35 master's degrees, and four (4) Doctoral programs. Two new online business master's degrees began in the 2018 fall semester. One is in finance and investment management, and the other in business analytics. UNCW is funded with State appropriations and receives federal funds for research and financial aid programs. UNCW had a fall 2018 enrollment of approximately 16,746 full-time-equivalent undergraduate and graduate students.

The University of North Carolina Wilmington ranks 92nd among Top Public National Universities, according to *U.S. News & World Report*, tying with Ohio University and the University of Houston. The *U.S. News*' "Best Colleges 2020" guidebook represents the first time UNCW has been included in the national category since receiving the elevated designation of "Doctoral Universities: High Research Activity" institution from the Carnegie Classification of Institutions of Higher Education. In previous years, *U.S. News* included UNCW on the list of Best Regional Universities in the South. UNCW placed 138th among national universities on the *U.S. News* list of "Best Colleges for Veterans" and 183rd on the "Best Values" list. UNCW also is one of the institutions recognized as one of the "A+ Schools for B Students." The Cameron School of Business earned a place on *U.S. News*' list of "Best Undergraduate Business Programs." UNCW is ranked 32nd nationally on Kiplinger's "Best Public College Values 2019" list, a 30-place jump since the 2018 ranking. In addition, UNCW was named a Best Southeastern School by *The Princeton Review* and was one of only four UNC System schools featured in the "Fiske Guide to Colleges 2020", which highlights the nation's "best and most interesting" colleges and universities.

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

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

CFCC's **Wilson Center** is home to a 1500-seat performance hall, a studio theater, art and music studios, classrooms, and more. While the Wilson Center is the largest and most technologically sophisticated performing arts center in eastern North Carolina, an important focus of the facility is on student learning and academic growth. In this unique learning environment, students have the opportunity to work behind-the-scenes with professional touring performance companies.



The latest addition to CFCC is the **Advanced and Emerging Technologies Center** located on its



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

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

RECREATION AND LEISURE

The City operates 50 park sites throughout the City consisting of 756 acres, 16 athletic and event facilities with 326 acres, 89 acres of landscaped greenspace in 18 locations and 28.51 miles of trails.

The **Gary Shell Cross City Trail** runs 15 miles through the City and provides a safe pathway for walking, jogging, and biking. **Halyburton Park** is 58 acres of long leaf pines with a paved 1.3-mile path around the park. The facility sponsors educational programs featuring local wildlife.

Piney Ridge Nature Preserve is a 3-acre tract of land that the City has leased long term with the North Carolina Coastal Land Trust. The park includes an ADA accessible passive park with a pervious .25-mile concrete walking trail, wooden overlook, interpretive signage and the **Stanley Rehder Carnivorous Plant Garden**. The path winds through a manmade carnivorous plant preserve featuring pitcher plants, Venus fly traps, sundews, and sphagnum moss.



The City purchased the Inland Greens property in March 2011. After extensive storm water improvements on the 33-acre park/golf course, **Inland Greens Par 3 Golf Course** opened as a nine-hole par 3 golf course and passive park on July 19, 2018. The park includes a .75 mile walking trail, bocce courts, a picnic shelter, bike racks and a playground. The **Wilmington Municipal Golf Course (Muni)**, was designed by Donald Ross in 1926 to provide the public with a quality championship 18-hole golf course. In April 2014, Architect John Fought restored Muni to the original Donald Ross design. The \$1.49 million renovation was the first total restoration since 1929. The most significant work was the implementation of Ross' original design of the



greens and surrounds. The course now has mini-verde greens and are among the best putting surfaces in the area. Significant bunker restoration was done as well. Before the renovation the greens averaged a little over 2,500 square feet and now average 6,500 square feet. Some trees were also removed to improve airflow and sunlight. In 2018, Muni was named one of the 50 best golf courses in North Carolina by the Top 100 Golf Courses of the World website and the North Carolina Golf Panel.

Each year for the past 19 years, on the second Sunday in November, Wilmington plays host to the **Battleship Half Marathon and Battleship 5K Races**. Both races start and finish on the Cape Fear River in downtown Wilmington. The Half Marathon leads a picturesque path that crosses 3 bridges, takes athletes to Battleship Park and past the USS Battleship North Carolina through historic downtown Wilmington and around scenic Greenfield Lake. 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 NC 70.3**. This race has been named one of the top five (5) iron distance triathlons in the world by Triathlete magazine and one of the top 20 triathlons by Men's Health magazine. The race finishes downtown each year in October and draws approximately 3,000 racers and thousands of visitors from around the world.

The joint City/New Hanover County **Miracle Field** is located at Olsen Park. The field has a special rubberized turf playing surface that enables individuals with mobility impairments to participate in a variety of different sports. Unlike miracle fields in other parts of the country, the Wilmington field was built to accommodate adults as well as children. Users of the field include children from special education classes, nursing home residents, and veterans' programs participants including Wounded Warriors and Special Olympics athletes. Next to the Miracle Field is the **Kiwanis Miracle Playground**, which is the largest accessible playground in the southeast. The playground was funded with a combination of Wilmington and New Hanover County Bond funds, donations from the Kiwanis Club and Wilmington Believes in Miracles campaign. **Olsen Park** also includes a family restroom building, a fully accessible viewing stand, five softball fields, an outdoor volleyball court, and concessions. The park features 89 acres of developed and undeveloped areas.



Greenfield Lake Park is a 190-acre park featuring a 4.5-mile trail around the lake and is often used for area events and races. Paddleboats can be rented out to view the lake and bird watch. The



park includes the **Greenfield Grind Skatepark**, a 9,000 square foot concrete skate park consisting of multi-bowls with a banked street course. The park features a variety of hips, rails, and ledges. The park is open from dusk until dawn, 7 days a week and allows skating, as well as BMX biking. Also, at Greenfield Park is the **Fragrance Garden** which is a beautiful location for a wedding or special event. Adjacent to the Fragrance garden is the **Hugh Morton Amphitheater**. In 2008, this facility underwent a

\$1.2 million renovation that included a cover for the stage, an adjoining stage house with shower and dressing facilities, new concession and restroom buildings and new landscaping. The venue seats 900, with a maximum capacity of 1,200 and is handicapped accessible. Some of the most recent National acts to play the amphitheater include The Revivalists, Michael Franti, Lucas Nelson and more.

Dram Tree Park is a 3-acre park that was developed to celebrate the Dram Tree (a bent cypress tree covered in Spanish moss) that stood several yards out in the Cape Fear River. The Dram Tree was a landmark to mariners from the colonial times meaning that an incoming vessel had successfully passed the dangerous Frying Pan Shoals at the mouth of the Cape Fear River. According to tradition, ships paused near the Dram Tree, and sailors were allowed to have a dram of rum or grog, to either celebrate a safe passage or to toast to a safe return while sailing out. The Dram Tree was destroyed in the 1940s by dredging of the river. In 1988 the City opened Dram Tree Park and a young cypress was planted in its memory. In 2010, the park and boat launch were renovated to include an improved boat launch area as well as additional parking spaces for cars and trailers.



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

Legion Stadium Sports Complex is home to New Hanover High School Football, Soccer, Lacrosse, and Baseball. It is also available for rent for special events, such as Pop Warner Football Playoffs, Hanover Kennel Club Dog Shows, the William H. Craig 5K hosted by the YMCA, American Cancer Society's Relay for Life, Special Olympics Fall Games, and many more. Legion Stadium is also home to the **Wilmington Sharks**, one of nine teams in the Coastal Plain League. Set in the picturesque Cape Fear region, the Sharks provide affordable family entertainment in a minor league atmosphere. **Buck Hardee Field** at Legion Stadium is an elite baseball venue in Legion Stadium. The baseball field's dimensions are 336 feet down the left field line, 366 feet to dead center field, and 339 feet down the right field line. On September 22, 1981, the baseball field at Legion Stadium was renamed in honor of Buck Hardee, an area American Legion baseball coach. Hardee won five American Legion state championships in his time as coach of Post 10 Legion baseball. Because it is home to the Sharks, the park is more commonly referred to as "The Shark Tank."



PUBLIC SAFETY

The public safety services for the City are provided by an accredited police and fire department. Both agencies have the primary responsibility for providing a safe and secure environment that allows its citizens to live, work and play. While each department provides unique services to our City such as fire and police support, they also work in concert during critical incidents and serve as first-responders.

The **Wilmington Police Department** is headed by veteran Police Chief Ralph M. Evangelous. The 343-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.



The WPD opened a Real Time Crime Center in the fourth quarter of 2016. The RTCC, also known as the STING Center, and its purpose is to leverage technology and data to provide relevant real time information to increase situational awareness of the department in order to improve safety of officers and the public. In calendar year 2018, our officers responded to more than 179,695 calls for service, a continued decrease since 2016. The City unveiled

plans for a 31,000 square foot Police, Fire, and City state-of-the art training facility and held a groundbreaking ceremony in September of 2018. Construction on the new facility is slated to be complete in December of this year.

The department continues to seek opportunities to enhance community policing partnerships and explore new innovative ideas for positive citizen engagement through neighborhood watch groups, community events and minority recruitment efforts. Our Police Activities League (PAL) has expanded to include Olympic Wrestling, soccer and cheerleading and dance programs for youth. More than 500 local youth are involved in PAL each year. In May of 2018, nine female officers from the agency were featured on a Lifetime produced series "Women on Patrol". For two seasons, production teams followed female officers on numerous calls and watched them interact with citizens. The series aired on Tuesday nights at 9 pm on the Lifetime Channel. In 2020, citizens will get a chance to watch our very own K9 unit featured on an A&E television production featuring police K9's from across the country.



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The **Wilmington Fire Department** is led by Fire Chief Buddy Martinette. The 219 personnel are managed in three divisions; Operations, Support Services and Administration. The Operations Division consists of fire suppression personnel and the Safety Section. Support Services oversees the Training Division, Fire and Life Safety, Community Risk Reduction, the annual operating budget, and the Maintenance Facility. Administrative Division includes the Office of the Chief, Accreditation, Human Resources, Public Information, Business Development and Information Technology.



In calendar year 2018, the fire department responded to 14,009 calls for service. These responses included 7,261 Emergency Medical incidents and 494 fire related responses. Total losses due to fires was \$18.76 million, but the amount saved exceeded \$23.17 million. The department had more than 67,000 hours of training and completed a recruit class of new firefighters. In the spring of 2019, a new fire station located on Shipyard Blvd opened. This new station replaces two aging stations recommended for replacement in a 2008 facility study. WFD conducts two Citizen Fire Academy's each year to allow residents to gain knowledge on how the fire department operates. The academy includes hands-on training to provide them a better understanding of what the fire department does on a daily basis.



The Fire and Life Safety Section provides fire safety inspections of businesses, plan reviews of new and existing buildings, and conducts fire investigations. The Community Risk Reduction section plays an integral part in the department efforts to reduce fire and unintentional injuries. This section also provides assistance to the Operations Division by involving fire personnel to reduce risks in their first-in response area. The fire companies evaluate hazards in their areas and develop plans to address those risks. Community Risk Reduction also coordinates all public education for our citizens to include fire extinguisher training, smoke alarms installations, fire drills, school visits, and station tours.



LONG-TERM FINANCIAL PLANNING

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

The City adopts a Capital Improvement Program (CIP) that looks ahead to project and plan for capital needs addressing both project needs and financial strategy. Major areas covered by the CIP

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

A key financial goal of the City for many years has been the maintenance of an unassigned General Fund balance of at least equal to or greater than 20% to 25% of the total annual operating budget of the General Fund. In addition, the City has desired to appropriate a consistent level of fund balance each year resulting from positive budget variances. These goals are met in the fiscal year 2019 results that are built into the 2019-2020 operating budgets. A number of financial models are also used in the budget process and provide a means of projecting long-term resource requirements. Other practices followed are designed to avoid the meeting of recurring expense needs with one-time revenue resources and to ensure an ongoing mix of pay-as-you-go funding of capital needs with long-term debt.

MAJOR INITIATIVES

Public Facilities

The Wilmington Convention Center (Center) Complex offers a prime new coastal choice to conventions in North Carolina with a view of the Cape Fear River and the north end of Wilmington's historic downtown district. The Center's operation includes over 107,000 square feet of function space, an adjacent Event Lawn and an attached 578 space Parking Deck. Significant features are the Center's dramatic interior design with red cedar walls and ceilings, reminiscent of its historic regional use in boat building.



The Center also features enhanced specialty lighting as well as a maritime themed photo and art display which reflects the historical local imagery and industry from our past that shaped Wilmington's future. The Center's main service feature is the food and beverage operation: SAVOR... Wilmington Catering by ASM Global (formerly SMG.)

Convention Center

2019 vs.
2018

Event Types	FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019	% Growth
Convention/TS/Conference	9	8	8	13	12	-7.7%
Public Shows	14	19	15	15	14	-6.7%
Meetings/Other	39	26	31	22	35	59.1%
Banquets	93	86	73	76	75	-1.3%
TOTALS	155	139	127	126	136	7.9%
Attendance	85,246	72,301	74,486	70,613	73,640	4.3%
Total Room Nights	13,324	11,791	11,091	12,290	12,885	4.8%
Repeat Users	69	78	85	94	101	7.4%

Source: Wilmington Convention Center

- The Center hosted 136 events representing 73,640 in event attendance and 12,885 in hotel room nights during fiscal year 2019. Total number of events hosted increased 7.9% over fiscal year 2018, mainly due to the new corporate and one day meetings.
- New events included two weddings, sixteen banquets, one public show, six meetings and two conventions, while repeat events were the Center's strongest bookings.
- The major new events highlights were Pendo Company, Carolinas Association of Governmental Purchasing, Wilmington Geek Expo, NC Community Action Association and USA Wrestling Southeast Regional Championship.
- The sales team conducted 104 facility tours for prospective customers.
- The Center redesigned its website for a contemporary look, mobile friendly and easy to navigation.

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

Public-Private Partnership Development



In 2013, the City began working on a redevelopment idea for the Water Street parking deck, which was constructed in the 1960's. This deck sat on 1.2 acres and had become an obsolete eyesore surrounded by vibrant retail and entertainment businesses. The City entered into a Public-Private Partnership which is now known as **River Place**, an approximate 483,500 square foot vertical mixed-use development located in the heart of the City of Wilmington's central business district. The development will include 171 residential units, commercial

space, office space, a public park, and a 403 space parking deck. The project has been approved by the City and is currently under construction.

Private Development

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

The Pointe at Barclay is a multi-phase commercial development located at the corner of Independence Boulevard and S. 17th Street. A total of six buildings have been constructed including a theater, retail space, and several restaurants. Three additional commercial buildings have been released for construction. A two-story, 21,200 square foot office building, which will be part of a larger office complex, is currently under construction.

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

Crossroads at Independence is a large-scale retail project located at the corner of Carolina Beach Road and Independence Boulevard. The project includes a 78,000 square foot grocery store and 16,000 square feet of retail space. The project is currently under review by the Technical Review Committee and was released for construction August 2019.

Wilmington Pawville is an 11,000 square foot veterinary and boarding facility located at 3532 Carolina Beach Road. The project is currently under construction.

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

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

Aloft Coastline Hotel is a seven-story, 125-room hotel being constructed adjacent to and over the Coastline Convention Center located at 501 Nutt Street. The project is was released for construction in January of 2019.

Courtyard at Midtown is a commercial development located at 3701 Shipyard Boulevard that includes two three-story buildings with 30,000 square feet of office spaces, 26,000 square feet of medical office spaces, and 4,000 square feet of restaurant space. The project has been released for construction.

Dollar General has submitted plans for four locations within the City since 2014. All four locations have been released for construction and/or occupied.

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

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

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

AAA Car Wash is an automated carwash located at 3430 S. College Road. The project is currently under construction.

Hourglass Studios is a two-story, 13,000 square foot recording studio located at 613 Surry Street. The project is currently under construction.

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

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

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

Monkey Junction Self Storage is a self-storage development consisting of a 1-story 10,800 building, a 2-story 55,800 square foot climate-controlled building, and a 3-story 78,375 square foot climate control building. The project is currently under construction.

Garris Road Storage is a self-storage development consisting of a 3-story, 102,000 square foot climate control building and 16,000 square feet of office/flex space. The project is currently under construction.

Arrive Hotel is a 50-room hotel located at 108 S. 2nd Street. The project also includes 2,800 square-feet of retail space. The project is currently under review by the Technical Review Committee.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Wilmington for its comprehensive annual financial report for the fiscal year ended June 30, 2018. The Certificate of Achievement is a prestigious national award recognizing achievement with the highest standards in government accounting and financial reporting.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR) whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Wilmington has received a Certificate of Achievement consecutively since 1984. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to the GFOA.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We especially express our appreciation to Cristal Jenkins, Denise Chambless, Katherine Dimopoulos, Holly Bruhn, Kelly Casebier, and Jenna Hathcock 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 Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO



FINANCIAL SECTION TAB (FRONT)

FINANCIAL SECTION TAB (BACK)

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of City of Wilmington, North Carolina (the City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 5 through 16, the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, the Other Postemployment Benefits' Schedule of Changes in the Net OPEB Liability and Related Ratios, Schedule of City Contributions, and Schedule of Investment Returns, and the Local Governmental Employees' Retirement System's Schedules of the City's Proportionate Share of Net Pension Liability (Asset) and City Contributions on pages 115 through 122, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund statements, budgetary schedules and other schedules listed in the table of contents, the Schedule of Expenditures of Federal and State Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act, and the introductory section and statistical tables of the basic financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements, budgetary schedules and other schedules listed in the table of contents, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements, budgetary schedules and other schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Wilmington, North Carolina as of and for the year ended June 30, 2018 (not presented herein), and have issued our report thereon dated November 30, 2018, 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, and the aggregate remaining fund information. The accompanying supplementary information, such as the comparative budgetary general fund, special revenue funds, debt service fund, and enterprise funds schedules, are presented for purposes of additional analysis and is 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 2018 financial statements. The comparative budgetary general fund, special revenue funds, debt service fund, and enterprise funds schedules information have been subjected to the auditing procedures applied in the audit of the 2018 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, comparative budgetary general fund, special revenue funds, debt service fund, and enterprise funds schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2018.

The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2019, 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.

RSM US LLP

Wilmington, North Carolina
December 30, 2019



Management's Discussion and Analysis (unaudited)

As management of the City of Wilmington, North Carolina 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, 2019. 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

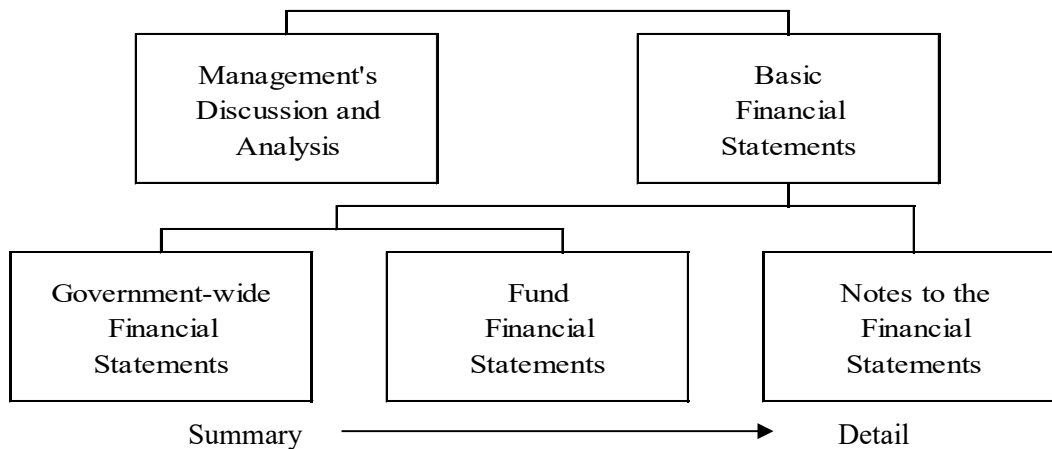
- Hurricane Florence made landfall in New Hanover County in September 2018 and caused significant debris and damage to City owned facilities. The recovery effort is estimated to cost the City \$34 million. These expenses are eligible for FEMA and State reimbursements. In response to the storm, the City appropriated \$11.86 million from the general fund unassigned fund balance and transferred \$13 million from the fund balance of the debt service fund to the general fund. The City received the first reimbursement in May 2019 and transferred the \$13 million back to the debt service fund, making it whole. Due to the healthy fund balance and continued growth in the City, the general fund saw an increase in total fund balance for fiscal year 2019.
- 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 \$385,893,975 (*net position*).
- For fiscal year 2019, the city implemented a \$0.015 tax rate increase related to the increase in operating costs. The fiscal year 2019 tax rate is \$0.4984 compared to FY 2018 of \$0.4834.
- The government's total net position increased by \$18,965,463. Included in this amount are increases in the net position of governmental activities and business-type activities of \$11,774,156 and \$7,191,307 respectively.
- As of the close of the current fiscal year, the City of Wilmington's governmental funds combined ending fund balances decreased \$1,689,385 from the prior year to a total of \$142,524,993. Approximately 21.6% of this amount, or \$30,708,550, 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 \$31,052,237 or 26.9% of total general fund expenditures and 21.7% of total general fund expenditures, including transfers for the fiscal year. This is in compliance with the City's Policy of maintaining a minimum unassigned fund balance of 20-25% of the operating budget.
- The City of Wilmington's total long-term liabilities increased by \$14,659,041 or 4.9% during the current fiscal year. Total long-term liabilities increased for governmental activities by \$1,901,933 and increased by \$12,757,108 for the business-type activities.
- The City of Wilmington's bond rating is AAA/AAA/Aaa which has remained steady for Fitch, Standard & Poor's and Moody's.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Wilmington's basic financial statements. The City's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see figure 1). The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City of Wilmington.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the City's financial status.

The next statements are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, the **required supplementary information** section contains funding information about the City's pension plans and postemployment healthcare plan. Next, **supplemental information** is provided to show details about the City's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

The two government-wide statements report the City's net position and how it has changed. Net position is the difference between the total of the City's assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Measuring net position is one way to evaluate the City's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the City's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities.

The business-type activities are those that the City charges customers to provide. These include solid waste services, parking facilities, storm water management, and a golf course operated by the City. The final category is the component unit. Although legally separate from the City, the Cape Fear Public Transportation Authority is important to the City because the Authority is primarily fiscally dependent upon the City.

The government-wide financial statements are on pages 19 - 21 of this report.

Fund Financial Statements

The fund financial statements (see figure 1) provide a more detailed look at the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Wilmington, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All of the funds of the City of Wilmington can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. Financial statements for these funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City of Wilmington adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds – The City of Wilmington has two different kinds of proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Wilmington uses enterprise funds to account for its golf course operations, solid waste services, storm water management, and operations of the parking facilities. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the functions of the City of Wilmington. The City uses an internal service fund to account for two activities – equipment maintenance and replacement and technology replacement. Because these operations benefit predominantly governmental rather than business-type activities, the internal service fund has been included within the governmental activities in the government-wide financial statements.

Fiduciary Funds – Fiduciary funds are used to account for reserves held by the government in a trustee capacity for others. Because the resources of fiduciary funds cannot be used to support the government’s own programs, such funds are specifically excluded from the government-wide statements. The City uses fiduciary funds to account for the assets of the Community Housing Development Organization’s net proceeds from the sale of housing, law enforcement seizures and postemployment trust funds, which include the City’s retiree healthcare program.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 45 - 111 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Wilmington’s progress in funding its obligation to provide pension benefits and other postemployment benefits to its employees. Required supplementary information can be found beginning on page 115 of this report.

Interdependence with Other Entities – The City depends on financial resources flowing from, or associated with, both the Federal Government and the State of North Carolina. Because of this dependency, the City is subject to changes in specific flows in intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations.

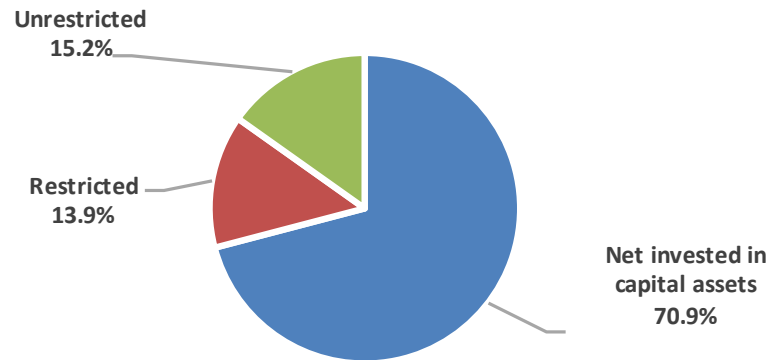
Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government’s financial condition. The assets and deferred outflows of resources of the City of Wilmington exceeded its liabilities and deferred inflows of resources by \$385,893,975 as of June 30, 2019. The City’s net position increased by \$18,965,463 for the fiscal year ended June 30, 2019. A significant portion of the City’s net position \$273,677,700 (70.9%) reflects the City’s net investment in capital assets (e.g. land, buildings, machinery, and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the City’s net position, \$53,743,349 (13.9%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$58,472,926 (15.2%) is unrestricted.

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

- **Governmental Activities:** Property tax, sales tax and investment earnings accounted for \$4,129,224, \$4,234,143 and \$1,429,899, respectively of revenues that exceeded the prior year. Additionally, the City received its first FEMA reimbursement for Hurricane Florence recovery related to contracted debris removal in the amount of \$17.5 million. The City also accepted dedicated streets from developers valued at \$5.7 million.
- **Business-type Activities:** Charges for services and investment earnings accounted for \$767,242 and \$585,895, respectively of revenues that exceeded the prior year.

Total Net Position



**Net Position
Figure 2**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
ASSETS:						
Current and other assets	\$ 175,518,293	\$ 172,317,948	\$ 50,646,846	\$ 44,358,809	\$ 226,165,139	\$ 216,676,757
Capital assets	<u>404,814,426</u>	<u>392,265,108</u>	<u>76,367,873</u>	<u>62,458,373</u>	<u>481,182,299</u>	<u>454,723,481</u>
Total assets	<u>580,332,719</u>	<u>564,583,056</u>	<u>127,014,719</u>	<u>106,817,182</u>	<u>707,347,438</u>	<u>671,400,238</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>22,817,127</u>	<u>14,732,306</u>	<u>2,648,428</u>	<u>1,454,109</u>	<u>25,465,555</u>	<u>16,186,415</u>
LIABILITIES:						
Long-term liabilities	263,248,209	261,346,276	51,920,447	39,163,339	315,168,656	300,509,615
Current and other liabilities	<u>20,195,971</u>	<u>14,426,872</u>	<u>4,111,757</u>	<u>3,187,780</u>	<u>24,307,728</u>	<u>17,614,652</u>
Total liabilities	<u>283,444,180</u>	<u>275,773,148</u>	<u>56,032,204</u>	<u>42,351,119</u>	<u>339,476,384</u>	<u>318,124,267</u>
DEFERRED INFLOWS OF RESOURCES	<u>6,655,547</u>	<u>2,266,251</u>	<u>787,087</u>	<u>267,623</u>	<u>7,442,634</u>	<u>2,533,874</u>
NET POSITION:						
Net investment in capital assets	240,380,429	222,365,472	33,297,271	32,935,755	273,677,700	255,301,227
Restricted	52,687,351	42,500,030	1,055,998	1,055,998	53,743,349	43,556,028
Unrestricted	<u>19,982,339</u>	<u>36,410,461</u>	<u>38,490,587</u>	<u>31,660,796</u>	<u>58,472,926</u>	<u>68,071,257</u>
Total net position	<u>\$ 313,050,119</u>	<u>\$ 301,275,963</u>	<u>\$ 72,843,856</u>	<u>\$ 65,652,549</u>	<u>\$ 385,893,975</u>	<u>\$ 366,928,512</u>

Changes in Net Position
Figure 3

	Governmental		Business-type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 9,579,591	\$ 9,246,480	\$ 26,179,061	\$ 25,411,819	\$ 35,758,652	\$ 34,658,299
Operating grants and contributions	24,933,225	6,479,533	93,833	77,899	25,027,058	6,557,432
Capital grants and contributions	6,463,891	1,253,284	121,175	1,015,338	6,585,066	2,268,622
General revenues:						
Property taxes	76,858,987	72,729,763	-	-	76,858,987	72,729,763
Other taxes	44,422,352	38,420,074	-	-	44,422,352	38,420,074
Investment earnings	2,889,157	1,459,258	920,501	334,606	3,809,658	1,793,864
Other	4,253,700	2,962,624	184,547	209,978	4,438,247	3,172,602
Total revenues	<u>169,400,903</u>	<u>132,551,016</u>	<u>27,499,117</u>	<u>27,049,640</u>	<u>196,900,020</u>	<u>159,600,656</u>
Expenses:						
General government	47,767,484	26,388,276	-	-	47,767,484	26,388,276
Public safety	62,138,353	52,304,423	-	-	62,138,353	52,304,423
Transportation	18,469,985	16,938,651	-	-	18,469,985	16,938,651
Economic and physical development	7,910,229	7,249,221	-	-	7,910,229	7,249,221
Culture and recreation	11,362,869	11,401,557	-	-	11,362,869	11,401,557
Transit system	1,460,155	1,437,257	-	-	1,460,155	1,437,257
Interest and other charges	7,366,318	7,569,643	-	-	7,366,318	7,569,643
Solid waste management	-	-	8,832,873	8,500,496	8,832,873	8,500,496
Storm water management	-	-	7,759,203	7,989,010	7,759,203	7,989,010
Parking facilities	-	-	3,216,815	4,477,517	3,216,815	4,477,517
Golf	-	-	1,650,273	1,444,079	1,650,273	1,444,079
Total expenses	<u>156,475,393</u>	<u>123,289,028</u>	<u>21,459,164</u>	<u>22,411,102</u>	<u>177,934,557</u>	<u>145,700,130</u>
Increase in net position before transfers	12,925,510	9,261,988	6,039,953	4,638,538	18,965,463	13,900,526
Transfers from (to) other funds	<u>(1,151,354)</u>	<u>(955,300)</u>	<u>1,151,354</u>	<u>955,300</u>	<u>-</u>	<u>-</u>
Increase in net position	<u>11,774,156</u>	<u>8,306,688</u>	<u>7,191,307</u>	<u>5,593,838</u>	<u>18,965,463</u>	<u>13,900,526</u>
Net position at beginning of year as previously stated	301,275,963	312,911,149	65,652,549	62,137,635	366,928,512	375,048,784
Restatement for accounting change (Note 8)	<u>-</u>	<u>(19,941,874)</u>	<u>-</u>	<u>(2,078,924)</u>	<u>-</u>	<u>(22,020,798)</u>
Net position at beginning of year as restated	<u>301,275,963</u>	<u>292,969,275</u>	<u>65,652,549</u>	<u>60,058,711</u>	<u>366,928,512</u>	<u>353,027,986</u>
Net position at end of year	<u>\$ 313,050,119</u>	<u>\$ 301,275,963</u>	<u>\$ 72,843,856</u>	<u>\$ 65,652,549</u>	<u>\$ 385,893,975</u>	<u>\$ 366,928,512</u>

Governmental activities. Governmental activities increased the City's net position by \$11,774,156. Key elements of this net increase are as follows:

- The increase in net position before transfers in the prior year was \$9,261,988 compared to this year of \$12,925,510, an increase of \$3,663,522.

- Revenues increased by \$36,849,887 or 27.8% from the prior year. The current year increases over prior year were predominantly due to an increase in operating grants and contributions related to the partial reimbursement of Hurricane Florence debris removal costs where the City received an obligation from FEMA of \$17.5 million. The increase in capital grants and contributions of \$5.2 million was due to the acceptance of dedicated streets from developers. The City also received an increase of \$1.4 million in investment earnings and \$4.1 million in property tax, related to the increase in the tax rate of \$0.015 as well as growth. The City experienced an increase in sales tax revenues of \$4.2 million, which may be partially attributed to the recovery efforts from Hurricane Florence where purchase of supplies and building materials could have increased.
- Expenses increased by \$33,186,365 or 26.9% over the prior year. The largest increases were \$21.4 million in General Government and \$9.8 million in Public Safety due predominantly to the response and recovery of Hurricane Florence.
- Transfers from (to) the Business-type Activities in the prior year were (\$955,300) compared to this year of (\$1,151,354) an increase of \$196,054.
 - This increase is a transfer of land from the general fund to the parking fund that was purchased as economic development in relation to the Water Street parking deck redevelopment project.
 - \$29,866 was transferred from the general fund to the solid waste fund to continue working with the police department on neighborhood cleanup efforts.

Business-type activities. Business activities increased the City's net position by \$7,191,307. Key elements of the increase are as follows:

- The increase in net position before transfers in the prior year was \$4,638,538 compared to this year of \$6,039,953, an increase of \$1,401,415.
 - The City implemented a 1% storm water rate increase over the prior year as well as multiple fee changes to the parking rates contributing to the increase in charges for service of \$767,242. Investment earnings also increased by \$585,895 over the prior year.
 - Expenses decreased by \$951,938 or 4.2% from the prior year mainly due to a prior year loss on disposal of assets that did not occur in the current year as well as lower interest costs.
- Transfers from (to) the Governmental Activities in the prior year were \$955,300 compared to this year of \$1,151,354, an increase of \$196,054.
 - This increase is a transfer of land from the general fund to the parking fund that was purchased as economic development in relation to the Water Street parking deck redevelopment project.
 - \$29,866 was transferred from the general fund to the solid waste fund to continue working with the police department on neighborhood cleanup efforts.

Financial Analysis of the City's Funds

As noted earlier, the City of Wilmington uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of City of Wilmington's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City of Wilmington's financing requirements. The General Fund is the chief operating fund of the City of Wilmington. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$31,052,237, a 15.7% decrease over the prior year; while total fund balance was \$57,548,714, a 1.9% 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 desired level of minimum unassigned fund balance was increased with the fiscal year 2019 Budget from the minimum amount of 15-20%. This year, the City experienced an unforeseen need with Hurricane Florence that required use of unassigned fund balance reserves. While the City is still recovering and awaiting reimbursements from FEMA, the minimum level of unassigned fund balance was still achieved.

The City currently has an unassigned fund balance of 20.7% of the operating budget, while total fund balance represents 38.4% 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 26.9% of total General Fund expenditures, while total fund balance represents 49.9% of that same amount.

At June 30, 2019, the governmental funds of the City of Wilmington reported a combined fund balance of \$142,524,993, a 1.2% decrease or \$1,689,385 less from the prior year. The General Fund, Special Purpose Fund, Streets and Sidewalks Fund, Building Improvements Fund, Debt Service Fund, and non-major special revenue and capital project funds are included in this combined amount.

The General Fund realized a \$1.1 million increase due to the revenues coming in higher than budget, expenditures lower than budget, and offset by the use of unassigned fund balance for response to Hurricane Florence. Property tax receipts, sales tax revenues and investment earnings were higher than budgeted due to a positive economy. The City also started receiving FEMA reimbursements for some of the hurricane costs. The General Fund expenditures were less than budgeted due to prolonged position vacancies and higher than expected turnover experienced by several departments throughout the City. Insurance and workers compensation claims were also less than budgeted due to continued safety training measures. The Special Purpose Fund had an increase of \$2.3 million mostly from the increase in room occupancy tax revenues over the prior year. The Streets and Sidewalks Fund saw a decrease of \$2.5 million due to expenditures related to work on various city street and sidewalk capital improvements. The Debt Service Fund had an increase of \$4.5 million as less transfers to capital projects occurred in the current year. The non-major funds saw a decrease of \$8.6 million as the Building Improvements Fund is being presented separately as a major fund in the current year which held a fund balance of \$9.6 million in the prior year. The current year balance has decreased by \$8.1 million predominately due to increased expenditures related to the continued work on the Police/Fire training center facility and a decrease in the transfer from the Debt Service Fund.

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.

Hurricane Florence hit our area in September 2018 causing major debris from downed trees and building damage. Recovery from this storm required an amendment to increase the budget by \$24,861,063.

Revenues (excluding transfers) were above budget estimates by \$11,126,553 for the fiscal year. This increase was mostly related to Hurricane Florence FEMA reimbursements for debris removal as well as sales tax and ad valorem tax coming in higher than expected by \$3,227,121 and \$1,084,953 respectively.

Expenditures (excluding transfers) in the General Fund were \$7,051,129 less than the \$122,218,384 amended budget. The City experienced levels below the authorized budget in salaries and benefits as well as other operational expenditures such as utilities and insurance coverages.

Proprietary Funds. The City of Wilmington's proprietary funds provide the same type of information found in the business-type activities of the government-wide statements but in more detail. The major enterprise funds are the Solid Waste Management Fund, Storm Water Management Fund and Parking Facilities Fund. Unrestricted net position of the Solid Waste Management Fund, Storm Water Management Fund and the Parking Facilities Fund at the end of the fiscal year amounted to \$5,124,595, \$26,836,141, and \$5,681,355, respectively. The unrestricted net position of the non-major Golf enterprise fund totaled a deficit of \$268,740.

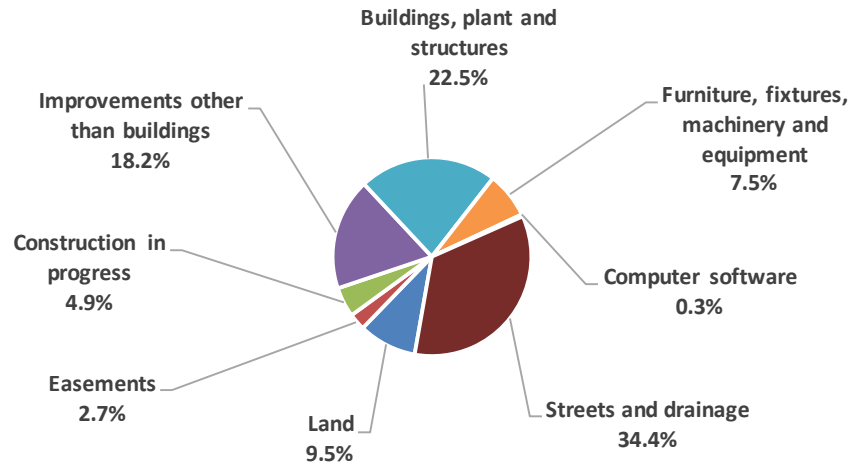
Capital Asset and Debt Administration

Capital assets. The City of Wilmington's investment in capital assets for its governmental and business-type activities as of June 30, 2019 was \$481,182,299 (net of accumulated depreciation). These assets include buildings, roads and bridges, drainage improvements, land, right-of-ways and easements, park facilities, machinery and equipment, vehicles and software.

Major capital asset transactions during the year include the following:

- An increase of \$6,445,987 in streets and drainage for governmental activity capital assets (see Figure 4) represented the largest increase. Of this amount, the City accepted \$2,210,911 of contributed streets from developments. Easements accounted for \$3,498,861 of the increase mainly for related capital project improvements. Additionally, buildings increased by \$4,997,531 as the new Fire Station #5 at Shipyard Blvd was completed.
- An increase of \$14,634,087 in construction in progress for business-type activities represented the largest increase and was primarily comprised of the Water Street parking deck redevelopment project.

Capital Assets



Capital Assets
Figure 4

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 60,451,461	\$ 59,514,974	\$ 8,035,304	\$ 7,740,179	\$ 68,486,765	\$ 67,255,153
Easements	17,897,352	14,398,491	1,567,470	1,505,730	19,464,822	15,904,221
Construction in progress	14,197,227	10,756,094	20,926,581	6,292,494	35,123,808	17,048,588
Total non-depreciable assets	92,546,040	84,669,559	30,529,355	15,538,403	123,075,395	100,207,962
Improvements other than buildings	66,044,038	63,657,543	64,413,256	63,733,451	130,457,294	127,390,994
Buildings, plant and structures	148,169,436	143,171,905	14,289,373	14,289,373	162,458,809	157,461,278
Furniture, fixtures, machinery and equipment	52,614,843	48,955,126	1,390,161	1,383,982	54,005,004	50,339,108
Computer software	2,563,545	1,716,191	58,184	58,184	2,621,729	1,774,375
Streets and drainage	249,452,558	243,006,571	-	-	249,452,558	243,006,571
Total assets being depreciated	518,844,420	500,507,336	80,150,974	79,464,990	598,995,394	579,972,326
Accumulated depreciation	(206,576,034)	(192,911,787)	(34,312,456)	(32,545,020)	(240,888,490)	(225,456,807)
Total capital assets being depreciated, net	312,268,386	307,595,549	45,838,518	46,919,970	358,106,904	354,515,519
Total capital assets, net	\$ 404,814,426	\$ 392,265,108	\$ 76,367,873	\$ 62,458,373	\$ 481,182,299	\$ 454,723,481

Additional information on the City's capital assets can be found in note 3 on pages 66 - 68 of this report.

Long-term Debt. At June 30, 2019, the City has general obligation bonds authorized but unissued of \$28,700,000 of Streets and Sidewalks Bonds and \$30,465,000 of Parks and Recreation Bonds. The total bonded debt outstanding is \$53,240,000. Of the amount outstanding, \$31,915,000 is general obligation debt backed by the full faith and credit of the City. The remainder of the City's bonded debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds) of the storm water system.

General Obligation and Revenue Bonds Figure 5

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$ 31,915,000	\$ 34,175,000	\$ -	\$ -	\$ 31,915,000	\$ 34,175,000
Revenue bonds	-	-	21,325,000	22,135,000	21,325,000	22,135,000
Total	\$ 31,915,000	\$ 34,175,000	\$ 21,325,000	\$ 22,135,000	\$ 53,240,000	\$ 56,310,000

The City of Wilmington's total bonded debt decreased by \$3,070,000 during the past fiscal year. At June 30, 2019, 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 \$1,222,355,970.

The City's total debt increased by \$3,387,177 (1.7%) during the past fiscal year. The City incurred other long term debt of \$14,222,954 as a temporary bank loan for the construction of a parking deck as part of a public/private project. The addition of debt was offset by principal retirements for the year ended June 30, 2019 totaling \$10,835,777.

Total Debt Outstanding
Figure 6

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$ 31,915,000	\$ 34,175,000	\$ -	\$ -	\$ 31,915,000	\$ 34,175,000
Revenue bonds	-	-	21,325,000	22,135,000	21,325,000	22,135,000
Installment Obligations	122,722,405	128,424,718	4,087,595	5,080,282	126,810,000	133,505,000
Other Long term obligations	10,085,692	11,156,469	16,932,954	2,710,000	27,018,646	13,866,469
Total	<u>\$ 164,723,097</u>	<u>\$ 173,756,187</u>	<u>\$ 42,345,549</u>	<u>\$ 29,925,282</u>	<u>\$ 207,068,646</u>	<u>\$ 203,681,469</u>

Additional information on the City of Wilmington's long-term debt can be found in note 3 on pages 89 - 101 of this report.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the conservative growth projections:

- The City of Wilmington's unemployment rate of 4.2% at June 30, 2019 was just under the State average of 4.4% and above the national average of 3.8%.
- Sales tax receipts (county-wide) ended the year up by 11.8% over the prior fiscal year and the City of Wilmington's distribution saw a 17.15% increase which was affected by changes in projected property levies that affect the distribution method. Local sales tax revenues for FY20 are estimated at \$27,069,810 reflecting a 6% increase over FY19 adopted levels and a 10% increase over the FY18 actuals. Sales Tax represents 23% of the total General Fund revenues. The NC League of Municipalities estimates projected FY20 local sales tax distributions will be 4.5% over FY19's collection. Wilmington tends to be higher than the State average due to the city's location and tourism industry resulting in about 1.5% to 2% over the State projections.

All of these factors were included in preparing the City of Wilmington's budget for the 2020 fiscal year.

Budget Highlights for the Fiscal Year Ending June 30, 2020

Governmental Activities. The Ad Valorem tax rate remained the same at \$0.4984 per \$100 assessed valuation. The value of one penny of the tax rate is equivalent to approximately \$1,538,021 based on a 99.1% collection rate for Property and a 100% collection rate for Motor Vehicles. Of the \$0.4984, \$0.0947 is dedicated to the Debt Service Fund to support capital projects related to the 1st 80/20 Debt Service CIP, the voter approved Transportation Bond, the voter approved Parks Bond, the Water Street Deck Collaboration and the 3rd year of the 2nd 80/20 Debt Service CIP.

The Wilmington City Council established a Municipal Services District (MSD) for the Central Business District in December of 2016 to provide professional services above and beyond what is already provided by the City. This adopted budget continues the tax rate of \$0.07 per \$100 assessed value, for both real and personal property, based on the total district's property values totaling \$565.2 million. The assessed values have increased by \$8.2 million over FY19. Expected revenues totaling \$392,136 have been budgeted for FY20.

The FY20 budget appropriates \$3 million of fund balance for an expense related to a public safety legal settlement. The budgeted expenditures, excluding transfers, in the General Fund increased by \$7 million from the adopted 2018-19 General Fund budget or 7.3% to \$102,954,041. The FY20 adopted budget reflects a net increase of eight (8) full time positions across various departments as well as a decrease to part time staffing of 6.2. Each position request directly associates with the strategic plan and overall mission of the core values of the city.

Business-type Activities. Stormwater rates increased by 1% to \$8.27 per month per residence. Solid Waste fees remain unchanged. Parking implemented half year fees for the River Place parking deck expected to come on-line in January of 2020.

Requests for Information

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

BASIC FINANCIAL STATEMENTS



CITY OF WILMINGTON, NORTH CAROLINA

Statement of Net Position

June 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents/investments	\$ 116,990,697	\$ 44,793,095	\$ 161,783,792	\$ 140,958
Taxes receivable, net	1,158,813	-	1,158,813	-
Accounts receivable, net	832,049	3,165,047	3,997,096	4,482
Other receivables	1,796,698	49,903	1,846,601	-
Due from other governments	19,260,332	580,806	19,841,138	2,733,368
Due from management company	557,854	-	557,854	-
Inventories	699,417	111,494	810,911	174,508
Notes receivable	19,896,317	-	19,896,317	-
Prepays	578,070	75,447	653,517	89,946
Restricted assets for capital outlay:				
Cash and cash equivalents/investments	13,748,046	1,871,054	15,619,100	-
Capital assets:				
Land, easements and construction in progress	92,546,040	30,529,355	123,075,395	7,394,601
Other capital assets, net of accumulated depreciation	312,268,386	45,838,518	358,106,904	19,771,006
Total assets	<u>580,332,719</u>	<u>127,014,719</u>	<u>707,347,438</u>	<u>30,308,869</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>22,817,127</u>	<u>2,648,428</u>	<u>25,465,555</u>	<u>305,884</u>
LIABILITIES				
Accounts payable	9,565,289	3,118,286	12,683,575	2,564,850
Due to other governments	1,688,233	1,129	1,689,362	-
Accrued liabilities	6,636,288	765,530	7,401,818	69,037
Customer and escrow deposits	1,204,179	119,431	1,323,610	-
Unearned revenues	341,474	107,381	448,855	-
Restricted liabilities:				
Accounts payable	760,508	-	760,508	-
Long-term liabilities:				
Due within one year	18,603,966	1,694,398	20,298,364	211,816
Due in more than one year	244,644,243	50,226,049	294,870,292	377,204
Total liabilities	<u>283,444,180</u>	<u>56,032,204</u>	<u>339,476,384</u>	<u>3,222,907</u>
DEFERRED INFLOWS OF RESOURCES	<u>6,655,547</u>	<u>787,087</u>	<u>7,442,634</u>	<u>9,425</u>
NET POSITION				
Net investment in capital assets	240,380,429	33,297,271	273,677,700	27,165,607
Restricted for:				
Stabilization by State statute	19,795,483	-	19,795,483	-
Community development housing loans	21,588,016	-	21,588,016	-
Convention center facility	7,266,272	-	7,266,272	-
Capital projects	2,810,485	1,055,998	3,866,483	-
Public safety	1,003,410	-	1,003,410	-
Economic and physical development	172,051	-	172,051	-
Cultural and recreational	51,634	-	51,634	-
Transit	-	-	-	135,634
Unrestricted	<u>19,982,339</u>	<u>38,490,587</u>	<u>58,472,926</u>	<u>81,180</u>
Net position	<u>\$ 313,050,119</u>	<u>\$ 72,843,856</u>	<u>\$ 385,893,975</u>	<u>\$ 27,382,421</u>

CITY OF WILMINGTON, NORTH CAROLINA

Statement of Activities

Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 47,767,484	\$ 1,066,542	\$ 27,027	\$ -
Public safety	62,138,353	1,117,151	849,802	43,758
Transportation	18,469,985	1,644,353	4,033,122	5,943,292
Economic and physical development	7,910,229	4,616,434	1,791,991	8,000
Environmental protection	-	61,956	29,841	-
Cultural and recreational	11,362,869	1,073,155	94,441	468,841
Transit system	1,460,155	-	-	-
Hurricane disaster recovery	-	-	17,669,302	-
Interest and other charges	7,366,318	-	437,699	-
Total governmental activities	<u>156,475,393</u>	<u>9,579,591</u>	<u>24,933,225</u>	<u>6,463,891</u>
Business-type activities:				
Solid waste management	8,832,873	9,329,350	90,010	-
Storm water management	7,759,203	11,837,173	3,823	121,175
Parking facilities	3,216,815	3,551,650	-	-
Golf	1,650,273	1,460,888	-	-
Total business-type activities	<u>21,459,164</u>	<u>26,179,061</u>	<u>93,833</u>	<u>121,175</u>
Total primary government	<u>\$ 177,934,557</u>	<u>\$ 35,758,652</u>	<u>\$ 25,027,058</u>	<u>\$ 6,585,066</u>
Component unit	<u>\$ 10,433,653</u>	<u>\$ 2,228,718</u>	<u>\$ 4,325,368</u>	<u>\$ 5,074,742</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	\$ (46,673,915)	\$ -	\$ (46,673,915)	\$ -
Public safety	(60,127,642)	-	(60,127,642)	-
Transportation	(6,849,218)	-	(6,849,218)	-
Economic and physical development	(1,493,804)	-	(1,493,804)	-
Environmental protection	91,797	-	91,797	-
Cultural and recreational	(9,726,432)	-	(9,726,432)	-
Transit system	(1,460,155)	-	(1,460,155)	-
Hurricane disaster recovery	17,669,302	-	17,669,302	-
Interest and other charges	(6,928,619)	-	(6,928,619)	-
Total governmental activities	<u>(115,498,686)</u>	<u>-</u>	<u>(115,498,686)</u>	<u>-</u>
Business-type activities:				
Solid waste management	-	586,487	586,487	-
Storm water management	-	4,202,968	4,202,968	-
Parking facilities	-	334,835	334,835	-
Golf	<u>-</u>	<u>(189,385)</u>	<u>(189,385)</u>	<u>-</u>
Total business-type activities	<u>-</u>	<u>4,934,905</u>	<u>4,934,905</u>	<u>-</u>
Total primary government	<u>(115,498,686)</u>	<u>4,934,905</u>	<u>(110,563,781)</u>	<u>-</u>
Component unit	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,195,175</u>
General revenues:				
Ad valorem taxes	76,858,987	-	76,858,987	-
Room occupancy tax	5,061,597	-	5,061,597	-
Grants and contributions not restricted to specific programs	2,900,175	-	2,900,175	-
Operating subsidy from primary government	-	-	-	1,404,155
Operating subsidy from other governments	-	-	-	428,646
Local option sales tax	28,923,348	-	28,923,348	-
Franchise tax	8,730,544	-	8,730,544	-
Video programming sales tax	1,323,879	-	1,323,879	-
Rental vehicle tax	382,984	-	382,984	-
Investment earnings	2,889,157	920,501	3,809,658	-
Miscellaneous	<u>1,353,525</u>	<u>184,547</u>	<u>1,538,072</u>	<u>225,532</u>
Total general revenues not including transfers	<u>128,424,196</u>	<u>1,105,048</u>	<u>129,529,244</u>	<u>2,058,333</u>
Transfers from (to) other funds	<u>(1,151,354)</u>	<u>1,151,354</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers	<u>127,272,842</u>	<u>2,256,402</u>	<u>129,529,244</u>	<u>2,058,333</u>
Change in net position	<u>11,774,156</u>	<u>7,191,307</u>	<u>18,965,463</u>	<u>3,253,508</u>
Net position at beginning of year	<u>301,275,963</u>	<u>65,652,549</u>	<u>366,928,512</u>	<u>24,128,913</u>
Net position at end of year	<u>\$ 313,050,119</u>	<u>\$ 72,843,856</u>	<u>\$ 385,893,975</u>	<u>\$ 27,382,421</u>

CITY OF WILMINGTON, NORTH CAROLINA

**Balance Sheet -
Governmental Funds**

June 30, 2019

	General Fund	Special Purpose Fund	Streets and Sidewalks Fund
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
ASSETS			
Cash and cash equivalents/investments	\$ 49,178,185	\$ 7,765,034	\$ 16,078,714
Taxes receivable, net	970,747	-	-
Accounts receivable, net	815,944	-	-
Other receivables	1,742,584	8,079	18,758
Due from other funds	952,850	-	-
Due from management company	-	557,854	-
Due from other governments	16,145,904	1,452,833	73,390
Notes receivable, net	217,620	70,947	-
Inventories	669,813	-	-
Prepays	566,844	4,772	-
Restricted assets:			
Cash and cash equivalents/investments	<u>-</u>	<u>185</u>	<u>13,746,243</u>
Total assets	<u><u>\$ 71,260,491</u></u>	<u><u>\$ 9,859,704</u></u>	<u><u>\$ 29,917,105</u></u>
LIABILITIES			
Accounts payable	\$ 3,170,560	\$ 369,412	\$ 1,171,084
Due to other funds	-	-	-
Due to other governments	1,684,790	108	2,016
Accrued liabilities	5,633,641	60,381	-
Customer and escrow deposits	995,721	-	-
Unearned revenue	-	341,474	-
Restricted liabilities:			
Accounts payable	<u>-</u>	<u>-</u>	<u>760,508</u>
Total liabilities	<u><u>11,484,712</u></u>	<u><u>771,375</u></u>	<u><u>1,933,608</u></u>
DEFERRED INFLOWS OF RESOURCES			
Taxes receivable, net	970,748	-	-
Accounts receivable	984,013	3,063	-
Notes receivable	217,620	-	-
Prepaid property taxes	<u>54,684</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u><u>2,227,065</u></u>	<u><u>3,063</u></u>	<u><u>-</u></u>

	Building Improvements Fund	Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents/investments	\$ 5,412,287	\$ 20,840,521	\$ 6,247,554	\$ 105,522,295
Taxes receivable, net	-	184,192	3,874	1,158,813
Accounts receivable, net	7,106	-	-	823,050
Other receivables	3,879	8,221	5,707	1,787,228
Due from other funds	-	-	-	952,850
Due from management company	-	-	-	557,854
Due from other governments	143,467	-	1,372,277	19,187,871
Notes receivable, net	-	-	19,607,750	19,896,317
Inventories	-	-	-	669,813
Prepays	-	-	384	572,000
Restricted assets:				
Cash and cash equivalents/investments	-	1,618	-	13,748,046
Total assets	<u>\$ 5,566,739</u>	<u>\$ 21,034,552</u>	<u>\$ 27,237,546</u>	<u>\$ 164,876,137</u>
LIABILITIES				
Accounts payable	\$ 4,069,131	\$ 1,290	\$ 467,425	\$ 9,248,902
Due to other funds	-	-	952,850	952,850
Due to other governments	794	-	-	1,687,708
Accrued liabilities	-	-	21,505	5,715,527
Customer and escrow deposits	-	-	208,458	1,204,179
Unearned revenue	-	-	-	341,474
Restricted liabilities:				
Accounts payable	-	-	-	760,508
Total liabilities	<u>4,069,925</u>	<u>1,290</u>	<u>1,650,238</u>	<u>19,911,148</u>
DEFERRED INFLOWS OF RESOURCES				
Taxes receivable, net	-	184,192	3,874	1,158,814
Accounts receivable	7,106	-	-	994,182
Notes receivable	-	-	1,759	219,379
Prepaid property taxes	-	12,848	89	67,621
Total deferred inflows of resources	<u>7,106</u>	<u>197,040</u>	<u>5,722</u>	<u>2,439,996</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

June 30, 2019

	General Fund	Special Purpose Fund	Streets and Sidewalks Fund
	<u> </u>	<u> </u>	<u> </u>
FUND BALANCES			
Non Spendable:			
Inventories	\$ 669,813	\$ -	\$ -
Prepays	566,844	4,772	-
Restricted:			
Stabilization by State statute	19,729,125	-	-
Community development loans	-	70,947	-
Convention center	-	7,266,272	-
Capital projects	-	-	12,985,735
Debt service	-	-	-
Public safety	-	783,836	-
Economic and physical development	-	172,051	-
Cultural and recreational	-	51,634	-
Committed:			
Capital projects	-	-	14,997,762
Debt service	-	-	-
Public safety	851,683	474,248	-
Transportation	-	342,753	-
Economic and physical development	-	18,420	-
Cultural and recreational	239,012	-	-
Transit	400,000	-	-
General government	20,000	-	-
Municipal service district	-	-	-
Assigned:			
Self-insurance	1,000,000	-	-
Subsequent year's expenditures	3,020,000	-	-
Unassigned (deficit)	31,052,237	(99,667)	-
Unassigned (deficit), reported in:			
Nonmajor special revenue funds	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>57,548,714</u>	<u>9,085,266</u>	<u>27,983,497</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 71,260,491</u>	<u>\$ 9,859,704</u>	<u>\$ 29,917,105</u>

	Building Improvements Fund	Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
FUND BALANCES				
Non Spendable:				
Inventories	\$ -	\$ -	\$ -	\$ 669,813
Prepays	-	-	384	572,000
Restricted:				
Stabilization by State statute	-	8,221	58,137	19,795,483
Community development loans	-	-	21,517,069	21,588,016
Convention center	-	-	-	7,266,272
Capital projects	-	-	-	12,985,735
Debt service	-	1,618	-	1,618
Public safety	-	-	219,574	1,003,410
Economic and physical development	-	-	-	172,051
Cultural and recreational	-	-	-	51,634
Committed:				
Capital projects	1,489,708	-	3,825,398	20,312,868
Debt service	-	20,826,383	-	20,826,383
Public safety	-	-	-	1,325,931
Transportation	-	-	-	342,753
Economic and physical development	-	-	-	18,420
Cultural and recreational	-	-	-	239,012
Transit	-	-	-	400,000
General government	-	-	-	20,000
Municipal service district	-	-	205,044	205,044
Assigned:				
Self-insurance	-	-	-	1,000,000
Subsequent year's expenditures	-	-	-	3,020,000
Unassigned (deficit)	-	-	-	30,952,570
Unassigned (deficit), reported in:				
Nonmajor special revenue funds	-	-	(244,020)	(244,020)
Total fund balances	<u>1,489,708</u>	<u>20,836,222</u>	<u>25,581,586</u>	<u>142,524,993</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,566,739</u>	<u>\$ 21,034,552</u>	<u>\$ 27,237,546</u>	<u>\$ 164,876,137</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

June 30, 2019

Total fund balances - governmental funds	\$ 142,524,993
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.	399,276,511
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.	(18,291,354)
This amount represents the City's total pension liability of the Law Enforcement Officers' Special Separation Allowance (Separation Allowance).	(12,157,366)
This amount represents the City's net other postemployment benefits liability relevant to governmental activities.	(40,571,422)
Contributions to the LGERS pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position.	3,964,125
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.	366,446
Internal services funds are used by management to charge the costs of equipment and personal computer replacement to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	14,942,789
Liabilities for unavailable revenues considered deferred inflows of resources in fund statements.	2,372,373
This amount represents pension related deferrals from the City's participation in the LGERS pension plan.	9,836,821
This amount represents pension related deferrals from the City's participation in the Separation Allowance pension plan.	257,033
This amount represents other postemployment benefits related deferrals.	(2,566,349)
Long-term liabilities including bonds payable and accrued interest thereon, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(186,904,481)</u>
Net position - governmental activities	<u>\$ 313,050,119</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, 2019

	General Fund	Special Purpose Fund	Streets and Sidewalks Fund
Revenues:			
Ad valorem taxes	\$ 61,978,213	\$ -	\$ -
Room occupancy tax	-	5,061,597	-
Other taxes	39,213,481	-	-
Unrestricted intergovernmental	2,745,750	-	-
Restricted intergovernmental	20,904,294	1,789,247	160,309
Licenses and permits	778,125	-	-
Sales and services	2,981,999	4,606,544	-
Fines and forfeits	134,763	-	-
Investment earnings	1,397,479	151,739	663,780
Donations	-	3,317	71,085
Miscellaneous	748,889	1,080,802	-
Total revenues	<u>130,882,993</u>	<u>12,693,246</u>	<u>895,174</u>
Expenditures:			
Current:			
General government	44,761,249	-	-
Public safety	52,894,949	892,611	-
Transportation	8,176,592	2,387,466	6,434,718
Economic and physical development	137,386	5,764,903	-
Cultural and recreational	7,986,271	3,533	68,577
Transit system	1,404,155	56,000	-
Debt service:			
Principal retirement	-	25,000	-
Interest and other charges	-	1,915,725	-
Total expenditures	<u>115,360,602</u>	<u>11,045,238</u>	<u>6,503,295</u>
Excess (deficiency) of revenues over (under) expenditures	<u>15,522,391</u>	<u>1,648,008</u>	<u>(5,608,121)</u>
Other financing sources (uses):			
Transfers from other funds	13,080,809	693,534	3,114,208
Transfers to other funds	<u>(27,482,106)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(14,401,297)</u>	<u>693,534</u>	<u>3,114,208</u>
Net change in fund balances	1,121,094	2,341,542	(2,493,913)
Fund balances at beginning of year	56,451,053	6,743,724	30,477,410
Change in reserve for inventories	<u>(23,433)</u>	<u>-</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ 57,548,714</u></u>	<u><u>\$ 9,085,266</u></u>	<u><u>\$ 27,983,497</u></u>

	Building Improvements Fund	Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
Revenues:				
Ad valorem taxes	\$ -	\$ 14,519,557	\$ 395,681	\$ 76,893,451
Room occupancy tax	-	-	-	5,061,597
Other taxes	-	-	147,274	39,360,755
Unrestricted intergovernmental	-	-	-	2,745,750
Restricted intergovernmental	33,808	437,699	2,308,967	25,634,324
Licenses and permits	-	-	-	778,125
Sales and services	-	-	-	7,588,543
Fines and forfeits	-	-	-	134,763
Investment earnings	142,878	234,745	132,698	2,723,319
Donations	-	-	99,390	173,792
Miscellaneous	26,325	-	311,663	2,167,679
Total revenues	<u>203,011</u>	<u>15,192,001</u>	<u>3,395,673</u>	<u>163,262,098</u>
Expenditures:				
Current:				
General government	3,056,601	-	158,897	47,976,747
Public safety	7,460,797	-	99,112	61,347,469
Transportation	-	-	65,078	17,063,854
Economic and physical development	346,487	-	1,187,300	7,436,076
Cultural and recreational	-	-	4,199,044	12,257,425
Transit system	-	-	-	1,460,155
Debt service:				
Principal retirement	-	8,598,090	-	8,623,090
Interest and other charges	-	5,633,884	-	7,549,609
Total expenditures	<u>10,863,885</u>	<u>14,231,974</u>	<u>5,709,431</u>	<u>163,714,425</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,660,874)</u>	<u>960,027</u>	<u>(2,313,758)</u>	<u>(452,327)</u>
Other financing sources (uses):				
Transfers from other funds	2,603,615	22,334,832	4,803,516	46,630,514
Transfers to other funds	<u>(45,614)</u>	<u>(18,787,279)</u>	<u>(1,529,140)</u>	<u>(47,844,139)</u>
Total other financing sources (uses)	<u>2,558,001</u>	<u>3,547,553</u>	<u>3,274,376</u>	<u>(1,213,625)</u>
Net change in fund balances	(8,102,873)	4,507,580	960,618	(1,665,952)
Fund balances at beginning of year	9,592,581	16,328,642	24,620,968	144,214,378
Change in reserve for inventories	-	-	-	(23,433)
Fund balances at end of year	<u>\$ 1,489,708</u>	<u>\$ 20,836,222</u>	<u>\$ 25,581,586</u>	<u>\$ 142,524,993</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, 2019

Net change in fund balances - total governmental funds \$ (1,665,952)

Amounts reported for governmental activities in the statement of activities
are different because:

Change in fund balance due to change in reserve for inventory. (23,433)

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. 12,493,905

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. 39,776

Contributions to the Local Governmental Retirement System (LGERS)
pension plan in the current fiscal year are not included on the
Statement of Activities. 3,964,125

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. 366,446

The issuance of long-term debt provides current financial resources
to governmental funds, while the repayment of the principal of
long-term debt consumes the current financial resources of
governmental funds. Neither transaction, however, has any effect on
net position. Also, governmental funds report the effect of prepaid
bond insurance, premiums, discounts, and similar items when debt is
first issued, whereas these amounts are deferred and amortized in the
statement of activities. This amount is the net effect of these
differences in the treatment of long-term debt and related items. 8,775,784

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. (11,576,285)

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. (600,210)

Change in net position - governmental activities \$ 11,774,156

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Taxes:				
Ad valorem tax	\$ 60,893,260	\$ 60,893,260	\$ 61,978,213	\$ 1,084,953
Local option sales tax	25,548,953	25,548,953	28,776,074	3,227,121
Franchise tax	8,441,336	8,441,336	8,730,544	289,208
Video programming tax	1,350,000	1,350,000	1,323,879	(26,121)
Rental vehicle tax	290,000	290,000	382,984	92,984
Unrestricted intergovernmental	1,955,000	2,524,693	2,745,750	221,057
Restricted intergovernmental	3,214,636	16,264,636	20,904,294	4,639,658
Licenses and permits	650,000	716,412	778,125	61,713
Sales and services	2,557,944	2,560,494	2,981,999	421,505
Fines and forfeits	175,000	175,000	134,763	(40,237)
Interest earnings	577,666	577,666	1,397,479	819,813
Miscellaneous	344,073	413,990	748,889	334,899
Total revenues	<u>105,997,868</u>	<u>119,756,440</u>	<u>130,882,993</u>	<u>11,126,553</u>
Expenditures:				
General Government	30,373,515	48,017,881	44,705,288	3,312,593
Public Safety	51,330,829	54,414,556	52,894,949	1,519,607
Transportation	3,909,933	9,121,970	8,176,592	945,378
Cultural and Recreational	9,253,533	9,259,822	7,986,271	1,273,551
Transit System	1,404,155	1,404,155	1,404,155	-
Total expenditures	<u>96,271,965</u>	<u>122,218,384</u>	<u>115,167,255</u>	<u>7,051,129</u>
Excess of revenues over expenditures	<u>9,725,903</u>	<u>(2,461,944)</u>	<u>15,715,738</u>	<u>18,177,682</u>
Other financing sources (uses):				
Transfers from other funds	-	13,080,809	13,080,809	-
Transfers to other funds	(11,032,273)	(27,735,704)	(27,675,453)	60,251
Appropriated fund balance	1,306,370	17,116,839	-	(17,116,839)
Total other financing uses	<u>(9,725,903)</u>	<u>2,461,944</u>	<u>(14,594,644)</u>	<u>(17,056,588)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>1,121,094</u>	<u>\$ 1,121,094</u>
Fund balance at beginning of year			56,451,053	
Change in reserve for inventories			<u>(23,433)</u>	
Fund balance at end of year			<u>\$ 57,548,714</u>	
A portion of a legally budgeted CDBG/HOME Grant and Administration Fund is consolidated into the General Fund for reporting purposes:				
Transfer from General Fund			66,215	
General government expenditures			(17,495)	
Economic and physical development expenditures			<u>(48,720)</u>	
Fund balance at end of year			<u>\$ 57,548,714</u>	

CITY OF WILMINGTON, NORTH CAROLINA

**Statement of Net Position -
Proprietary Funds**

June 30, 2019

	Enterprise Funds		
	Solid Waste Management Fund	Storm Water Management Fund	Parking Facilities Fund
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 6,873,049	\$ 29,239,561	\$ 8,030,119
Accounts receivable:			
Customers, net	1,623,471	1,541,576	-
Other receivables	8,357	33,069	7,824
Due from other governments	165,053	293,645	116,649
Inventory of materials and supplies	-	81,581	-
Prepays	31,544	35,459	-
Restricted assets:			
Cash and cash equivalents	-	1,871,054	-
Total current assets	<u>8,701,474</u>	<u>33,095,945</u>	<u>8,154,592</u>
Noncurrent assets:			
Capital assets:			
Land	-	1,107,671	6,818,240
Easements	-	1,390,718	176,752
Improvements other than buildings	-	61,922,548	231,282
Buildings, plant and structures	-	1,202,630	12,601,395
Intangible software	-	-	58,184
Furniture, fixtures, machinery and equipment	46,109	479,193	546,011
Construction in progress	-	2,272,421	18,577,891
Less accumulated depreciation	<u>(38,519)</u>	<u>(22,578,913)</u>	<u>(10,035,496)</u>
Total capital assets, net of accumulated depreciation	<u>7,590</u>	<u>45,796,268</u>	<u>28,974,259</u>
Total assets	<u>8,709,064</u>	<u>78,892,213</u>	<u>37,128,851</u>
DEFERRED OUTFLOWS OF RESOURCES			
Other postemployment benefits deferrals	295,187	336,065	4,097
Pension deferrals	555,707	492,831	20,460
Contributions to pension plan in current fiscal year	223,076	168,113	9,221
Charge on refunding	<u>-</u>	<u>228,839</u>	<u>138,139</u>
Total deferred outflows of resources	<u>1,073,970</u>	<u>1,225,848</u>	<u>171,917</u>

	Nonmajor Golf Fund	Total	Internal Service Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 650,366	\$ 44,793,095	\$ 11,468,402
Accounts receivable:			
Customers, net	-	3,165,047	8,999
Other receivables	653	49,903	9,470
Due from other governments	5,459	580,806	72,461
Inventory of materials and supplies	29,913	111,494	29,604
Prepays	8,444	75,447	6,070
Restricted assets:			
Cash and cash equivalents	-	1,871,054	-
Total current assets	<u>694,835</u>	<u>50,646,846</u>	<u>11,595,006</u>
Noncurrent assets:			
Capital assets:			
Land	109,393	8,035,304	-
Easements	-	1,567,470	-
Improvements other than buildings	2,259,426	64,413,256	-
Buildings, plant and structures	485,348	14,289,373	-
Intangible software	-	58,184	19,000
Furniture, fixtures, machinery and equipment	318,848	1,390,161	24,788,123
Construction in progress	76,269	20,926,581	-
Less accumulated depreciation	<u>(1,659,528)</u>	<u>(34,312,456)</u>	<u>(19,269,208)</u>
Total capital assets, net of accumulated depreciation	<u>1,589,756</u>	<u>76,367,873</u>	<u>5,537,915</u>
Total assets	<u>2,284,591</u>	<u>127,014,719</u>	<u>17,132,921</u>
DEFERRED OUTFLOWS OF RESOURCES			
Other postemployment benefits deferrals	40,599	675,948	28,886
Pension deferrals	101,218	1,170,216	127,002
Contributions to pension plan in current fiscal year	34,876	435,286	46,739
Charge on refunding	-	366,978	-
Total deferred outflows of resources	<u>176,693</u>	<u>2,648,428</u>	<u>202,627</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

June 30, 2019

	Enterprise Funds		
	<u>Solid Waste Management Fund</u>	<u>Storm Water Management Fund</u>	<u>Parking Facilities Fund</u>
LIABILITIES			
Current liabilities:			
Accounts payable:			
Trade	\$ 169,779	\$ 157,867	\$ 132,033
Contracts and retainage	-	445,619	2,195,848
Due to other governments	-	-	-
Accrued liabilities:			
Personnel costs	352,399	239,726	8,488
Interest	-	75,673	54,140
Current portion of long-term liabilities:			
Bonds payable	-	840,000	-
Installment obligations	-	80,000	492,845
Other long-term obligations	-	-	-
Accrued vacation and sick leave	133,919	95,738	2,698
Customer and escrow deposits	-	119,105	-
Unearned revenues	-	-	-
Total current liabilities	<u>656,097</u>	<u>2,053,728</u>	<u>2,886,052</u>
Noncurrent liabilities:			
Noncurrent portion of long-term liabilities:			
Bonds payable	-	21,974,417	-
Installment obligations	-	431,992	3,445,168
Other long-term obligations	-	-	16,932,954
Accrued vacation and sick leave	109,142	78,025	2,199
Net other postemployment benefits liability	2,499,304	1,933,856	56,870
Net pension liability	<u>1,035,851</u>	<u>899,554</u>	<u>39,286</u>
Total noncurrent liabilities	<u>3,644,297</u>	<u>25,317,844</u>	<u>20,476,477</u>
Total liabilities	<u>4,300,394</u>	<u>27,371,572</u>	<u>23,362,529</u>
DEFERRED INFLOWS OF RESOURCES			
Other postemployment benefits deferrals	323,843	250,576	14,675
Pension deferrals	26,612	25,412	778
Charge on refunding	-	2,632	-
Total deferred inflows of resources	<u>350,455</u>	<u>278,620</u>	<u>15,453</u>
NET POSITION			
Net investment in capital assets	7,590	24,575,730	7,124,195
Restricted for:			
Capital projects	-	1,055,998	-
Unrestricted (deficit)	<u>5,124,595</u>	<u>26,836,141</u>	<u>6,798,591</u>
Net Position	<u>\$ 5,132,185</u>	<u>\$ 52,467,869</u>	<u>\$ 13,922,786</u>

	Nonmajor Golf Fund	Total	Internal Service Funds
LIABILITIES			
Current liabilities:			
Accounts payable:			
Trade	\$ 12,671	\$ 472,350	\$ 316,387
Contracts and retainage	4,469	2,645,936	-
Due to other governments	1,129	1,129	525
Accrued liabilities:			
Personnel costs	35,104	635,717	42,524
Interest	-	129,813	6,396
Current portion of long-term liabilities:			
Bonds payable	-	840,000	-
Installment obligations	-	572,845	-
Other long-term obligations	-	-	410,000
Accrued vacation and sick leave	49,198	281,553	42,949
Customer and escrow deposits	326	119,431	-
Unearned revenues	107,381	107,381	-
Total current liabilities	210,278	5,806,155	818,781
Noncurrent liabilities:			
Noncurrent portion of long-term liabilities:			
Bonds payable	-	21,974,417	-
Installment obligations	-	3,877,160	-
Other long-term obligations	-	16,932,954	820,000
Accrued vacation and sick leave	41,411	230,777	52,066
Net other postemployment benefits liability	563,570	5,053,600	400,979
Net pension liability	182,450	2,157,141	234,531
Total noncurrent liabilities	787,431	50,226,049	1,507,576
Total liabilities	997,709	56,032,204	2,326,357
DEFERRED INFLOWS OF RESOURCES			
Other postemployment benefits deferrals	137,406	726,500	60,045
Pension deferrals	5,153	57,955	6,357
Charge on refunding	-	2,632	-
Total deferred inflows of resources	142,559	787,087	66,402
NET POSITION			
Net investment in capital assets	1,589,756	33,297,271	4,307,915
Restricted for:			
Capital projects	-	1,055,998	-
Unrestricted (deficit)	(268,740)	38,490,587	10,634,874
Net Position	\$ 1,321,016	\$ 72,843,856	\$ 14,942,789

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2019

	Enterprise Funds		
	Solid Waste Management Fund	Storm Water Management Fund	Parking Facilities Fund
Operating revenues:			
Charges for services	\$ 9,329,350	\$ 11,837,173	\$ 3,551,650
Other operating revenues	<u>24,976</u>	<u>102,600</u>	<u>-</u>
Total operating revenues	<u>9,354,326</u>	<u>11,939,773</u>	<u>3,551,650</u>
Operating expenses:			
Salaries, employee benefits and other personnel costs	3,951,080	2,639,058	184,108
Materials and fuels consumed	646,988	377,921	3,701
Landfill disposal fees	1,498,215	-	-
Services	1,159,116	838,383	1,549,072
Utilities	18,433	30,675	49,978
Depreciation	6,193	1,101,845	608,063
Amortization	-	615	-
Other operating expenses	<u>1,539,647</u>	<u>1,860,137</u>	<u>605,008</u>
Total operating expenses	<u>8,819,672</u>	<u>6,848,634</u>	<u>2,999,930</u>
Operating income (loss)	<u>534,654</u>	<u>5,091,139</u>	<u>551,720</u>
Nonoperating revenues (expenses):			
Investment earnings	148,940	608,348	153,512
Restricted intergovernmental	90,010	3,823	-
Interest and other charges	-	(910,569)	(216,885)
Loss on disposal of capital assets, net	<u>(13,201)</u>	<u>-</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>225,749</u>	<u>(298,398)</u>	<u>(63,373)</u>
Income (loss) before capital contributions and transfers	760,403	4,792,741	488,347
Capital contributions	-	121,175	260,000
Transfers from other funds	47,433	17,301	642,343
Transfers to other funds	<u>(15,723)</u>	<u>-</u>	<u>-</u>
Change in net position	792,113	4,931,217	1,390,690
Net position at beginning of year	<u>4,340,072</u>	<u>47,536,652</u>	<u>12,532,096</u>
Net position at end of year	<u>\$ 5,132,185</u>	<u>\$ 52,467,869</u>	<u>\$ 13,922,786</u>

	Nonmajor Golf Fund	Total	Internal Service Funds
Operating revenues:			
Charges for services	\$ 1,460,888	\$ 26,179,061	\$ 6,867,089
Other operating revenues	<u>56,971</u>	<u>184,547</u>	<u>130,990</u>
Total operating revenues	<u>1,517,859</u>	<u>26,363,608</u>	<u>6,998,079</u>
Operating expenses:			
Salaries, employee benefits and other personnel costs	851,025	7,625,271	862,980
Materials and fuels consumed	305,552	1,334,162	18,183
Landfill disposal fees	-	1,498,215	-
Services	47,954	3,594,525	841,490
Utilities	47,600	146,686	7,152
Depreciation	96,047	1,812,148	2,434,798
Amortization	-	615	-
Other operating expenses	<u>302,095</u>	<u>4,306,887</u>	<u>1,768,488</u>
Total operating expenses	<u>1,650,273</u>	<u>20,318,509</u>	<u>5,933,091</u>
Operating income (loss)	<u>(132,414)</u>	<u>6,045,099</u>	<u>1,064,988</u>
Nonoperating revenues (expenses):			
Investment earnings	9,701	920,501	205,403
Restricted intergovernmental	-	93,833	25,074
Interest and other charges	-	(1,127,454)	(21,853)
Loss on disposal of capital assets, net	<u>-</u>	<u>(13,201)</u>	<u>(2,196,093)</u>
Total nonoperating revenues (expenses)	<u>9,701</u>	<u>(126,321)</u>	<u>(1,987,469)</u>
Income (loss) before capital contributions and transfers	(122,713)	5,918,778	(922,481)
Capital contributions	-	381,175	-
Transfers from other funds	200,000	907,077	322,271
Transfers to other funds	<u>-</u>	<u>(15,723)</u>	<u>-</u>
Change in net position	77,287	7,191,307	(600,210)
Net position at beginning of year	<u>1,243,729</u>	<u>65,652,549</u>	<u>15,542,999</u>
Net position at end of year	<u>\$ 1,321,016</u>	<u>\$ 72,843,856</u>	<u>\$ 14,942,789</u>

CITY OF WILMINGTON, NORTH CAROLINA

**Statement of Cash Flows -
Proprietary Funds**

Year Ended June 30, 2019

	Enterprise Funds		
	Solid Waste Management Fund	Storm Water Management Fund	Parking Facilities Fund
Cash flows from operating activities:			
Receipts from customers and users	\$ 9,280,342	\$ 8,927,931	\$ 3,436,666
Receipts from interfund services provided	37,901	2,906,501	-
Payments to suppliers	(3,948,059)	(2,276,419)	(2,103,497)
Payments to or on behalf of employees	(4,141,886)	(2,989,034)	(148,566)
Payments for interfund services used	<u>(971,091)</u>	<u>(727,820)</u>	<u>(7,590)</u>
Net cash provided by operating activities	<u>257,207</u>	<u>5,841,159</u>	<u>1,177,013</u>
Cash flows from noncapital and related financing activities:			
Advances from other funds	-	-	-
Due to other funds	(25,833)	-	-
Transfers from other funds	47,433	17,301	642,343
Transfers to other funds	(5,968)	-	-
Restricted intergovernmental	<u>90,010</u>	<u>-</u>	<u>-</u>
Net cash provided by noncapital and related financing activities	<u>105,642</u>	<u>17,301</u>	<u>642,343</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(9,755)	(410,040)	(14,237,978)
Proceeds from other long-term obligations	-	-	14,222,954
Principal payments on bonds	-	(810,000)	-
Principal payments on installment obligations	-	(80,000)	(912,687)
Principal payments on other long-term obligations	-	-	-
Interest and other charges	-	(945,279)	(209,754)
Proceeds from sale of capital assets	<u>1,220</u>	<u>-</u>	<u>-</u>
Net cash used in capital and related financing activities	<u>(8,535)</u>	<u>(2,245,319)</u>	<u>(1,137,465)</u>
Cash flows from investing activities:			
Investment earnings	<u>146,524</u>	<u>600,025</u>	<u>152,376</u>
Net increase (decrease) in cash and cash equivalents	500,838	4,213,166	834,267
Cash and cash equivalents at beginning of year	<u>6,372,211</u>	<u>26,897,449</u>	<u>7,195,852</u>
Cash and cash equivalents at end of year	<u>\$ 6,873,049</u>	<u>\$ 31,110,615</u>	<u>\$ 8,030,119</u>

	Nonmajor Golf Fund	Total	Internal Service Funds
Cash flows from operating activities:			
Receipts from customers and users	\$ 1,547,847	\$ 23,192,786	\$ 679,511
Receipts from interfund services provided	-	2,944,402	6,238,438
Payments to suppliers	(674,068)	(9,002,043)	(1,491,914)
Payments to or on behalf of employees	(671,276)	(7,950,762)	(812,741)
Payments for interfund services used	(41,553)	(1,748,054)	(5,307)
Net cash provided by operating activities	<u>160,950</u>	<u>7,436,329</u>	<u>4,607,987</u>
Cash flows from noncapital and related financing activities:			
Advances from other funds	(26,000)	(26,000)	-
Due to other funds	(52,400)	(78,233)	-
Transfers from other funds	200,000	907,077	312,516
Transfers to other funds	-	(5,968)	-
Restricted intergovernmental	-	90,010	25,074
Net cash provided by noncapital and related financing activities	<u>121,600</u>	<u>886,886</u>	<u>337,590</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(12,380)	(14,670,153)	(5,026,512)
Proceeds from other long-term obligations	-	14,222,954	-
Principal payments on bonds	-	(810,000)	-
Principal payments on installment obligations	-	(992,687)	-
Principal payments on other long-term obligations	-	-	(410,000)
Interest and other charges	-	(1,155,033)	(23,985)
Proceeds from sale of capital assets	-	1,220	274,035
Net cash used in capital and related financing activities	<u>(12,380)</u>	<u>(3,403,699)</u>	<u>(5,186,462)</u>
Cash flows from investing activities:			
Investment earnings	<u>9,397</u>	<u>908,322</u>	<u>206,625</u>
Net increase (decrease) in cash and cash equivalents	279,567	5,827,838	(34,260)
Cash and cash equivalents at beginning of year	<u>370,799</u>	<u>40,836,311</u>	<u>11,502,662</u>
Cash and cash equivalents at end of year	<u>\$ 650,366</u>	<u>\$ 46,664,149</u>	<u>\$ 11,468,402</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2019

	Enterprise Funds		
	Solid Waste Management Fund	Storm Water Management Fund	Parking Facilities Fund
Reconciliation to Statement of Net Position:			
Cash and cash equivalents	\$ 6,873,049	\$ 29,239,561	\$ 8,030,119
Restricted cash and cash equivalents	<u>-</u>	<u>1,871,054</u>	<u>-</u>
Total cash and cash equivalents	<u>\$ 6,873,049</u>	<u>\$ 31,110,615</u>	<u>\$ 8,030,119</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 534,654	\$ 5,091,139	\$ 551,720
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	6,193	1,102,460	608,063
Changes in assets, liabilities and deferred items:			
Accounts receivable	(55,223)	(102,993)	-
Due from other governments	19,140	(2,348)	(114,984)
Inventory of materials and supplies	-	(23,979)	-
Prepays	4,516	8,309	13,553
Deferred outflows of resources for pensions	(302,114)	(235,355)	(11,532)
Deferred outflows of resources for other postemployment benefits	(291,827)	(333,302)	(4,035)
Net pension liability	369,929	314,719	15,193
Net other postemployment benefits liability	(141,357)	(236,887)	8,538
Deferred inflows of resources for pensions	(15,607)	(13,278)	(598)
Deferred inflows of resources for other postemployment benefits	237,880	179,911	13,102
Accounts payable and accrued liabilities	(139,141)	135,041	97,420
Due to other governments	-	-	-
Customer and escrow deposits	-	-	-
Accrued vacation and sick leave	30,164	(42,278)	573
Unearned revenues	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by operating activities	<u>\$ 257,207</u>	<u>\$ 5,841,159</u>	<u>\$ 1,177,013</u>
Noncash investing, capital and financing activities:			
Capital assets acquired on account	\$ -	\$ 44,825	\$ 704,637
Transfer of capital assets between proprietary funds	(9,755)	-	-
Capital contributions from developers	-	61,740	-
Capital contributions from governmental funds	-	-	260,000
Donation of capital assets to governmental funds	<u>-</u>	<u>-</u>	<u>-</u>
Net effect of noncash activities	<u>\$ (9,755)</u>	<u>\$ 106,565</u>	<u>\$ 964,637</u>

	Nonmajor Golf Fund	Total	Internal Service Funds
Reconciliation to Statement of Net Position:			
Cash and cash equivalents	\$ 650,366	\$ 44,793,095	\$ 11,468,402
Restricted cash and cash equivalents	-	1,871,054	-
Total cash and cash equivalents	<u>\$ 650,366</u>	<u>\$ 46,664,149</u>	<u>\$ 11,468,402</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ (132,414)	\$ 6,045,099	\$ 1,064,988
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	96,047	1,812,763	2,434,798
Changes in assets, liabilities and deferred items:			
Accounts receivable	-	(158,216)	(7,669)
Due from other governments	(5,459)	(103,651)	(72,461)
Inventory of materials and supplies	(5,546)	(29,525)	2,432
Prepays	162	26,540	1,035,000
Deferred outflows of resources for pensions	(47,621)	(596,622)	(64,289)
Deferred outflows of resources for other postemployment benefits	(39,978)	(669,142)	(28,387)
Net pension liability	59,653	759,494	82,143
Net other postemployment benefits liability	75,126	(294,580)	8,778
Deferred inflows of resources for pensions	(2,560)	(32,043)	(3,466)
Deferred inflows of resources for other postemployment benefits	121,505	552,398	47,278
Accounts payable and accrued liabilities	(5,135)	88,185	101,539
Due to other governments	1,129	1,129	525
Customer and escrow deposits	326	326	-
Accrued vacation and sick leave	10,594	(947)	6,778
Unearned revenues	35,121	35,121	-
Net cash provided by operating activities	<u>\$ 160,950</u>	<u>\$ 7,436,329</u>	<u>\$ 4,607,987</u>
Noncash investing, capital and financing activities:			
Capital assets acquired on account	\$ 4,469	\$ 753,931	\$ (75,928)
Transfer of capital assets between proprietary funds	-	(9,755)	9,755
Capital contributions from developers	-	61,740	-
Capital contributions from governmental funds	-	260,000	-
Donation of capital assets to governmental funds	-	-	(2,441,233)
Net effect of noncash activities	<u>\$ 4,469</u>	<u>\$ 1,065,916</u>	<u>\$ (2,507,406)</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

June 30, 2019

	Other Postemployment Benefits Trust Fund	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ -	\$ 467,585
Investments:		
North Carolina Capital Management Trust, Government Portfolio	3,018,782	-
North Carolina Capital Management Trust, Term Portfolio	-	22,616
U.S. Government Agencies	-	17,164
Other receivables	<u>-</u>	<u>129</u>
Total assets	<u>3,018,782</u>	<u>507,494</u>
LIABILITIES		
Escrow funds and deposits	<u>-</u>	<u>507,494</u>
Total liabilities	<u>-</u>	<u>507,494</u>
NET POSITION		
Restricted for postemployment benefits other than pensions	<u>\$ 3,018,782</u>	<u>\$ -</u>

See notes to financial statements.

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2019

	Other Postemployment Benefits Trust Fund
Additions:	
Contributions:	
Employer	\$ 1,695,649
Plan members	<u>451,429</u>
Total contributions	2,147,078
Investment earnings	<u>61,751</u>
Total additions	<u>2,208,829</u>
Deductions:	
Benefit payments	2,016,314
Administrative expense	<u>133,464</u>
Total deductions	<u>2,149,778</u>
Change in net position	59,051
Net position restricted for postemployment benefits other than pensions	
Beginning of year	<u>2,959,731</u>
End of year	<u><u>\$ 3,018,782</u></u>

See notes to financial statements.

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CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements June 30, 2019

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 121,910. The City has a Council-Manager form of government with a seven-member council, which includes an elected mayor. As required by generally accepted accounting principles, these financial statements present the City and its component units, legally separate entities for which the City is financially accountable.

Blended component units, although legally separate entities, are in substance part of the government's operations and so data from these units is combined with data of the primary government. The discretely presented component unit, on the other hand, is reported in a separate column in the financial statements to emphasize that it is legally separate from the primary government. One component unit has no financial transactions or account balances and, therefore, does not appear in the financial statements. Each blended and discretely presented component unit has a June 30 year-end.

BLENDED COMPONENT UNIT

Wilmington Future, Inc.

Wilmington Future, Inc. (the Corporation), a North Carolina nonprofit corporation, exists to issue tax-exempt obligations pursuant to the Internal Revenue Code of 1986, as amended. The Corporation is governed by a three-member Board of Directors and may, by Board action, dismiss members and appoint up to four additional members. The Corporation has no financial transactions or account balances; therefore, it is not presented in the combined financial statements. The Corporation does not issue separate financial statements.

DISCRETELY PRESENTED COMPONENT UNIT

Cape Fear Public Transportation Authority

The Cape Fear Public Transportation Authority (Authority), operating as Wave Transit, is a public authority created in 2004 by a concurrent resolution of New Hanover County (County) and the City. The interlocal agreement adopted by the County and City provides for the operation of transportation facilities and transportation services throughout the City and up to 30 miles outside its corporate limits and effectively merged the transportation facilities and services provided by the County and the City. The interlocal agreement was amended on March 2, 2015 at which time the term of the agreement was changed to be effective for 20 years, with one 10 year renewal term after the initial term upon approval of the County and the City. Additionally, the agreement requires the Authority to maintain a minimal fund balance of eight percent of the operating budget. If the Authority uses money from the fund balance such that the fund balance falls below eight percent, the Authority is to submit a plan to the City and County to replenish the fund balance within 24 months.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. REPORTING ENTITY (continued)

DISCRETELY PRESENTED COMPONENT UNIT (continued)

Cape Fear Public Transportation Authority (continued)

The Authority is governed by an eleven member board. The Authority board consists of five members appointed by the County, five members appointed by the City and one member appointed jointly by the County and City from a human service agency served by public transportation services.

Each proposed annual budget shall be submitted to the County and City for approval by the County Commissioners and City Council. The County and City provide annual funding to the Authority as their budgets permit. Any debt necessary for the maintenance, improvement or expansion of the Authority will be incurred by the County or City for the benefit of the Authority. The Authority establishes and revises, from time-to-time, schedules of rates, fees and charges for the use of the services of the Authority. An interlocal agreement between the City and the Authority, effective July 1, 2005 and as amended May 15, 2013, provides that the City will (a) make available to the Authority on July 1 of each fiscal year the annual appropriation approved in the adopted City budget, and (b) allow the Authority access to additional necessary operating funds in an amount not to exceed \$400,000, less any additional operating funds provided by the County in excess of the County's annual appropriation for public transportation, as an advance on awarded federal and/or State operating funds that the Authority has not received. Advances shall be repaid the earlier of June 30 of each year or 120 days following the advance. In the event the Authority does not repay the advance, the City will withhold the outstanding balance from its annual appropriation. The agreement may be terminated by the mutual written consent of the parties or upon the lack of an award or termination of federal and/or State funding to the Authority. For financial reporting purposes, in conformity with GASB Codification Section 2100, the Authority is a component unit of the City and is included as such in the City's comprehensive annual financial report, as the Authority is fiscally dependent on the City.

A blended component unit is a separate legal entity whose operations are so intertwined with the Authority that it is, in substance, the same as the Authority. Making Waves Foundation (the Foundation), a North Carolina nonprofit corporation, is a blended component unit of the Authority as the Authority elects all of the board members of the Foundation's board of directors. The Foundation provides transportation fare subsidies for the Authority system to nonprofit agencies who provide assistance to members of the community in need and individuals who otherwise would not have access to transportation. These subsidies are returned to the Authority through fares. The Foundation is considered to almost exclusively benefit the Authority. The balances and transactions of the Foundation are blended with those of the Authority in the accompanying financial statements. The activity of the blended component unit is not considered to be materially significant as compared to the activity of the Authority. The Foundation does not issue separate financial statements.

The Authority's complete financial statements for the year ended June 30, 2019 may be obtained at their administrative offices:

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

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. BASIS OF PRESENTATION

Government-wide Statements. The statement of net position and the statement of activities display information about the primary government and its component unit. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements. The fund financial statements provide information about the City's funds. Separate statements for each fund category – *governmental*, *proprietary*, and *fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies, tax distributions, and investment earnings, result from non-exchange transactions or ancillary activities.

The City reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the City. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety, street maintenance and construction and parks and recreation. Additionally, the City has legally adopted a CDBG/Home Grant and Loan Administration Fund. Under GASB 54 guidance, the CDBG/Home Grant and Loan Administration Fund is consolidated in the General Fund. The budgetary comparison for the CDBG/Home Grant and Loan Administration Fund has been included in the supplemental information.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. BASIS OF PRESENTATION (continued)

Special Purpose Fund. Although the Special Purpose Fund does not meet criteria to be a major fund, the City had determined that the fund is qualitatively material to the users of the financial statements. This fund accounts for and reports the proceeds of a local room occupancy tax that is restricted by State statute for the operation of the convention center; 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, National Highway Traffic Safety Administration, Department of Environment and Natural Resources, and the North Carolina Department of Public Safety. Additionally, the City has legally adopted a Convention Center Fund. Under GASB 54 guidance, the Convention Center Fund is consolidated in the Special Purpose Fund. The budgetary comparison for the Convention Center Fund has been included in the supplemental information. The City also maintains a UDAG Loan Fund for which a budget is not adopted in accordance with State law [G.S. 159-13(a)(3)] as this fund is established to account for monies held by the City as a common law trustee. Under GASB 54 guidance, the UDAG Loan Fund is consolidated in the Special Purpose Fund.

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

Building Improvements Fund. This fund accounts for resources used for the acquisition, renovation and construction of major capital improvements, other than those financed by proprietary funds.

Debt Service Fund. The Debt Service Fund accumulates resources to pay maturing principal and interest on general obligation bonds, certain installment obligations and other long-term obligations issued for governmental capital projects and equipment purchases as well as certain installment obligations issued to refund other long-term obligations issued for the acquisition of the Water Street parking deck and accounted for in the Parking Facilities Fund, a business-type activity. Additionally, this fund passes through and accumulates resources pursuant to the Council adopted Capital Improvement Plans, the Streets and Sidewalks Bond Referendum, and the Parks and Recreation Bond Referendum. In accordance with these plans, resources earmarked for the pay-as-you-go portion, or 20%, of the projected costs of certain capital projects are passed through to the related capital project funds while resources are accumulated to pay related debt service on the remaining 80% of the projected costs.

Maturing principal and interest on obligations issued to fund the construction of the Wilmington Convention Center are serviced by the Convention Center Fund. Obligations issued for equipment replacement, solid waste disposal, storm water management and parking facilities, plus related debt service, are recorded in the respective internal service and enterprise funds.

The City reports the following major enterprise funds:

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

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

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

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. BASIS OF PRESENTATION (continued)

Additionally, the City reports the following fund types:

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

Pension and OPEB Trust Funds. Pension trust funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans or other postemployment benefit plans. The City's Other Postemployment Benefits Trust Fund accounts for the City's contributions for healthcare coverage provided to qualified retirees.

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

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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

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

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (continued)

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

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

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

D. BUDGETARY DATA

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

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued)

June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. BUDGETARY DATA (continued)

Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and the Community Development, the Home Investment Partnership and the Convention Center multi-year funds; at the fund level for all capital projects multi-year funds; and 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 City's investments with a maturity of more than one year at acquisition are reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, has an AAAM rating from S&P. The NCCMT Term Portfolio, a bond fund, has no rating and a duration of .11 years. Both the NCCMT Government and Term Portfolios are reported at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost.

CASH AND CASH EQUIVALENTS

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

RESTRICTED ASSETS

Unspent donations are classified as restricted assets because they are restricted to the capital projects or programs for which the funds were collected. Unexpended proceeds of the City's general obligation bonds, limited obligation bonds and other long-term obligations are classified as restricted assets because their use is limited by bond covenants, bond indentures and other financing agreements to the purpose for which the debt was originally issued.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

RESTRICTED ASSETS (continued)

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

	Special Purpose Fund	Streets and Sidewalks Fund	Debt Service Fund	Governmental Activities
Debt proceeds and related interest earnings	\$ 185	\$ 10,935,758	\$ 1,618	\$ 10,937,561
Donations	-	2,810,485	-	2,810,485
	<u>\$ 185</u>	<u>\$ 13,746,243</u>	<u>\$ 1,618</u>	<u>\$ 13,748,046</u>

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

	Storm Water Management Fund	Business-Type Activities
Debt proceeds and related interest earnings	<u>\$ 1,871,054</u>	<u>\$ 1,871,054</u>

AD VALOREM TAXES RECEIVABLE

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the City levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2017. For collection purposes, taxes receivable are written off at the end of ten years in accordance with North Carolina General Statutes.

ALLOWANCES FOR DOUBTFUL ACCOUNTS

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

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

INVENTORIES AND PREPAID ITEMS

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

Certain payments to vendors and employees reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used. Included in prepaid items in the government-wide financial statements are unamortized bond insurance costs.

CAPITAL ASSETS

Capital assets are reported in the government-wide financial statements and proprietary fund financial statements in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Capital assets are defined by the City as assets with an initial, individual cost of more than a certain cost and an estimated useful life that extends past a single full reporting period. Minimum capitalization costs are as follows: land, right-of-ways and easements \$10,000; furniture, equipment and computer software \$5,000; buildings and improvements, plant structures \$25,000; infrastructure and certain improvements other than buildings \$100,000. Infrastructure includes streets and drainage systems. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets and those acquired by annexation prior to July 1, 2015 are recorded at their estimated fair value at the date of donation or effective date of annexation. Donated capital assets and those acquired by annexation after June 30, 2015 are recorded at acquisition value. General infrastructure assets acquired prior to July 1, 2002 consist of streets and related right of way that were acquired or received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

CAPITAL ASSETS (continued)

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

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

The City may consider capital assets impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstances is outside the normal life cycle of the capital asset. Impaired assets will be appropriately reduced in value or discarded if idle. The City owns no significant capital assets that would be considered impaired.

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has several items that meet this criterion in the statement of net position – a loss on refunding, deferrals of pension expense, deferrals of other postemployment benefits expense, contributions made to the pension plan in the current fiscal year and benefit payments and administration costs paid subsequent to the measurement date. In addition to liabilities, the statement of net position and/or balance sheet can also report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has several items that meet the criterion for this category – prepaid taxes, receivables that do not meet the availability criterion, a gain on refunding, deferrals of pension expense and deferrals of other postemployment benefits expense.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

LONG-TERM OBLIGATIONS

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

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

COMPENSATED ABSENCES

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

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

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.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

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, 2019:

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, 2019:

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

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

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 and unspent donations.

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

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

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

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

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, 2019:

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

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

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

FUND BALANCES (continued)

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 future special travel and training opportunities for City Council, City Manager, Clerk and Attorney.

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

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, 2019:

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

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

Unassigned fund balance - This classification is the portion of fund balance that has not been restricted, committed or assigned to specific purposes or other funds as of June 30, 2019. 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.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

FUND BALANCES (continued)

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 total annual operating budget. Any portion of the general fund balance in excess of 25% of the total annual operating budget may be used for non-recurring expenditures and pay-as-you-go capital expenditures. For the General Fund at June 30, 2019, 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 OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about fiduciary net position of the healthcare benefit plan and additions to/deductions from the healthcare benefit plan fiduciary net position have been determined on the same basis as they are reported by the healthcare benefit plan. For this purpose, the healthcare benefit plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments for all plans are reported at fair value.

F. COMPARATIVE DATA

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

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

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

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

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

The details of that item are as follows:

Bonds payable	\$ (31,915,000)
Installment obligations	(122,722,405)
Other long-term obligations	(8,855,692)
Unamortized premiums	(15,167,855)
Unamortized deferred outflows of resources	4,274,924
Unamortized deferred inflows of resources	(40,022)
Accrued interest payable	(871,841)
Accrued vacation and sick leave	(7,606,590)
Claims and judgements	<u>(4,000,000)</u>
	<u>\$ (186,904,481)</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, 2019

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	\$ 17,895,060
Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	5,709,772
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.	2,181,233
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.	(280)
Depreciation expense	<u>(13,291,880)</u>
	<u>\$ 12,493,905</u>

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

Accrued interest receivable	\$ (39,565)
Tax and other receipts deferred in funds	<u>79,341</u>
	<u>\$ 39,776</u>

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

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

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

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

The details of this item are as follows:

Principal payments:	
Bonds payable	\$ 2,260,000
Installment obligations	5,702,313
Other long-term obligations	660,777
Amortization of premiums and loss on refundings	<u>152,694</u>
	<u>\$ 8,775,784</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	\$ (530,158)
Other postemployment benefits	(1,497,185)
Pension expense - Local Governmental Employees' Retirement System	(5,005,658)
Pension expense - Law Enforcement Special Separation Allowance	(595,734)
Accrued interest payable	52,450
Claims and judgements	<u>(4,000,000)</u>
	<u>\$ (11,576,285)</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.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

A. ASSETS (continued)

DEPOSITS AND INVESTMENTS (continued)

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

At June 30, 2019, the City's deposits had a carrying amount of \$48,216,095 and a bank balance of \$50,608,037. Of the bank balance, \$1,000,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. Cash on hand at June 30, 2019, was \$50,544.

At June 30, 2019, 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	\$ 61,304,146	\$ 61,304,146	\$ -
North Carolina Capital Management Trust - Term Portfolio *	Fair Value-Level 1	43,655,681	43,655,681	-
U.S. Treasuries	Fair Value-Level 1	10,438,453	-	10,438,453
U.S. Government Agencies	Fair Value-Level 2	<u>17,264,120</u>	<u>-</u>	<u>17,264,120</u>
Total investments		<u>\$ 132,662,400</u>	<u>\$ 104,959,827</u>	<u>\$ 27,702,573</u>

** As of June 30, 2019, the North Carolina Capital Management Trust (NCCMT) Term Portfolio has a duration of .11 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.*

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

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

A. ASSETS (continued)

DEPOSITS AND INVESTMENTS (continued)

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, 2019 is .63 months.

Credit Risk

The City has no formal policy on managing credit risk. As of June 30, 2019, the City's investment in the NCCMT Government Portfolio carried a credit rating of AAAM by Standard & Poor's. The City's investment in the NCCMT Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. agencies, and in high grade money market instruments as permitted under G.S. 159-30 as amended. The City's investments in U.S. Agencies (Federal Home Loan Bank, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation and Federal Farm Credit Bank) are rated AA+ by Standard & Poor's and Aaa by Moody's Investors Service.

Concentration of Credit Risk

The City's investment policy limits the amount that the City may invest in any one issuer to 25% of the City's total investments. More than 5% of the City's investments are in the Federal Home Loan Bank and Federal National Mortgage Association securities. These investments are 6.6% and 6.3%, respectively, of the City's total investments.

RECEIVABLES

Current receivables for governmental activities at the government-wide level at June 30, 2019, were as follows:

	Taxes	Accounts	Other	Other Governments	Management Company	Notes	Total
General Fund	\$ 2,367,328	\$ 1,215,054	\$ 1,742,584	\$16,145,904	\$ -	\$ 217,620	\$21,688,490
Special Purpose Fund	-	-	8,079	1,452,833	557,854	70,947	2,089,713
Streets and Sidewalks Fund	-	-	18,758	73,390	-	-	92,148
Building Improvements Fund	-	7,106	3,879	143,467	-	-	154,452
Debt Service Fund	354,018	-	8,221	-	-	-	362,239
Nonmajor							
Governmental Funds	5,910	-	5,707	1,372,277	-	19,974,377	21,358,271
Internal Service Funds	-	8,999	9,470	72,461	-	-	90,930
Total receivables	2,727,256	1,231,159	1,796,698	19,260,332	557,854	20,262,944	45,836,243
Allowance for doubtful accounts	(1,568,443)	(399,110)	-	-	-	(366,627)	(2,334,180)
Total governmental activities	<u>\$ 1,158,813</u>	<u>\$ 832,049</u>	<u>\$ 1,796,698</u>	<u>\$19,260,332</u>	<u>\$ 557,854</u>	<u>\$19,896,317</u>	<u>\$43,502,063</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

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	\$ 8,256,949
Franchise tax	1,913,221
Video programming sales tax	297,247
PEG channel support	6,757
Room occupancy tax	1,038,456
Refund of sales and use tax paid	809,034
Community Development Block Grant entitlement	718,911
Home Investment Partnership entitlement	478,775
ABC revenues	425,073
Firemen's relief funds	98,206
FEMA/Hurricane disaster assistance	4,452,255
Other grants and reimbursements	<u>765,448</u>
	<u><u>\$ 19,260,332</u></u>

Receivables for business-type activities at the government-wide level at June 30, 2019, were as follows:

	Accounts	Other Governments	Other	Total
Solid Waste Management Fund	\$ 2,053,461	\$ 165,053	\$ 8,357	\$ 2,226,871
Storm Water Management Fund	1,919,187	293,645	33,069	2,245,901
Parking Facilities Fund	-	116,649	7,824	124,473
Nonmajor Golf Fund	<u>-</u>	<u>5,459</u>	<u>653</u>	<u>6,112</u>
Total receivables	3,972,648	580,806	49,903	4,603,357
Allowance for doubtful accounts	<u>(807,601)</u>	<u>-</u>	<u>-</u>	<u>(807,601)</u>
Total business-type activities	<u><u>\$ 3,165,047</u></u>	<u><u>\$ 580,806</u></u>	<u><u>\$ 49,903</u></u>	<u><u>\$ 3,795,756</u></u>

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

Refund of sales and use tax paid	\$ 151,654
Solid waste disposal tax	22,421
Cape Fear Public Utility Authority	359,450
Other grants and reimbursements	<u>47,281</u>
	<u><u>\$ 580,806</u></u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

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, 2019, was as follows:

	July 1, 2018	Increases	Decreases	Transfers	June 30, 2019
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 59,514,974	\$ 1,196,487	\$ -	\$ (260,000)	\$ 60,451,461
Easements	14,398,491	3,498,861	-	-	17,897,352
Construction in progress	<u>10,756,094</u>	<u>9,825,421</u>	<u>-</u>	<u>(6,384,288)</u>	<u>14,197,227</u>
Total capital assets not being depreciated	<u>84,669,559</u>	<u>\$ 14,520,769</u>	<u>\$ -</u>	<u>\$ (6,644,288)</u>	<u>92,546,040</u>
Capital assets being depreciated:					
Improvements other than buildings	63,657,543	\$ 1,877,102	\$ -	\$ 509,393	66,044,038
Buildings, plant and structures	143,171,905	2,238,966	-	2,758,565	148,169,436
Furniture, fixtures, machinery and equipment	48,955,126	5,659,079	(2,091,206)	91,844	52,614,843
Computer software	1,716,191	491,123	-	356,231	2,563,545
Streets and drainage	<u>243,006,571</u>	<u>3,768,377</u>	<u>(400)</u>	<u>2,678,010</u>	<u>249,452,558</u>
Total capital assets being depreciated	<u>500,507,336</u>	<u>\$ 14,034,647</u>	<u>\$ (2,091,606)</u>	<u>\$ 6,394,043</u>	<u>518,844,420</u>
Less accumulated depreciation for:					
Improvements other than buildings	26,517,454	\$ 3,106,282	\$ -	\$ -	29,623,736
Buildings, plant and structures	43,444,884	3,596,041	-	-	47,040,925
Furniture, fixtures, machinery and equipment	40,044,423	4,070,700	(2,062,311)	-	42,052,812
Computer software	1,443,986	154,142	-	-	1,598,128
Streets and drainage	<u>81,461,040</u>	<u>4,799,513</u>	<u>(120)</u>	<u>-</u>	<u>86,260,433</u>
Total accumulated depreciation	<u>192,911,787</u>	<u>\$ 15,726,678</u>	<u>\$ (2,062,431)</u>	<u>\$ -</u>	<u>206,576,034</u>
Total capital assets being depreciated, net	<u>307,595,549</u>				<u>312,268,386</u>
Governmental activities capital assets, net	<u>\$ 392,265,108</u>				<u>\$ 404,814,426</u>

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

General government	\$ 1,195,562
Public safety	2,569,763
Transportation	5,199,720
Economic and physical development	1,253,375
Cultural and recreational	3,073,460
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>2,434,798</u>
	<u>\$ 15,726,678</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

A. ASSETS (continued)

CAPITAL ASSETS (continued)

Capital asset activity for each of the business-type activities for the year ended June 30, 2019, was as follows:

	July 1, 2018	Increases	Decreases	Transfers	June 30, 2019
Solid waste:					
Capital assets being depreciated:					
Furniture, fixtures, machinery and equipment	\$ 70,835	\$ 9,755	\$ (24,726)	\$ (9,755)	\$ 46,109
Less accumulated depreciation for:					
Furniture, fixtures, machinery and equipment	42,631	\$ 6,193	\$ (10,305)	\$ -	38,519
Total capital assets being depreciated, net	28,204				7,590
Solid waste capital assets, net	28,204				7,590
Storm water:					
Capital assets not being depreciated:					
Land	1,107,671	\$ -	\$ -	\$ -	1,107,671
Easements	1,328,978	61,740	-	-	1,390,718
Construction in progress	2,505,455	446,771	-	(679,805)	2,272,421
Total capital assets not being depreciated	4,942,104	\$ 508,511	\$ -	\$ (679,805)	4,770,810
Capital assets being depreciated:					
Improvements other than buildings	61,242,743	\$ -	\$ -	\$ 679,805	61,922,548
Buildings, plant and structures	1,202,630	-	-	-	1,202,630
Furniture, fixtures, machinery and equipment	476,099	8,094	(5,000)	-	479,193
Total capital assets being depreciated	62,921,472	\$ 8,094	\$ (5,000)	\$ 679,805	63,604,371
Less accumulated depreciation for:					
Improvements other than buildings	20,834,180	\$ 1,025,322	\$ -	\$ -	21,859,502
Buildings, plant and structures	285,304	30,066	-	-	315,370
Furniture, fixtures, machinery and equipment	362,584	46,457	(5,000)	-	404,041
Total accumulated depreciation	21,482,068	\$ 1,101,845	\$ (5,000)	\$ -	22,578,913
Total capital assets being depreciated, net	41,439,404				41,025,458
Storm water capital assets, net	46,381,508				45,796,268

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

A. ASSETS (continued)

CAPITAL ASSETS (continued)

	July 1, 2018	Increases	Decreases	Transfers	June 30, 2019
Parking facilities:					
Capital assets not being depreciated:					
Land	\$ 6,523,115	\$ 35,125	\$ -	\$ 260,000	\$ 6,818,240
Easements	176,752	-	-	-	176,752
Construction in progress	3,727,619	14,850,272	-	-	18,577,891
Total capital assets not being depreciated	10,427,486	\$ 14,885,397	\$ -	\$ 260,000	25,572,883
Capital assets being depreciated:					
Improvements other than buildings	231,282	\$ -	\$ -	\$ -	231,282
Buildings, plant and structures	12,601,395	-	-	-	12,601,395
Furniture, fixtures, machinery and equipment	518,200	57,218	(29,407)	-	546,011
Computer Software	58,184	-	-	-	58,184
Total capital assets being depreciated	13,409,061	\$ 57,218	\$ (29,407)	\$ -	13,436,872
Less accumulated depreciation for:					
Improvements other than buildings	40,379	\$ 11,564	\$ -	\$ -	51,943
Buildings, plant and structures	9,058,865	515,383	-	-	9,574,248
Furniture, fixtures, machinery and equipment	329,662	69,479	(29,407)	-	369,734
Computer Software	27,934	11,637	-	-	39,571
Total accumulated depreciation	9,456,840	\$ 608,063	\$ (29,407)	\$ -	10,035,496
Total capital assets being depreciated, net	3,952,221				3,401,376
Parking facilities capital assets, net	14,379,707				28,974,259
Golf:					
Capital assets not being depreciated:					
Land	109,393	\$ -	\$ -	\$ -	109,393
Construction in progress	59,420	16,849	-	-	76,269
Total capital assets not being depreciated	168,813	\$ 16,849	\$ -	\$ -	185,662
Capital assets being depreciated:					
Improvements other than buildings	2,259,426	\$ -	\$ -	\$ -	2,259,426
Buildings, plant and structures	485,348	-	-	-	485,348
Furniture, fixtures, machinery and equipment	318,848	-	-	-	318,848
Total capital assets being depreciated	3,063,622	\$ -	\$ -	\$ -	3,063,622
Less accumulated depreciation for:					
Improvements other than buildings	1,012,774	\$ 81,598	\$ -	\$ -	1,094,372
Buildings, plant and structures	243,212	10,134	-	-	253,346
Furniture, fixtures, machinery and equipment	307,495	4,315	-	-	311,810
Total accumulated depreciation	1,563,481	\$ 96,047	\$ -	\$ -	1,659,528
Total capital assets being depreciated, net	1,500,141				1,404,094
Golf capital assets, net	1,668,954				1,589,756
Business-type activities capital assets, net	\$ 62,458,373				\$ 76,367,873

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

A. ASSETS (continued)

CAPITAL ASSETS (continued)

COMMITMENTS FOR CAPITAL PROJECTS

At June 30, 2019, the City has commitments for active projects as follows:

	Spent to date	Remaining commitment
Governmental funds:		
Capital projects	<u>\$ 31,005,040</u>	<u>\$ 18,350,330</u>
Enterprise funds:		
Storm Water capital projects	\$ 3,225,745	\$ 3,126,915
Parking Facilities capital projects	16,869,113	7,356,637
Golf capital projects	<u>75,869</u>	<u>25,931</u>
Total enterprise funds	<u>\$ 20,170,727</u>	<u>\$ 10,509,483</u>

B. LIABILITIES

PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS

1. Local Governmental Employees' Retirement System

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

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. City employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The City's contractually required contribution rate for the year ended June 30, 2019, was 8.50% of compensation for law enforcement officers and 7.75% 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 \$4,446,150 for the year ended June 30, 2019.

Refunds of Contributions – City employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (continued)

1. Local Governmental Employees' Retirement System (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2019, the City reported a liability of \$20,683,026 for its proportionate share of the LGERS net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 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, 2018, the City's proportion was 0.872%, which was an increase of 0.014% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the City recognized pension expense of \$5,631,965. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,190,900	\$ 107,071
Changes of assumptions	5,488,477	-
Net difference between projected and actual earnings on pension plan investments	2,839,165	-
Changes in proportion and differences between City contributions and proportionate share of contributions	21,971	363,715
City contributions subsequent to the measurement date	4,446,150	-
Total	<u>\$ 15,986,663</u>	<u>\$ 470,786</u>

\$4,446,150 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ 5,386,552
2021	3,459,765
2022	597,243
2023	<u>1,626,167</u>
	<u>\$ 11,069,727</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

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. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

The plan currently uses the RP-2014 Total Data Set For Healthy and Disabled Annuitants Mortality Tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018 are summarized in the following table:

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

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

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 information above is based on 30-year expectations developed with the consulting actuary for the 2017 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability (asset)	\$ 49,682,421	\$ 20,683,026	\$ (3,549,322)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

2. Law Enforcement Officers' Special Separation Allowance

Plan Description. The City of Wilmington administers a public employee retirement system (the "Separation Allowance"), a single-employer, defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers under the age of 62 who have completed 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

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)

All full-time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2017, the date of the latest actuarial valuation, the Separation Allowance's membership consisted of:

Retirees currently receiving benefits	35
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>268</u>
Total	<u><u>303</u></u>

Summary of Significant Accounting Policies.

Basis of Accounting. The City has chosen to fund the Special Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the criteria which are outlined in GASB Statement 73.

Actuarial Assumptions. The entry age normal actuarial cost method was used in the December 31, 2017 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.64 percent

The discount rate is based on the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2018.

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

Contributions. The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are paid by the City. The City paid \$690,564 as benefits came due for the reporting period.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (continued)

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2019, the City reported a total pension liability of \$12,157,366. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was rolled forward to December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the City recognized pension expense of \$914,941.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 325,900	\$ -
Changes of assumptions	429,654	498,521
City benefit payments and plan administrative expense made subsequent to the measurement date	<u>366,446</u>	<u>-</u>
Total	<u>\$ 1,122,000</u>	<u>\$ 498,521</u>

\$366,446 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ 68,928
2021	68,928
2022	68,928
2023	73,881
2024	(23,632)
Thereafter	<u>-</u>
	<u>\$ 257,033</u>

\$365,025 paid as benefits came due and \$1,421 of administrative expenses subsequent to the measurement date are reported as deferred outflows of resources.

Sensitivity of the City's total pension liability to changes in the discount rate. The following presents the City's total pension liability calculated using the discount rate of 3.64 percent, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.64 percent) or 1-percentage-point higher (4.64 percent) than the current rate:

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (continued)

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

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

	1% Decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
Total pension liability	\$ 13,114,424	\$ 12,157,366	\$ 11,280,183

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

	2019
Beginning balance	\$ 12,120,460
Service cost	471,491
Interest on total pension liability	373,210
Differences between expected and actual experience in the measurement of the total pension liability	261,415
Changes of assumptions or other inputs	(449,152)
Benefit payments	(620,058)
Ending balance of the total pension liability	<u>\$ 12,157,366</u>

The plan currently uses mortality tables that vary by age, and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The net pension liability for LGERS was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability for LEOSSA was measured as of December 31, 2018, with an actuarial valuation date of December 31, 2017. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (continued)

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Proportionate Share of Net Pension Liability	\$ 20,683,026	\$ -	\$ 20,683,026
Proportion of the Net Pension Liability	0.872%	n/a	
Total Pension Liability	-	12,157,366	12,157,366
Pension Expense	5,631,965	914,941	6,546,906

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$ 3,190,900	\$ 325,900	\$ 3,516,800
Changes of assumptions	5,488,477	429,654	5,918,131
Net difference between projected and actual earnings on pension plan investments	2,839,165	-	2,839,165
Changes in proportion and differences between City contributions and proportionate share of contributions	21,971	-	21,971
City contributions (LGERS)/benefit payments and administration costs (LEOSSA) subsequent to the measurement date	4,446,150	366,446	4,812,596

Deferred Inflows of Resources

Differences between expected and actual experience	\$ 107,071	\$ -	\$ 107,071
Changes of assumptions	-	498,521	498,521
Changes in proportion and differences between City contributions and proportionate share of contributions	363,715	-	363,715

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (continued)

4. Supplemental Retirement Income Plan

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

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. For the year ended June 30, 2019, the City's required contribution was \$810,026 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 \$1,584,224 for the year ended June 30, 2019. Employee contributions to this plan, including law enforcement officers, included in salary expense for the year ended June 30, 2019, were \$1,241,497.

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, 2019

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, 2018, the date of the latest actuarial valuation:

	General Employees	Firefighters	Law Enforcement Officers
Inactive plan members and dependents receiving benefits	54	63	54
Inactive plan members entitled to but not yet receiving benefits	-	-	-
Active plan members*	239	121	146
Total	293	184	200

* Excludes 496 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, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (continued)

5. Other Postemployment Benefits (continued)

Benefits Provided. (continued)

Effective June 30, 2009, 39 employees accepted an early retirement incentive offer. Of these employees, 26 receive benefits under the City's healthcare plan on a noncontributory basis until they become 65 years of age or Medicare eligible, whichever comes first, and can no longer participate in the plan. The remaining 13 employees continue to make the required retiree contributions but once age 65 or Medicare eligibility is reached and they can no longer participate in the healthcare plan, the City will fund a Health Reimbursement Account in the amount of \$10,500 over five years on behalf of the employee. The effects of these termination benefits were included in the actuarial valuation as of June 30, 2016.

Effective with employees hired on or after July 1, 2009 but before January 1, 2011, by City Council resolution, a retiree must participate in the North Carolina Local Governmental Employees' Retirement System and have at least 10 years of creditable service with the City of Wilmington to be eligible for benefits under the City's postemployment healthcare plan. Such a retiree will be required to contribute the active employee premium plus a percentage of the premium paid by the City for active employees based on the number of creditable years of service attained with the City as determined by the following chart:

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

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

Contributions. The City Council established the contribution requirements of plan members under the City's medical self-insurance program and those contribution requirements may be amended by the City Council. Annually, the cost of each type of coverage is determined and a set amount of those costs are required of active employees. For the year ended June 30, 2019 active employee contribution requirements range from \$136 to \$634 per month depending on their choice of coverage. The retiree contribution to the cost of a selected type of coverage is equivalent at a minimum to the active employee premium but may also include a percentage of the City's portion of the premium depending on the date the retiree was last hired by the City and the years of creditable service the retiree achieved with the LGERS.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (continued)

5. Other Postemployment Benefits (continued)

Contributions. (continued)

The City initially elected to fund the healthcare benefits on a pay as you go basis; however, during the fiscal year-ended June 30, 2009, the City established an irrevocable trust for these benefits at First Citizens Bank and prefunded an additional amount to partially pay the future cost of coverage for benefits. For the current year, the City contributed \$1,695,649 or 5.66% of annual covered payroll for current premiums. The City is self-insured. Contributions of \$451,429 were made by retirees for healthcare premiums.

Investments.

Investment Policy. The City of Wilmington Employee Benefit Trust, established under the terms of a City Council resolution, authorizes the Trustee to invest and reinvest trust assets in accordance with North Carolina General Statutes and to diversify the investments to minimize the risk of losses. Investments in securities of the North Carolina Capital Management Trust's (NCCMT) Government Portfolio, a SEC-registered (2a-7) external investment pool, are valued at amortized cost, which is the NCCMT's share price. Administrative costs are charged to the individual funds.

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

Rate of return. For the year ended June 30, 2019, the annual money weighted rate of return on investments, net of investment expense, was 2.00 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability. The components of the net OPEB liability at June 30, 2019 were as follows:

Total OPEB liability	\$ 49,044,783
Plan fiduciary net position	<u>3,018,782</u>
City's net OPEB liability	<u>\$ 46,026,001</u>
Plan fiduciary net position as a percentage of the total OPEB liability	6.16%

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

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, 2018 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
Salary increases	3.50 to 7.75 percent (7.35 percent for law enforcement), including wage inflation
Investment rate of return	3.50 percent, net of OPEB plan investment expense, including price inflation
Healthcare cost trend rates	7.25 percent for 2018 decreasing to an ultimate rate of 4.75 percent by 2028

The total OPEB liabilities were rolled forward to June 30, 2019 for the employer and the plan, respectively, utilizing update procedures incorporating the actuarial assumptions.

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 to December 31, 2014, adopted by the LGERS.

Discount rate. The discount rate used to measure the total OPEB liability was 3.50 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 3.50 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 (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Net OPEB liability (asset)	\$ 50,288,772	\$ 46,026,001	\$ 42,146,206

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (continued)

5. Other Postemployment Benefits (continued)

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the City's net OPEB liability, as well as what the City's net OPEB liability would be if it were to calculate healthcare cost trend rates that are 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current healthcare cost trend rate:

	1% Decrease (6.25%)	Healthcare Cost Trend Rate (7.25%)	1% Increase (8.25%)
	<u> </u>	<u> </u>	<u> </u>
Net OPEB liability (asset)	\$ 41,114,842	\$ 46,026,001	\$ 51,673,656

Changes in Net OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At June 30, 2019, the City reported a net OPEB liability of \$46,026,001. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. The total OPEB liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions.

At June 30, 2019 the components of the net OPEB liability of the City, measured as of June 30, 2019 were as follows:

	Total OPEB Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
	<u> </u>	<u> </u>	<u> </u>
Balances at June 30, 2018	\$ 49,077,653	\$ 2,959,731	\$ 46,117,922
Changes for the year:			
Service cost	1,573,456	-	1,573,456
Interest	1,876,455	-	1,876,455
Differences between expected and actual experience	(5,698,585)	-	(5,698,585)
Changes of assumptions	3,911,453	-	3,911,453
Contributions	-	1,695,649	(1,695,649)
Net investment income	-	61,751	(61,751)
Benefit payments	(1,695,649)	(1,695,649)	-
Administrative expenses	-	(2,700)	2,700
Net changes	<u>(32,870)</u>	<u>59,051</u>	<u>(91,921)</u>
Balances at June 30, 2019	<u>\$ 49,044,783</u>	<u>\$ 3,018,782</u>	<u>\$ 46,026,001</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (continued)

5. Other Postemployment Benefits (continued)

Changes of Assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.89 percent in 2018 to 3.50 percent in 2019 on the measurement date and the projected measurement asset depletion date.

For the year ended June 30, 2019, the City recognized OPEB expense of \$2,809,179. At June 30, 2019, 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	\$ -	\$ 4,986,344
Changes of assumptions	3,238,225	977,393
Net difference between projected and actual earnings on plan investments	<u>77,452</u>	<u>-</u>
Total	<u>\$ 3,315,677</u>	<u>\$ 5,963,737</u>

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

Year ended June 30:	
2020	\$ (539,888)
2021	(539,888)
2022	(539,886)
2023	(554,562)
2024	(473,836)
Thereafter	<u>-</u>
	<u>\$ (2,648,060)</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (continued)

5. Other Postemployment Benefits (continued)

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

	Per Actuary	Change in Fund Allocation	Total Deferred Outflows
Deferred Outflows Reconciliation - OPEB			
Governmental activities	\$ 2,951,620	\$ 87,422	\$ 3,039,042
Solid Waste Management Fund	180,048	115,139	295,187
Storm Water Management Fund	139,313	196,752	336,065
Parking Facilities Fund	4,097	-	4,097
Nonmajor Golf Fund	40,599	-	40,599
Total deferred outflows	\$ 3,315,677	\$ 399,313	\$ 3,714,990

	Per Actuary	Change in Fund Allocation	Total Deferred Inflows
Deferred Inflows Reconciliation - OPEB			
Governmental activities	\$ 5,308,925	\$ 327,625	\$ 5,636,550
Solid Waste Management Fund	323,843	-	323,843
Storm Water Management Fund	250,576	-	250,576
Parking Facilities Fund	7,369	7,306	14,675
Nonmajor Golf Fund	73,024	64,382	137,406
Total deferred inflows	\$ 5,963,737	\$ 399,313	\$ 6,363,050

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

	Governmental Activities	Solid Waste Management Fund	Storm Water Management Fund	Parking Facilities Fund	Nonmajor Golf Fund	Total
Years ended June 30:						
2020	\$ (60,051)	\$ 28,785	\$ 49,188	\$ (1,826)	\$ (16,096)	\$ -
2021	(60,051)	28,785	49,188	(1,826)	(16,096)	-
2022	(60,051)	28,785	49,188	(1,826)	(16,096)	-
2023	(60,050)	28,784	49,188	(1,828)	(16,094)	-
2024	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-
Total	\$ (240,203)	\$ 115,139	\$ 196,752	\$ (7,306)	\$ (64,382)	\$ -

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (continued)

DEFERRED COMPENSATION PLAN

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

The City provides a contribution of 3% of covered payroll to the 457 Deferred Compensation Plan for fire fighters. The City also matches the contributions made by the fire fighters to the 457 Deferred Compensation Plan up to 3% of covered payroll. The City Council established both the 3% contribution and the matching contribution and may amend or discontinue them at any time. Contributions by fire fighters to the plan, included in salary expense for the year ended June 30, 2019, were \$339,376 that was matched by the City.

Employer contributions to the 457 Deferred Compensation Plan totaled \$1,625,286 for the year ended June 30, 2019. 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, 2019, were \$671,545.

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, 2019, the City made contributions to the State for death benefits of \$22,681.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (continued)

OTHER EMPLOYMENT BENEFITS (continued)

The City has elected to provide additional group-term life insurance benefits to employees for benefit eligible positions. The City provides Basic Life Insurance which includes an Accidental Death and Dismemberment provision. All full-time active employees are eligible for this benefit after the eligibility waiting period. The coverage is effective the first of the month following 60 days of employment. Lump sum death benefit payments to beneficiaries are equal to the employee's annual salary rounded to the next higher \$1,000, if not already a multiple of \$1,000, subject to a maximum benefit of \$150,000. However, in no event will the basic amount of life insurance be less than \$10,000. All death benefits are made by the insurance provider. The City has no liability beyond the payment of monthly premiums. For the fiscal year ended June 30, 2019, the City paid \$92,245 to the insurance provider for death benefit premiums for all eligible employees. Life insurance benefits in excess of \$50,000 are considered taxable to the employee as a fringe benefit.

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

The balance in deferred outflows of resources at the government-wide level of the City at June 30, 2019 is summarized as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Deferred amount for loss on refunded debt	\$ 4,274,924	\$ 366,978
Contributions to pension plan in current year for the Local Governmental Employees' Retirement System (LGERS)	4,010,864	435,286
Benefit payments/administration costs paid subsequent to the measurement date for the Law Enforcement Officers' Special Separation Allowance (Separation Allowance)	366,446	-
Pension deferrals - LGERS	10,370,297	1,170,216
Pension deferrals - Separation Allowance	755,554	-
Pension deferrals for other postemployment benefits	<u>3,039,042</u>	<u>675,948</u>
	<u>\$ 22,817,127</u>	<u>\$ 2,648,428</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

PENSION PLAN AND POSTEMPLOYMENT OBLIGATIONS (continued)

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES (continued)

The balance in deferred inflows of resources at the government-wide level of the City at June 30, 2019 is summarized as follows:

	Governmental Activities	Business-type Activities
Deferred amount for gain on refunded debt	\$ 40,022	\$ 2,632
Pension deferrals - LGERS	412,831	57,955
Pension deferrals - Separation Allowance	498,521	-
Pension deferrals for other postemployment benefits	5,636,550	726,500
Unearned Revenue:		
Prepaid property taxes	67,623	-
	<u>\$ 6,655,547</u>	<u>\$ 787,087</u>

UNEARNED REVENUES

The balance in unearned revenues at June 30, 2019 is summarized as follows:

	Nonmajor Golf Fund	Special Purpose Fund	Governmental Activities (Restricted)	Business-type Activities
Grants received in advance	\$ -	\$ 283,797	\$ 283,797	\$ -
Prepaid convention center capital contribution from management company	-	57,677	57,677	-
Prepaid golf course green fees	107,381	-	-	107,381
	<u>\$ 107,381</u>	<u>\$ 341,474</u>	<u>\$ 341,474</u>	<u>\$ 107,381</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds, which pledge the full faith, credit, and taxing power of the City, have been issued for governmental purposes and are serviced by the Debt Service Fund. All issues are tax-exempt with the exception of Public Improvements Bonds, Series 2014 issued for extension of the North Riverwalk and Public Improvements Bonds, Series 2016 also issued for the North Riverwalk and related projects. Principal and interest requirements are provided by appropriation in the year in which they become due. 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. At June 30, 2019, the City has general obligation bonds authorized but unissued of \$28,700,000 of Streets and Sidewalks Bonds for which the authorization expires November 4, 2021 and of \$30,465,000 of Parks and Recreation Bonds for which the authorization expires November 8, 2023. The City may by application to the Local Government Commission request an extension of the authorization to November 4, 2024 and November 8, 2026, respectively.

General obligation bonds outstanding at June 30, 2019 are comprised of the following issues:

	<u>Governmental activities</u>
\$3,660,000 Public Improvement Bonds, Series 2011A issued for streets, highways, sidewalks and bridge improvements; principal payments due annually on July 1 in installments of \$195,000 through July 1, 2031; semiannual interest payments due January 1 and July 1 with rates from 3.00 to 4.00 percent.	\$ 2,535,000
\$5,000,000 Public Improvements Bonds, Series 2011C issued for streets, highways and sidewalks; principal payments due July 1 in installments of \$265,000 through July 1, 2031; semiannual interest payments due January 1 and July 1 with rates from 3.00 to 4.00 percent.	3,445,000
\$3,050,000 Taxable Public Improvements Bonds, Series 2014 issued for extension of the North Riverwalk; principal payments due June 1 in installments ranging from \$150,000 to \$155,000 through June 1, 2034; semiannual interest payments due June 1 and December 1 with rates from 3.00 to 4.20 percent.	2,275,000
\$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 ranging from \$145,000 to \$150,000 through June 1, 2036; semiannual interest payments due June 1 and December 1 with rates from 2.00 to 3.00 percent.	2,475,000

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

General Obligation Bonds (continued)

	<u>Governmental activities</u>
\$6,650,000 Refunding General Obligation Bonds, Series 2016B issued to refund \$2,800,000, a portion of outstanding General Obligation Bonds, Series 2008A and \$4,500,000, a portion of outstanding General Obligation Bonds, Series 2008B; principal payments due annually on September 1, in installments ranging from \$650,000 to \$675,000, beginning September 1, 2019 through September 1, 2028; semiannual interest payments due on September 1 and March 1 at rates from 3.00 to 5.00 percent.	\$ 6,650,000
\$15,300,000 General Obligation Bonds, Series 2018 issued to pay the capital costs of the acquisition, construction, installation and equipping of street and sidewalk improvements; principal payments due annually on June 1, in installments of \$765,000, through June 1, 2038; semiannual interest payments due on June 1 and December 1 at rates from 2.70 to 5.00 percent.	<u>14,535,000</u>
Serviced by Debt Service Fund	<u>\$ 31,915,000</u>

Annual debt service requirements to maturity for general obligation bonds at June 30, 2019 are as follows:

Year Ending June 30	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 2,190,000	\$ 1,187,044
2021	2,190,000	1,094,344
2022	2,190,000	1,018,731
2023	2,195,000	939,219
2024	2,200,000	839,944
2025-2029	10,920,000	2,795,462
2030-2034	6,680,000	1,133,318
2035-2039	<u>3,350,000</u>	<u>262,440</u>
	<u>\$ 31,915,000</u>	<u>\$ 9,270,502</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

Revenue Bonds

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

The City has pledged storm water fee customer revenues, net of specified operating expenses, to pay the storm water fee revenue bonds. The bonds are payable solely from storm water fee customer net revenues. Related principal and interest paid for the current year are \$1,727,294 or 25.39% of available net revenues of \$6,801,947. In the event of default, the City agrees to pay to the purchaser, on demand, interest on any and all amount due and owing by the City under the related agreements.

Revenue bonds outstanding at June 30, 2019 are comprised of the following individual issue:

	<u>Business-type activities</u>
\$14,035,000 Storm Water Fee Revenue Bonds, Series 2007 issued for storm water system improvements and to refund \$3,130,000 of outstanding Series 1997A Public Improvements Bonds; principal installments due annually on June 1 in varying amounts from \$100,000 to \$160,000 through June 1, 2033; semiannual interest payments due June 1 and December 1 with rates from 4.50 to 5.00 percent; \$6,960,000 of this series was refunded with the issuance of Storm Water Fee Revenue Bonds, Series 2015A.	\$ 1,860,000
\$19,425,000 Storm Water Fee Revenue Bonds, Series 2015A issued for storm water system improvements and to refund \$6,960,000 of outstanding Series 2007 Storm Water Fee Revenue Bonds; principal installments due annually on June 1, in varying amounts from \$515,000 to \$1,250,000, through June 1, 2040; semiannual interest payments due June 1 and December 1, with rates from 3.00 to 5.00 percent.	18,925,000
\$1,240,000 Taxable Storm Water Fee Revenue Bonds, Series 2015B issued for storm water system improvements; principal installments due annually on June 1, in the amount of \$180,000 through June 1, 2022; semiannual interest payments due June 1 and December 1 with rates from 2.30 to 2.625 percent.	<u>540,000</u>
Serviced by Storm Water Management Fund	<u>\$ 21,325,000</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

Revenue Bonds (continued)

Annual debt service requirements to maturity for revenue bonds at June 30, 2019 are as follows:

Year Ending June 30	Business-type Activities	
	Principal	Interest
2020	\$ 840,000	\$ 887,509
2021	865,000	856,244
2022	895,000	823,594
2023	940,000	783,700
2024	985,000	736,700
2025-2029	5,535,000	3,069,449
2030-2034	6,055,000	1,814,275
2035-2039	4,255,000	712,725
2040-2044	955,000	38,200
	<u>\$ 21,325,000</u>	<u>\$ 9,722,396</u>

Certain covenants are contained in the revenue bond order. The City was in compliance with the covenants during the fiscal year ended June 30, 2019. The revenue coverage calculation as of June 30, 2019 is as follows:

Revenues (1)		
Operating revenues	\$ 11,837,173	
Other operating revenue	102,600	
Investment earnings	<u>608,348</u>	<u>\$ 12,548,121</u>
Current Expenses (2)		
Operating expenses	6,848,634	
Less depreciation	(1,101,845)	
Less amortization	<u>(615)</u>	<u>5,746,174</u>
Revenues available for debt service		<u>6,801,947</u>
Principal and interest requirements (3)		
Revenue bonds (at 120%)	2,073,011	
Other indebtedness (at 100%)	<u>100,550</u>	<u>2,173,561</u>
Revenues in excess of principal and interest requirements		<u>\$ 4,628,386</u>

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

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

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

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

Installment Obligations

Certificates of Participation and Limited Obligation Bonds have been issued for the purchase of real property, construction of public facilities, construction of parking facilities and improvements to streets, sidewalks, Riverwalk and riverfront. All issues are tax-exempt with the exception of Limited Obligation Bonds, Series 2010B, of which a portion are Build America Bonds issued for municipal improvements and another portion are refunding bonds issued to refund outstanding, taxable Certificates of Participation, Series 2008C, which were issued for the construction of the private business use portion of the parking facility adjacent to the Convention Center; and Limited Obligation Bonds, Series 2015B, of which a portion are bonds issued for constructing various street improvements and another portion are refunding bonds issued to refund the October 2012 installment agreement for acquisition of a portion of the Water Street parking deck. The 2010B, 2014A, 2016 and 2017 Limited Obligation Bonds are secured by assets being financed including the Convention Center and adjacent Parking Deck, Police Headquarters, Fire Headquarters and the Empie Park Fire Station. The 2012, 2015A and 2015B Limited Obligation Bonds are secured by assets being financed including the Operations Center, Command Center, and the Eastwood, Military Cutoff, Seagate, Masonboro Loop, Cinema Drive and Shipyard Fire Stations. Principal and interest requirements are provided by appropriation in the year in which they become due. In the event of default, the City agrees to pay to the purchaser, on demand, interest on any and all amounts due and owing by the City under the related agreements.

Installment obligations outstanding at June 30, 2019 are comprised of the following individual issues:

	<u>Governmental activities</u>	<u>Business-type activities</u>
\$28,180,000 Limited Obligation Bonds, Series 2010B of which a portion is taxable Build America Bonds and a portion is taxable refunding bonds; issued for improvements to Empie Park Fire station, Front Street, North Riverwalk, and North Downtown streetscape; acquisition of property for a Downtown Multi-modal Transportation facility; the upgrade of existing analogue radios to digital; and to refund \$8,745,000 of outstanding, taxable Certificates of Participation, Series 2008C which were issued for the construction of the private business use portion of the parking facility adjacent to the Convention Center; principal payments due annually on June 1 in installments of \$1,400,000 through June 1, 2030; semiannual interest payments due June 1 and December 1 at rates from 4.90 to 6.33 percent.		
Serviced by Debt Service Fund	\$ 15,400,000	\$ -

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

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>\$30,695,000 Refunding Limited Obligated Bonds, Series 2012 issued to refund \$2,455,000 of outstanding Series 2001 and \$10,310,000 of outstanding Series 2008D installment purchase agreements and \$8,200,000 of outstanding Series 2003A and \$9,730,000 of outstanding Series 2004 Certificates of Participation; principal payments due annually on June 1 in installments ranging from \$530,000 to \$2,085,000 through June 1, 2030; semiannual interest payments due on June 1 and December 1 at rates from 3.50 to 5.00 percent.</p>		
Serviced by Debt Service Fund	\$ 13,577,000	\$ -
Serviced by Parking Facilities Fund	-	3,548,000
<p>\$21,565,000 Refunding Limited Obligation Bonds, Series 2014A issued to refund \$22,640,000, a portion of the Certificates of Participation, Series 2005A; principal payments due annually on June 1, in installments ranging from \$1,345,000 to \$1,475,000 through June 1, 2032; semiannual interest payments due on June 1 and December 1 at rates from 3.25 to 5.00 percent.</p>		
Serviced by Debt Service Fund	17,945,000	-
Serviced by Storm Water Management Fund	-	440,000
<p>\$16,130,000 Limited Obligation Bonds, Series 2015A issued for constructing and equipping the Cinema Drive Fire Station and the Shipyard Fire Station, constructing various street and sidewalk improvements and improving certain existing sections of the City's riverwalk and riverfront; principal payments due annually on June 1, in installments ranging from \$890,000 to \$1,100,000 beginning June 1, 2020 through June 1, 2035; semiannual interest payments due June 1 and December 1 at rates from 3.25 to 5.00 percent.</p>		
Serviced by Debt Service Fund	16,130,000	-

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

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>\$4,610,000 Taxable Limited Obligation Bonds, Series 2015B issued for constructing various street improvements and to refund \$2,083,333 of the October 2012 BB&T installment financing contract; principal payments due annually on June 1 in an installment of \$210,000 on June 1, 2020; semiannual interest payments due June 1 and December 1 at rate of 2.65 percent.</p>		
Serviced by Debt Service Fund	\$ 110,405	\$ -
Serviced by Parking Facilities Fund	-	99,595
<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 \$505,000 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>		
Serviced by Convention Center Fund	48,915,000	-
<p>\$11,835,000 Limited Obligation Bonds, Series 2017, for improvements to streets, sidewalks, streetscapes, Riverwalk, riverfront, Thalian Hall, Greenfiled Lake dock and walkway, and acquisition of land for a firing range and public safety training facility; principal payments due annually on June 1 in installments ranging from \$590,000 to \$595,000 through June 1, 2037; semiannual interest payments due June 1 and December 1 at rates from 2.0 to 4.0 percent.</p>		
Serviced by Debt Service Fund	<u>10,645,000</u>	<u>-</u>
	<u>\$ 122,722,405</u>	<u>\$ 4,087,595</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

Installment Obligations (continued)

	Governmental activities	Business-type activities
Installment Obligations Serviced By:		
Debt Service Fund	\$ 73,807,405	\$ -
Convention Center Fund	48,915,000	-
Storm Water Management Fund	-	440,000
Parking Facilities Fund	-	3,647,595
	<u>\$ 122,722,405</u>	<u>\$ 4,087,595</u>

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

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 6,572,155	\$ 5,316,961	\$ 572,845	\$ 200,589
2021	6,706,750	5,017,248	468,250	174,287
2022	6,596,750	4,703,610	468,250	150,875
2023	7,771,750	4,397,248	463,250	128,213
2024	7,920,000	4,048,160	465,000	105,750
2025-2029	40,130,000	14,431,942	1,650,000	201,000
2030-2034	29,420,000	6,050,269	-	-
2035-2039	17,605,000	1,319,438	-	-
	<u>\$ 122,722,405</u>	<u>\$ 45,284,876</u>	<u>\$ 4,087,595</u>	<u>\$ 960,714</u>

Other Long-Term Obligations

The City is financing the acquisition of certain equipment and real property for governmental and business-type activities through direct borrowings and inter-local installment agreements. All issues are tax-exempt with the exception of the 2019 interim drawdown installment agreement for the redevelopment of the Water Street parking deck. Principal and interest requirements are provided by appropriation in the year in which they become due.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

Other Long-Term Obligations (continued)

Other long-term obligations outstanding at June 30, 2019 are comprised of the following individual issues:

	<u>Governmental activities</u>	<u>Business-Type activities</u>
<p>\$5,065,808 installment agreement payable to New Hanover County. In July 2006, the City and County executed an interlocal agreement pursuant to which the parties agreed to cooperate in the financing of certain parks and recreation projects through a County general obligation bond referendum, a portion of which would be used to finance City projects and the City agreed to pay the County a portion of the County's debt service on related bonds issued. The County issued related general obligation bonds in June 2010 and this installment agreement represents the portion of the County's debt service payable by the City to the County for City projects. Principal payments due to the County annually on August 1 in installments of \$253,058 through August 1, 2020; semiannual interest payments due August 1 and February 1 at rates from 4.00 to 5.00 percent; \$2,535,233 of this obligation was refunded by New Hanover County in conjunction with the County's issuance of 2016 General Obligation Refunding Bonds.</p>		
Serviced by Debt Service Fund	\$ 506,115	\$ -
<p>\$2,863,064 direct placement installment agreement executed in March 2015 for acquisition of 17 refuse packers for solid waste collection; principal payments due semiannually on March 1 and September 1 in installments of \$205,000 plus interest at 1.56 percent through March 1, 2022. The vehicles are pledged as collateral for the debt.</p>		
Serviced by Equipment Maintenance and Replacement Fund	1,230,000	-

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

Other Long-Term Obligations (continued)

	Governmental activities	Business-Type activities
<p>\$6,265,838 installment agreement payable to New Hanover County. In July 2006, the City and County executed an interlocal agreement pursuant to which the parties agreed to cooperate in the financing of certain parks and recreation projects through a County general obligation bond referendum, a portion of which would be used to finance City projects and the City agreed to pay the County a portion of the County's debt service on related bonds issued. The County issued related general obligation bonds in June 2008 and later refunded a portion of these bonds in May 2016. This installment agreement represents the portion of the County's refunding debt service payable by the City to the County for City projects. Principal payments due to the County annually on August 1 in installments ranging from \$404,458 to \$622,996 through August 1, 2028; semiannual interest payments due August 1 and February 1 at rates from 1.50 to 5.00 percent.</p>		
Serviced by Debt Service Fund	\$ 5,858,119	\$ -
<p>\$2,491,458 installment agreement payable to New Hanover County. In July 2006, the City and County executed an interlocal agreement pursuant to which the parties agreed to cooperate in the financing of certain parks and recreation projects through a County general obligation bond referendum, a portion of which would be used to finance City projects and the City agreed to pay the County a portion of the County's debt service on related bonds issued. The County issued related general obligation bonds in June 2010 and later refunded a portion of these bonds in May 2016. This installment agreement represents the portion of the County's refunding debt service payable by the City to the County for City projects. Principal payments due to the County annually on August 1 in installments ranging from \$239,085 to \$252,753 beginning on August 1, 2021 through August 1, 2030; semiannual interest payments due August 1 and February 1 at rates from 1.50 to 5.00 percent.</p>		
Serviced by Debt Service Fund	2,491,458	-

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

Other Long-Term Obligations (continued)

	<u>Governmental activities</u>	<u>Business-type activities</u>
<p>\$25,800,000 direct borrowing, taxable interim drawdown installment agreement executed with PNC Bank on February 13, 2018 for the redevelopment of the Water Street Parking Deck. Interest payments are due monthly on the first at 1-month LIBOR plus 0.58 percent on amount drawn to date. At the 3rd anniversary of closing, February 13, 2021, principal outstanding will begin to amortize over a five year period with equal principal payments plus interest due monthly at the Bank's base rate. Beginning 90 days after maturity, interest will accrue at the Bank's base rate plus 2 percent. The bank's base rate is the higher of the prime rate or the federal funds open rate plus 0.50 percent. The deck improvements are secured by deed of trust as collateral for the debt. In the event of default, all amounts due, including principal and interest bear interest at the greater of a) the base rate plus 3 percent or b) 12 percent.</p>		
Serviced by Parking Fund	\$ -	\$ 16,932,954
	<u>\$ 10,085,692</u>	<u>\$ 16,932,954</u>
Other Long-Term Obligations Serviced By:		
Debt Service Fund	\$ 8,855,692	\$ -
Parking Fund	-	16,932,954
Equipment Maintenance and Replacement Fund	<u>1,230,000</u>	<u>-</u>
	<u>\$ 10,085,692</u>	<u>\$ 16,932,954</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

LONG-TERM LIABILITIES (continued)

Other Long-Term Obligations (continued)

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

Year Ending June 30	Governmental Activities				Business-type Activities	
	Installment Agreements		Direct Borrowings		Direct Borrowings	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 657,516	\$ 376,030	\$ 410,000	\$ 17,589	\$ -	\$ 516,490
2021	869,530	351,293	410,000	11,193	1,128,864	652,698
2022	862,702	318,776	410,000	4,797	3,386,591	1,084,238
2023	861,454	275,672	-	-	3,386,591	826,716
2024	864,716	232,518	-	-	3,386,591	573,016
2025-2029	4,256,946	529,643	-	-	5,644,317	374,583
2030-2034	482,828	14,415	-	-	-	-
	<u>\$ 8,855,692</u>	<u>\$ 2,098,347</u>	<u>\$ 1,230,000</u>	<u>\$ 33,579</u>	<u>\$ 16,932,954</u>	<u>\$ 4,027,741</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, 2019 amounts to \$1,222,355,970 resulting in a legal debt margin of \$1,036,612,324.

Changes in long-term liabilities for governmental activities during fiscal year 2019 were as follows:

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Due Within One Year
General obligation bonds	\$ 34,175,000	\$ -	\$ (2,260,000)	\$ 31,915,000	\$ 2,190,000
Installment obligations	128,424,718	-	(5,702,313)	122,722,405	6,572,155
Other long-term obligations	9,516,469	-	(660,777)	8,855,692	657,516
Other long-term obligations - direct borrowings	1,640,000	-	(410,000)	1,230,000	410,000
Plus deferred amounts for issuance premiums:	15,818,127	-	(650,272)	15,167,855	-
Compensated absences	7,164,669	5,289,152	(4,752,216)	7,701,605	5,036,643
Net OPEB Liability	40,769,742	202,659	-	40,972,401	-
Net pension liability (LGERS)	11,717,091	6,808,794	-	18,525,885	-
Total pension liability (Separation Allowance)	12,120,460	36,906	-	12,157,366	737,652
Claims and judgements	-	7,000,000	(3,000,000)	4,000,000	3,000,000
Governmental activity long-term liabilities	<u>\$261,346,276</u>	<u>\$ 19,337,511</u>	<u>\$ (17,435,578)</u>	<u>\$263,248,209</u>	<u>\$ 18,603,966</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

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, \$1,230,000 of internal service funds' other long-term obligations, \$95,015 of compensated absences, \$400,979 of other postemployment benefits and \$234,531 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 2019 were as follows:

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Due Within One Year
Revenue bonds	\$ 22,135,000	\$ -	\$ (810,000)	\$ 21,325,000	\$ 840,000
Installment obligations	5,080,282	-	(992,687)	4,087,595	572,845
Other long-term obligations - direct borrowings	2,710,000	14,222,954	-	16,932,954	-
Less deferred amounts for issuance discounts:	(2,399)	-	-	(2,399)	-
Plus deferred amounts for issuance premiums:	1,981,352	-	(127,126)	1,854,226	-
Compensated absences	513,277	678,046	(678,993)	512,330	281,553
Net OPEB Liability	5,348,180	-	(294,580)	5,053,600	-
Net pension liability (LGERS)	1,397,647	759,494	-	2,157,141	-
Business-type activity long-term liabilities	<u>\$ 39,163,339</u>	<u>\$ 15,660,494</u>	<u>\$ (2,903,386)</u>	<u>\$ 51,920,447</u>	<u>\$ 1,694,398</u>

COMMITMENTS AND CONTINGENCIES

The City entered into a three-year contractual agreement beginning November 1, 2010 with SMG, LLP (SMG) for the operation of the City's Convention Center Facility (Center) for a management fee of \$100,000 per year; which was amended to extend the agreement until October 31, 2018. On October 16, 2018, City Council voted to approve continuing the agreement for another five years, through October 31, 2023. Under the agreement, the operations of the Center are maintained in a separate non-incorporated organization. Pursuit to the agreement, the revenue of the Center is to be placed in a separate account for the operation of the Center and all receipts are to be treated by SMG as if they are held in trust for the City. Additionally, the contract specifies that the cash and related assets held by SMG on behalf of the City are to be used for the operation, promotion and maintenance of the Center. The City records the net equity of the venture as a receivable on the City's books. The Center's primary operations are the rental of facility space for events and meetings and providing catering and other ancillary services as part of the scheduled events. The Center's principal source of revenues is rental charges and food and beverage sales. For the year ended June 30, 2019, the City paid \$114,726 for this service. The City's obligation for the year ending June 30, 2020 is \$117,000 as the fee is adjusted based on the CPI-U-South Region index.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

COMMITMENTS AND CONTINGENCIES (continued)

The City's Second Street, Market Street, Convention Center and Water Street parking decks, and the Second Street and Hannah Block parking lots are managed under a contract extension through January 2020 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, 2019 the City paid \$1,446,236 for these services. The contract costs are expected to be \$844,325 for the remaining seven months of the current year through January 2020. A new contract will be negotiated for these services to continue after January 2020.

The City entered into an incentive agreement in July 2013 with Castle Branch, Inc. to provide incentive payments to the company in exchange for the company's commitment to construct, equip and staff its world headquarters in the City. Castle Branch is required to make a direct investment in the facility of at least \$9 million and to provide 400 new full-time equivalent employees with an average annual compensation of \$35,000 per year by fiscal year 2019. The City's obligation under the agreement is \$50,000 per year for five years commencing when Castle Branch secures a Certificate of Occupancy and demonstrates that the minimum required levels of new full-time employees have been hired and the minimum level of direct investment has been attained. The \$50,000 annual incentive is divided into two separate payments of: \$25,000 Direct Investment and \$25,000 New Full Time Equivalent Employees. No incentive payments were made in fiscal year 2014. The first incentive payment of \$50,000 was made in fiscal year 2015, \$50,000 was paid in February 2017 for the fiscal year 2016 incentive, \$48,750 was paid in October 2017 for fiscal year 2017 and \$15,263 was paid for fiscal year 2018. The final payment of \$25,000 for fiscal year 2019 will be paid in fiscal year 2020. Castle Branch has provided \$9 Million of direct investment and 182 full-time equivalent jobs to the Wilmington area.

The City entered into an incentive agreement in November 2013 with Live Oak Bancshares, Inc. to provide incentive payments to the company in exchange for the company's commitment to construct, equip and staff a new facility in the City. Live Oak Bancshares is required to make a direct investment in the facility of at least \$16 million and to provide 120 new full-time equivalent employees with an average annual compensation of \$80,000 per year by fiscal year 2019. The City's obligation under the agreement is \$50,000 per year for five years commencing when Live Oak Bancshares secures a Certificate of Occupancy and demonstrates that the minimum required levels of new full-time employees have been hired and the minimum level of direct investment has been attained. The \$50,000 annual incentive is divided into two separate payments of: \$25,000 Direct Investment and \$25,000 New Full Time Equivalent Employees. No incentive payments were made in fiscal year 2014. The first incentive payment of \$50,000 was made in fiscal year 2015, \$50,000 was paid in February 2017 for the fiscal year 2016 incentive, \$50,000 was paid in October 2017 for fiscal year 2017, and \$50,000 was paid for fiscal year 2018. The final payment of \$50,000 for fiscal year 2019 was paid in fiscal year 2020. Live Oak Bancshares has provided over \$47 Million of direct investment and 405 full-time equivalent jobs to the Wilmington area.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

COMMITMENTS AND CONTINGENCIES (continued)

The City entered into an incentive agreement in April 2018 with New NGC Inc. dba National Gypsum Company to provide incentive payments to the company in exchange for the company's commitment to re-open, improve, equip, and staff their facility in the City. National Gypsum Company is required to make a direct investment in the facility of at least \$25 million and to provide 51 new full-time equivalent employees with an average annual compensation of \$57,000 per year. The City's obligation under the agreement is \$46,000 per year for five years commencing when National Gypsum Company secures a Certificate of Occupancy and demonstrates that the minimum required levels of new full-time employees had been hired and the minimum level of direct investment had been attained. The \$46,000 annual incentive is divided into two separate payments of: \$23,000 Direct Investment and \$23,000 New Full Time Equivalent Employees. The first incentive payment for fiscal year 2019 was paid in fiscal year 2020 in the amount of \$35,169.

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 2019.

In May 2013, the city partnered with the Development Finance Initiative (DFI) to conduct a pre-development process that led to issuing a Request for Proposals for redevelopment of the Water Street parking deck (WSPD), using parameters determined by City Council. In October 2014, the City received eight submissions in response to the request for proposals. On February 17, 2015 the City Council prioritized the development firms with which the staff would negotiate regarding the creation of a Memorandum of Understanding (MOU) in association with the redevelopment of the WSPD. On May 19, 2015 the City Council authorized the MOU with East West Partners of Chapel Hill, N.C. Most of the provisions of the MOU are non-binding but lay out the understandings around which both parties have agreed to develop a Purchase and Development Agreement (PDA). The MOU included a 180-day evaluation period during which East West had an exclusive right to negotiate the terms of the PDA.

The PDA was completed and adopted by City Council on June 21, 2016. An amendment to the June 21, 2016 PDA was approved by City Council on August 15, 2017. The amendment was necessary to identify construction costs and allocations between the City and the developer. A second amendment and restatement of the PDA was approved by City Council on October 3, 2017. The primary reasons for this amendment was to extend the air rights purchase deadline to December 29, 2017 as well as to better delineate the demolition and construction activities for the project. This project is on schedule for completion in fiscal year 2020.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

B. LIABILITIES (continued)

COMMITMENTS AND CONTINGENCIES (continued)

Encumbrances are amounts needed to pay any commitment related to purchase orders and contracts that remain unperformed at year-end. The City's outstanding encumbrances at June 30, 2019 are as follows:

General Fund	\$ 1,055,857
Special Purpose Fund	1,295,134
Streets and Sidewalks Fund	8,698,009
Building Improvements Fund	5,871,680
Storm Water Management Fund	3,143,910
Parking Facilities Fund	7,370,836
Nonmajor Governmental Funds	3,943,303
Nonmajor Golf Fund	51,370
Internal Service Funds	<u>1,612,496</u>
Total encumbrances	<u>\$ 33,042,595</u>

Jointly Governed Organizations

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

The City, in conjunction with New Hanover, Brunswick, Columbus and Pender Counties and the municipalities therein established the Cape Fear Council of Governments (Council). The Council was established for various purposes, but mainly to coordinate funding for federal and state assistance. Each participating government appoints a minimum of one member to the Council's board. The City paid fees of \$21,406 to the Council during the fiscal year ended June 30, 2019.

Related Organization

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

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

C. INTERFUND BALANCES AND ACTIVITY

The compositions of interfund balances as of June 30, 2019, are as follows:

	General Fund
Receivable Fund	<u>\$ 952,850</u>
Payable Fund:	
Nonmajor Governmental Funds	\$ 952,850

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, 2019 were as follows:

	General Fund	Debt Service Fund	Building Improvement Fund	Nonmajor Governmental Funds	Solid Waste Management Fund	Total
Transfers out:	<u>\$ 27,482,106</u>	<u>\$ 18,787,279</u>	<u>\$ 45,614</u>	<u>\$ 1,529,140</u>	<u>\$ 15,723</u>	<u>\$ 47,859,862</u>
Transfers in:						
General Fund	\$ -	\$ 13,000,000	\$ 45,614	\$ 35,195	\$ -	\$ 13,080,809
Special Purpose Fund	687,566	-	-	-	5,968	693,534
Streets and Sidewalks Fund	200,000	2,914,208	-	-	-	3,114,208
Building and Improvements Fund	1,718,157	418,138	-	467,320	-	2,603,615
Debt Service Fund	22,334,832	-	-	-	-	22,334,832
Nonmajor Governmental Funds	2,164,301	1,812,590	-	826,625	-	4,803,516
Solid Waste Management Fund	47,433	-	-	-	-	47,433
Storm Water Management Fund	17,301	-	-	-	-	17,301
Parking Facilities Fund	-	642,343	-	-	-	642,343
Nonmajor Golf Fund	-	-	-	200,000	-	200,000
Internal Service Fund	<u>312,516</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,755</u>	<u>322,271</u>
Total	<u>\$ 27,482,106</u>	<u>\$ 18,787,279</u>	<u>\$ 45,614</u>	<u>\$ 1,529,140</u>	<u>\$ 15,723</u>	<u>\$ 47,859,862</u>

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

C. INTERFUND BALANCES AND ACTIVITY (continued)

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

The Debt Service Fund transferred \$13,000,000 to the General Fund in fiscal year 2019 to fund Hurricane Florence debris removal. The General Fund transferred the \$13,000,000 back to the Debt Service Fund upon receipt of FEMA reimbursement during the fiscal year.

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, 2019, 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 \$175,000 will not be charged to the group during the remainder of that contract period for that participant.

As of June 30, 2019, the City has recorded a liability of \$1,142,258 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, 2019

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:

	2018	2019
Medical Self-Insurance Program:		
Unpaid claims, beginning	\$ 329,548	\$ 988,099
Incurred claims (including IBNRs)	10,171,109	7,155,418
Claim payments	<u>(9,512,558)</u>	<u>(7,001,259)</u>
Unpaid claims, ending, due within one year	<u>\$ 988,099</u>	<u>\$ 1,142,258</u>

DENTAL SELF-INSURANCE PROGRAM

As of June 30, 2019, 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, 2019, the City has recorded a liability of \$43,813 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:

	2018	2019
Unpaid claims, beginning	\$ 51,440	\$ 40,798
Incurred claims (including IBNRs)	442,108	430,574
Claim payments	<u>(452,750)</u>	<u>(427,559)</u>
Unpaid claims, ending, due within one year	<u>\$ 40,798</u>	<u>\$ 43,813</u>

WORKERS' COMPENSATION SELF-INSURANCE PROGRAM

The City has contracted with York Risk Services, Inc., a provider of claims administrative services, to administer its workers' compensation and employers' liability self-insurance program. The program provides that the City would be responsible for the first \$450,000 of cost and/or benefits payable to employees (other than public safety) resulting from any one accident or event, regardless of the number of persons injured. For public safety employees (police and fire), the City is responsible for the first \$750,000 of cost and/or benefits. Specific excess insurance would provide coverage above these dual self-insured retentions (\$450,000/\$750,000) up to maximum limits provided under the North Carolina Workers' Compensation Act and up to \$1,000,000 each accident or disease for employers' liability. As of June 30, 2019, the City has recorded a liability of \$596,123 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, 2019

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:

	2018	2019
Unpaid claims, beginning	\$ 936,255	\$ 1,087,531
Inurred claims (including IBNRs)	1,471,722	277,842
Claim payments	<u>(1,320,446)</u>	<u>(769,250)</u>
Unpaid claims, ending, due within one year	<u>\$ 1,087,531</u>	<u>\$ 596,123</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 litigation. In the opinion of the City attorney and management, the ultimate outcome of these claims is either (a) not expected to have a significant impact on the City's financial position or (b) a reserve for estimated liabilities has been accrued on the financial statements. The City settled a claim for \$7 million in 2018. Per the settlement agreement, the payments will be paid out over three years beginning January 2019. The City believes this will not have a significant impact on the City's future financial statements.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

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, 2019, the City recognized \$5,061,597 in tax revenue as a result of the tax levy with a total of \$42,554,358 collected since the levy was enacted.

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

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

NOTE 6 – ANNEXATIONS

Under North Carolina General Statutes, cities may annex areas upon a receipt of a valid petition signed by the owners of all the real property located within such area. Since May of 2009 the Wilmington City Council has adopted five voluntary annexation ordinances: 1) 5000 River Road [1,358.717 acres], 2) 7910 Market Street [26.57 acres], 3) 6469, 6501 and 6505 Gordon Road [9.99 acres], 4) 4625 Carolina Beach Road [.23 acres], and 5) 7758,7764,7770,7766,7800,7802,7804,7806 and 7810 Market Street [16.259 acres]. In addition, 4 tracts, totaling approximately 74 acres, were voluntarily annexed into the City by the North Carolina General Assembly, through Session Law 2012-138, effective July 1, 2012.

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

NOTE 6 – ANNEXATIONS (continued)

A 12.64 acre area, known as the Galleria, was deannexed from the Town of Wrightsville Beach and annexed into the City by the North Carolina General Assembly, through Session Law 2014-45, effective June 30, 2014. It is anticipated that a mixed use development consisting of residential, commercial, and office uses will be developed on the site.

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

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

NOTE 7 – SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS

On August 6, 2019 the City Council appropriated \$4,564,800 to fund repairs of storm drainage infrastructure that was damaged as a result of Hurricane Florence. All but \$348,610 of these costs are eligible for reimbursement from the Federal Emergency Management Agency at 75 percent and from North Carolina Emergency Management at 25 percent.

On November 19, 2019 the City Council appropriated an additional \$13,160,624 for the construction of the North Waterfront Park on 6.63 acres of riverfront property in the northern downtown district. The funding for this amount consists of \$3,051,913 of donations and contributions and \$10,108,711 of City resources utilizing a combination of long-term financing and pay-as-you-go funding. The original cost for design, engineering and construction of the park was estimated at \$20,000,000 and was previously appropriated in connection with the voter-approved 2016 Parks Bond.

NOTE 8 – CHANGE IN ACCOUNTING PRINCIPLES

The City implemented GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, in the fiscal year ended June 30, 2019. The primary objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. This statements also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this Statement did not have a material impact on the City's financial position, overall cash flow or balances or results of operations but did lead to expanded footnote disclosures.

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

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Financial Statements (Continued) June 30, 2019

NOTE 9 – PRONOUNCEMENTS ISSUED, NOT YET EFFECTIVE

The GASB has issued pronouncements prior to June 30, 2019 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 84, “Fiduciary Activities”, established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria is generally on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The requirements of this Statement will be effective for the City beginning with its year ending June 30, 2020.
- GASB Statement Number 87, “Leases”, was issued to better meet the information needs of financial statement users by improving accounting and financial reporting for leases. The requirements of this Statement will be effective for the City beginning with its year ending June 30, 2021.
- GASB Statement Number 90, “Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61”, was issued to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement will be effective for the City beginning with its year ending June 30, 2020.
- GASB Statement Number 91, “Conduit Debt Obligations”, was issued to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations and (3) related note disclosures. The requirements of this Statement will be effective for the City beginning with its year ending June 30, 2022.

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REQUIRED SUPPLEMENTARY INFORMATION
(unaudited)



CITY OF WILMINGTON, NORTH CAROLINA

**Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Last Three 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
Changes of benefit terms	-	-	-
Difference between expected and actual experience	261,415	168,953	-
Changes of assumptions and other inputs	(449,152)	658,802	(254,516)
Benefit payments	(620,058)	(553,939)	(476,632)
Other	-	-	-
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 Three 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 payroll	\$ 15,816,969	\$ 14,924,613	\$ 15,426,775
Total pension liability as a percentage of its covered 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 to 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%.

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 Three Fiscal Years ***

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
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
Changes of benefit terms	-	-	-
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**	(1,695,649)	(1,652,234)	(1,683,538)
Other	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Net change in total OPEB liability	(32,870)	(68,755)	(886,377)
Total OPEB liability - beginning	49,077,653	49,146,408	50,032,785
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	29,206	4,928
Benefit payments**	(1,695,649)	(1,652,234)	(1,683,538)
Administrative expense	(2,700)	-	-
	<u> </u>	<u> </u>	<u> </u>
Net change in plan fiduciary net position	59,051	29,206	879,803
Plan fiduciary net position - beginning	2,959,731	2,930,525	2,050,722
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.

CITY OF WILMINGTON, NORTH CAROLINA

Other Postemployment Benefits Required Supplementary Information Last Four Fiscal Years

Schedule of City Contributions

	2019	2018	2017	2016
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%

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

Notes to Schedule

Valuation date

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar amount closed
Amortization period	30 Years
Asset valuation method	Market value
Inflation	2.5 percent
Healthcare cost trend rates	7.25 percent for 2018 decreasing to an ultimate rate of 4.75 percent by 2028
Salary increases	3.50 to 7.75 percent, including wage inflation
Investment rate of return	3.5 percent, net of OPEB plan investment expense, including price inflation
Retirement age	In the 2018 actuarial valuation, expected retirement ages of employees were based on the results of an actual experience study for the period January 1, 2010 to December 31, 2014, adopted by the LGERS
Mortality	In the 2018 actuarial valuation, life expectancies were based on RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015

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

CITY OF WILMINGTON, NORTH CAROLINA

**Other Postemployment Benefits
Required Supplementary Information
Last Three 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	2.00%	1.00%	0.24%

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

CITY OF WILMINGTON, NORTH CAROLINA

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

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

	2019	2018	2017	2016	2015	2014
Wilmington's proportion of the net pension liability (asset) (%)	0.87174%	0.85845%	0.86089%	0.91912%	0.86664%	0.86090%
Wilmington's proportion of the net pension liability (asset) (\$)	\$20,683,026	\$13,114,738	\$ 18,270,970	\$ 4,124,955	\$ (5,110,978)	\$ 10,377,151
Wilmington's covered payroll *	\$52,630,129	\$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	39.30%	25.15%	35.29%	8.50%	(10.90%)	22.83%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30. This schedule is presented to illustrate the requirement to show information for 10 years. Additional years will be presented as they are available.

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

CITY OF WILMINGTON, NORTH CAROLINA

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

Schedule of City Contributions

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 4,446,150	\$ 4,062,901	\$ 3,805,576
Contributions in relation to the contractually required contribution	4,446,150	4,062,901	3,805,576
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Wilmington's covered payroll	\$ 55,802,965	\$ 52,630,129	\$ 52,150,017
Contributions as a percentage of covered payroll	7.97%	7.72%	7.30%

* 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 Six Fiscal Years ***

Schedule of City Contributions

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

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

**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, 2019

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents/investments	\$ 2,150,635	\$ 4,096,919	\$ 6,247,554
Taxes receivable, net	3,874	-	3,874
Other receivables	2,051	3,656	5,707
Due from other governments	1,338,835	33,442	1,372,277
Notes receivable, net	19,607,750	-	19,607,750
Prepays	<u>384</u>	<u>-</u>	<u>384</u>
Total assets	<u><u>\$ 23,103,529</u></u>	<u><u>\$ 4,134,017</u></u>	<u><u>\$ 27,237,546</u></u>
LIABILITIES			
Accounts payable	\$ 158,806	\$ 308,619	\$ 467,425
Due to other funds	952,850	-	952,850
Accrued liabilities	21,505	-	21,505
Customer and escrow deposits	<u>208,458</u>	<u>-</u>	<u>208,458</u>
Total liabilities	<u>1,341,619</u>	<u>308,619</u>	<u>1,650,238</u>
DEFERRED INFLOWS OF RESOURCES			
Taxes receivable, net	3,874	-	3,874
Notes receivable	1,759	-	1,759
Prepaid property taxes	<u>89</u>	<u>-</u>	<u>89</u>
Total deferred inflows of resources	<u>5,722</u>	<u>-</u>	<u>5,722</u>
FUND BALANCES			
Non Spendable:			
Prepays	384	-	384
Restricted:			
Stabilization by State statute	58,137	-	58,137
Community development loans	21,517,069	-	21,517,069
Public safety	219,574	-	219,574
Committed:			
Capital projects	-	3,825,398	3,825,398
Municipal service district	205,044	-	205,044
Unassigned (deficit)	<u>(244,020)</u>	<u>-</u>	<u>(244,020)</u>
Total fund balances	<u>21,756,188</u>	<u>3,825,398</u>	<u>25,581,586</u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 23,103,529</u></u>	<u><u>\$ 4,134,017</u></u>	<u><u>\$ 27,237,546</u></u>

CITY OF WILMINGTON, NORTH CAROLINA

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

June 30, 2019

	Community Development Fund	Home Investment Partnership Fund	Rental Rehabilitation Loan Fund	Commercial Loan Fund	Rehabilitation Loan Fund	CDBG HOP Loan Fund
ASSETS						
Cash and cash equivalents / investments	\$ 18,742	\$ 7,417	\$ 331,286	\$ -	\$ 640,914	\$ -
Taxes receivable, net	-	-	-	-	-	-
Other receivables	-	-	-	-	691	-
Due from other governments	719,015	478,791	-	-	-	-
Notes receivable, net	-	8,394,068	86,416	1,286,877	2,310,317	3,651,479
Prepays	334	50	-	-	-	-
Total assets	<u>\$ 738,091</u>	<u>\$ 8,880,326</u>	<u>\$ 417,702</u>	<u>\$ 1,286,877</u>	<u>\$ 2,951,922</u>	<u>\$ 3,651,479</u>
LIABILITIES						
Accounts payable	\$ 94,314	\$ -	\$ 5,500	\$ -	\$ -	\$ 151
Due to other funds	624,597	107,273	11,029	-	-	209,951
Accrued liabilities	19,180	2,325	-	-	-	-
Customer and escrow deposits	-	655	27,431	-	55,182	33,534
Total liabilities	<u>738,091</u>	<u>110,253</u>	<u>43,960</u>	<u>-</u>	<u>55,182</u>	<u>243,636</u>
DEFERRED INFLOWS OF RESOURCES						
Taxes receivable, net	-	-	-	-	-	-
Notes receivable	-	-	-	-	904	-
Prepaid property taxes	-	-	-	-	-	-
Total deferred inflows of of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>904</u>	<u>-</u>
FUND BALANCES						
Non Spendable:						
Prepays	334	50	-	-	-	-
Restricted:						
Stabilization by State statute	-	-	-	-	-	-
Community development loan	-	8,770,073	373,742	1,286,877	2,895,836	3,651,479
Public safety	-	-	-	-	-	-
Committed:						
Municipal service district	-	-	-	-	-	-
Unassigned (deficit)	<u>(334)</u>	<u>(50)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(243,636)</u>
Total fund balances	<u>-</u>	<u>8,770,073</u>	<u>373,742</u>	<u>1,286,877</u>	<u>2,895,836</u>	<u>3,407,843</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 738,091</u>	<u>\$ 8,880,326</u>	<u>\$ 417,702</u>	<u>\$ 1,286,877</u>	<u>\$ 2,951,922</u>	<u>\$ 3,651,479</u>

	GF HOP Loan Fund	Economic Development Loan Fund	Forgivable Loans & Legal Fees Fund	Special Tax District	Firemen's Relief Fund	Total Nonmajor Special Revenue Funds
ASSETS						
Cash and cash equivalents / investments	\$ 242,859	\$ 29	\$ 533,491	\$ 254,663	\$ 121,234	\$ 2,150,635
Taxes receivable, net	-	-	-	3,874	-	3,874
Other receivables	240	-	600	386	134	2,051
Due from other governments	-	-	47	42,776	98,206	1,338,835
Notes receivable, net	3,482,554	-	396,039	-	-	19,607,750
Prepays	-	-	-	-	-	384
Total assets	<u>\$ 3,725,653</u>	<u>\$ 29</u>	<u>\$ 930,177</u>	<u>\$ 301,699</u>	<u>\$ 219,574</u>	<u>\$ 23,103,529</u>
LIABILITIES						
Accounts payable	\$ 2,283	\$ -	\$ 22,003	\$ 34,555	\$ -	\$ 158,806
Due to other funds	-	-	-	-	-	952,850
Accrued liabilities	-	-	-	-	-	21,505
Customer and escrow deposits	2,143	-	89,513	-	-	208,458
Total liabilities	<u>4,426</u>	<u>-</u>	<u>111,516</u>	<u>34,555</u>	<u>-</u>	<u>1,341,619</u>
DEFERRED INFLOWS OF RESOURCES						
Taxes receivable, net	-	-	-	3,874	-	3,874
Notes receivable	855	-	-	-	-	1,759
Prepaid property taxes	-	-	-	89	-	89
Total deferred inflows of of resources	<u>855</u>	<u>-</u>	<u>-</u>	<u>3,963</u>	<u>-</u>	<u>5,722</u>
FUND BALANCES						
Non Spendable:						
Prepays	-	-	-	-	-	384
Restricted:						
Stabilization by State statute	-	-	-	58,137	-	58,137
Community development loans	3,720,372	29	818,661	-	-	21,517,069
Public safety	-	-	-	-	219,574	219,574
Committed:						
Municipal service district	-	-	-	205,044	-	205,044
Unassigned (deficit)	-	-	-	-	-	(244,020)
Total fund balances	<u>3,720,372</u>	<u>29</u>	<u>818,661</u>	<u>263,181</u>	<u>219,574</u>	<u>21,756,188</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,725,653</u>	<u>\$ 29</u>	<u>\$ 930,177</u>	<u>\$ 301,699</u>	<u>\$ 219,574</u>	<u>\$ 23,103,529</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

June 30, 2019

	Parks and Recreation Fund	Public Improvements Fund	Total Nonmajor Capital Projects Funds
ASSETS			
Cash and cash equivalents/investments	\$ 3,938,218	\$ 158,701	\$ 4,096,919
Other receivables	3,034	622	3,656
Due from other governments	29,777	3,665	33,442
Total assets	<u>\$ 3,971,029</u>	<u>\$ 162,988</u>	<u>\$ 4,134,017</u>
LIABILITIES			
Accounts payable	<u>\$ 308,619</u>	<u>\$ -</u>	<u>\$ 308,619</u>
FUND BALANCES			
Committed:			
Capital projects	<u>3,662,410</u>	<u>162,988</u>	<u>3,825,398</u>
Total fund balances	<u>3,662,410</u>	<u>162,988</u>	<u>3,825,398</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,971,029</u>	<u>\$ 162,988</u>	<u>\$ 4,134,017</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2019

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Ad valorem taxes	\$ 395,681	\$ -	\$ 395,681
Other taxes	147,274	-	147,274
Restricted intergovernmental	1,791,741	517,226	2,308,967
Investment earnings	47,627	85,071	132,698
Donations	-	99,390	99,390
Miscellaneous	<u>311,663</u>	<u>-</u>	<u>311,663</u>
Total revenues	<u>2,693,986</u>	<u>701,687</u>	<u>3,395,673</u>
Expenditures:			
General government	153,643	5,254	158,897
Public safety	99,112	-	99,112
Transportation	-	65,078	65,078
Economic and physical development	1,187,300	-	1,187,300
Cultural and recreational	<u>-</u>	<u>4,199,044</u>	<u>4,199,044</u>
Total expenditures	<u>1,440,055</u>	<u>4,269,376</u>	<u>5,709,431</u>
Excess (deficiency) of expenditures over (under) expenditures	<u>1,253,931</u>	<u>(3,567,689)</u>	<u>(2,313,758)</u>
Other financing sources (uses):			
Transfers from other funds	1,276,625	3,526,891	4,803,516
Transfers to other funds	<u>(826,625)</u>	<u>(702,515)</u>	<u>(1,529,140)</u>
Total other financing sources	<u>450,000</u>	<u>2,824,376</u>	<u>3,274,376</u>
Net change in fund balances	1,703,931	(743,313)	960,618
Fund balances at beginning of year	<u>20,052,257</u>	<u>4,568,711</u>	<u>24,620,968</u>
Fund balances at end of year	<u>\$ 21,756,188</u>	<u>\$ 3,825,398</u>	<u>\$ 25,581,586</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2019

	Community Development Fund	Home Investment Partnership Fund	Rental Rehabilitation Loan Fund	Commercial Loan Fund	Rehabilitation Loan Fund	CDBG HOP Loan Fund
Revenues:						
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-	-	-
Restricted intergovernmental	1,312,965	478,776	-	-	-	-
Investment earnings	-	-	3,375	-	12,948	174
Miscellaneous	<u>100,895</u>	<u>8,140</u>	<u>321</u>	<u>-</u>	<u>80,389</u>	<u>10,736</u>
Total revenues	<u>1,413,860</u>	<u>486,916</u>	<u>3,696</u>	<u>-</u>	<u>93,337</u>	<u>10,910</u>
Expenditures:						
General government	136,148	17,495	-	-	-	-
Public safety	-	-	-	-	-	-
Economic and physical development	<u>668,305</u>	<u>64,698</u>	<u>-</u>	<u>-</u>	<u>42,957</u>	<u>-</u>
Total expenditures	<u>804,453</u>	<u>82,193</u>	<u>-</u>	<u>-</u>	<u>42,957</u>	<u>-</u>
Excess of revenues over expenditures	<u>609,407</u>	<u>404,723</u>	<u>3,696</u>	<u>-</u>	<u>50,380</u>	<u>10,910</u>
Other financing sources (uses):						
Transfers from other funds	108,609	-	-	71,109	-	646,907
Transfers to other funds	<u>(718,016)</u>	<u>-</u>	<u>(5,922)</u>	<u>(1,792)</u>	<u>(100,895)</u>	<u>-</u>
Total other financing sources (uses)	<u>(609,407)</u>	<u>-</u>	<u>(5,922)</u>	<u>69,317</u>	<u>(100,895)</u>	<u>646,907</u>
Net change in fund balances	-	404,723	(2,226)	69,317	(50,515)	657,817
Fund balances at beginning of year	<u>-</u>	<u>8,365,350</u>	<u>375,968</u>	<u>1,217,560</u>	<u>2,946,351</u>	<u>2,750,026</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 8,770,073</u>	<u>\$ 373,742</u>	<u>\$ 1,286,877</u>	<u>\$ 2,895,836</u>	<u>\$ 3,407,843</u>

	GF HOP Loan Fund	Economic Development Loan Fund	Forgivable Loans & Legal Fees Fund	Special Tax District	Firemen's Relief Fund	Total Nonmajor Special Revenue Funds
Revenues:						
Ad valorem taxes	\$ -	\$ -	\$ -	\$ 395,681	\$ -	\$ 395,681
Other taxes	-	-	-	147,274	-	147,274
Restricted intergovernmental	-	-	-	-	-	1,791,741
Investment earnings	11,176	-	10,708	6,268	2,978	47,627
Miscellaneous	<u>8,948</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>102,234</u>	<u>311,663</u>
Total revenues	<u>20,124</u>	<u>-</u>	<u>10,708</u>	<u>549,223</u>	<u>105,212</u>	<u>2,693,986</u>
Expenditures:						
General government	-	-	-	-	-	153,643
Public safety	-	-	-	-	99,112	99,112
Economic and physical development	<u>-</u>	<u>-</u>	<u>5,435</u>	<u>405,905</u>	<u>-</u>	<u>1,187,300</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>5,435</u>	<u>405,905</u>	<u>99,112</u>	<u>1,440,055</u>
Excess of revenues over expenditures	<u>20,124</u>	<u>-</u>	<u>5,273</u>	<u>143,318</u>	<u>6,100</u>	<u>1,253,931</u>
Other financing sources (uses):						
Transfers from other funds	60,000	-	390,000	-	-	1,276,625
Transfers to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(826,625)</u>
Total other financing sources (uses)	<u>60,000</u>	<u>-</u>	<u>390,000</u>	<u>-</u>	<u>-</u>	<u>450,000</u>
Net change in fund balances	80,124	-	395,273	143,318	6,100	1,703,931
Fund balances at beginning of year	<u>3,640,248</u>	<u>29</u>	<u>423,388</u>	<u>119,863</u>	<u>213,474</u>	<u>20,052,257</u>
Fund balances at end of year	<u>\$ 3,720,372</u>	<u>\$ 29</u>	<u>\$ 818,661</u>	<u>\$ 263,181</u>	<u>\$ 219,574</u>	<u>\$ 21,756,188</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2019

	Parks and Recreation Fund	Public Improvements Fund	Total Nonmajor Capital Projects Funds
Revenues:			
Restricted intergovernmental	\$ 461,092	\$ 56,134	\$ 517,226
Investment earnings	71,552	13,519	85,071
Donations	99,390	-	99,390
Total revenues	<u>632,034</u>	<u>69,653</u>	<u>701,687</u>
Expenditures:			
General government	-	5,254	5,254
Transportation	-	65,078	65,078
Cultural and recreational	4,199,044	-	4,199,044
Total expenditures	<u>4,199,044</u>	<u>70,332</u>	<u>4,269,376</u>
Deficiency of revenues under expenditures	<u>(3,567,010)</u>	<u>(679)</u>	<u>(3,567,689)</u>
Other financing sources (uses):			
Transfers from other funds	3,526,891	-	3,526,891
Transfers to other funds	(200,000)	(502,515)	(702,515)
Total other financing sources (uses)	<u>3,326,891</u>	<u>(502,515)</u>	<u>2,824,376</u>
Net change in fund balances	(240,119)	(503,194)	(743,313)
Fund balances at beginning of year	<u>3,902,529</u>	<u>666,182</u>	<u>4,568,711</u>
Fund balances at end of year	<u><u>\$ 3,662,410</u></u>	<u><u>\$ 162,988</u></u>	<u><u>\$ 3,825,398</u></u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
CHDO Proceeds Fund				
Assets:				
Cash and cash equivalents	\$ 84,987	\$ 35,043	\$ 90,412	\$ 29,618
Investments:				
North Carolina Capital Management Trust, Term Portfolio	50,281	26,759	54,424	22,616
U.S. Government Agencies	60,005	20,308	63,149	17,164
Other receivables	<u>94</u>	<u>129</u>	<u>94</u>	<u>129</u>
Total assets	<u>\$ 195,367</u>	<u>\$ 82,239</u>	<u>\$ 208,079</u>	<u>\$ 69,527</u>
Liabilities:				
Accounts payable	\$ 2,450	\$ 78,834	\$ 81,284	\$ -
Escrow funds and deposits	<u>192,917</u>	<u>3,405</u>	<u>126,795</u>	<u>69,527</u>
Total liabilities	<u>\$ 195,367</u>	<u>\$ 82,239</u>	<u>\$ 208,079</u>	<u>\$ 69,527</u>
Law Enforcement Seizure Fund				
Assets:				
Cash and cash equivalents	<u>\$ 406,053</u>	<u>\$ 31,914</u>	<u>\$ -</u>	<u>\$ 437,967</u>
Liabilities:				
Escrow funds and deposits	<u>\$ 406,053</u>	<u>\$ 31,914</u>	<u>\$ -</u>	<u>\$ 437,967</u>
Totals - All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 491,040	\$ 66,957	\$ 90,412	\$ 467,585
Investments:				
North Carolina Capital Management Trust, Term Portfolio	50,281	26,759	54,424	22,616
U.S. Government Agencies	60,005	20,308	63,149	17,164
Other receivables	<u>94</u>	<u>129</u>	<u>94</u>	<u>129</u>
Total assets	<u>\$ 601,420</u>	<u>\$ 114,153</u>	<u>\$ 208,079</u>	<u>\$ 507,494</u>
Liabilities:				
Accounts payable	\$ 2,450	\$ 78,834	\$ 81,284	\$ -
Escrow funds and deposits	<u>598,970</u>	<u>35,319</u>	<u>126,795</u>	<u>507,494</u>
Total liabilities	<u>\$ 601,420</u>	<u>\$ 114,153</u>	<u>\$ 208,079</u>	<u>\$ 507,494</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, 2019
With Comparative Actual Amounts for Year Ended June 30, 2018**

	2019		Variance	2018
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Ad valorem taxes:				
Current year	\$ 60,469,260	\$ 61,520,982	\$ 1,051,722	\$ 57,798,283
Prior years	224,000	253,048	29,048	243,937
Penalties and interest	200,000	204,183	4,183	189,534
Total	<u>60,893,260</u>	<u>61,978,213</u>	<u>1,084,953</u>	<u>58,231,754</u>
Other taxes:				
Local option sales tax	25,548,953	28,776,074	3,227,121	24,665,500
Franchise tax	8,441,336	8,730,544	289,208	8,280,297
Video programming sales tax	1,350,000	1,323,879	(26,121)	1,374,281
Rental vehicle tax	290,000	382,984	92,984	296,213
Total	<u>35,630,289</u>	<u>39,213,481</u>	<u>3,583,192</u>	<u>34,616,291</u>
Unrestricted intergovernmental:				
Beer and wine	600,000	523,468	(76,532)	507,863
ABC revenue	1,894,693	2,199,615	304,922	1,495,370
Court fees	30,000	22,667	(7,333)	26,949
Total	<u>2,524,693</u>	<u>2,745,750</u>	<u>221,057</u>	<u>2,030,182</u>
Restricted intergovernmental:				
Powell bill	2,926,036	2,993,405	67,369	2,958,848
PEG channel support	25,000	27,027	2,027	13,289
Categorical grants:				
Hurricane disaster assistance	13,000,000	17,594,290	4,594,290	-
Other	313,600	289,572	(24,028)	236,767
Total	<u>16,264,636</u>	<u>20,904,294</u>	<u>4,639,658</u>	<u>3,208,904</u>
Licenses and permits:				
Privilege licenses	-	17,695	17,695	15,787
Motor vehicle licenses	400,000	409,722	9,722	406,968
Other permits and fees	316,412	350,708	34,296	243,334
Total	<u>716,412</u>	<u>778,125</u>	<u>61,713</u>	<u>666,089</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

**Year Ended June 30, 2019
With Comparative Actual Amounts for Year Ended June 30, 2018**

	2019		Variance	2018
	Budget	Actual	Positive (Negative)	Actual
Revenues: (continued)				
Sales and services:				
Recreation department sales and service	\$ 871,250	\$ 1,074,292	\$ 203,042	\$ 831,617
Other departmental charges	1,689,244	1,907,707	218,463	2,095,229
Total	<u>2,560,494</u>	<u>2,981,999</u>	<u>421,505</u>	<u>2,926,846</u>
Fines and forfeits:				
Fire code violations	8,000	200	(7,800)	1,550
False alarm citations	100,000	48,570	(51,430)	83,974
Civil citations	67,000	85,993	18,993	98,033
Total	<u>175,000</u>	<u>134,763</u>	<u>(40,237)</u>	<u>183,557</u>
Interest earnings:				
Investment earnings	577,666	1,383,977	806,311	617,406
Interest on liens	-	13,502	13,502	14,986
Total	<u>577,666</u>	<u>1,397,479</u>	<u>819,813</u>	<u>632,392</u>
Miscellaneous:				
Sale of real estate, equipment and material	-	1,178	1,178	13,285
Rents	164,073	94,330	(69,743)	137,461
Other	249,917	653,381	403,464	330,171
Total	<u>413,990</u>	<u>748,889</u>	<u>334,899</u>	<u>480,917</u>
Total revenues	<u>119,756,440</u>	<u>130,882,993</u>	<u>11,126,553</u>	<u>102,976,932</u>
Expenditures:				
General government:				
City Council and Clerk		453,444		425,225
City Manager		2,155,097		2,148,075
City Attorney		1,008,171		1,018,962
Human Resource Management		1,016,455		988,725
Finance		2,164,352		2,225,981
Information Technology Services		3,137,927		2,538,656
Development Services		1,944,940		1,907,614
Public Services		6,826,201		5,515,117
Contributions to other agencies		2,160,887		1,733,300
Nondepartmental		23,837,814		2,709,353
Total	<u>48,017,881</u>	<u>44,705,288</u>	<u>3,312,593</u>	<u>21,211,008</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

**Year Ended June 30, 2019
With Comparative Actual Amounts for Year Ended June 30, 2018**

	2019		Variance Positive (Negative)	2018 Actual
	Budget	Actual		
Expenditures: (continued)				
Public safety:				
Police		\$ 34,182,481		\$ 30,411,370
Fire		18,712,468		17,704,046
Total	\$ 54,414,556	52,894,949	\$ 1,519,607	48,115,416
Transportation:				
Traffic engineering		3,328,088		3,325,698
Streets		2,106,111		2,323,457
Storm water management fee		2,742,393		2,649,015
Total	9,121,970	8,176,592	945,378	8,298,170
Cultural and recreational:				
Parks and recreation	9,259,822	7,986,271	1,273,551	7,768,581
Transit system:				
Cape Fear Public Transportation Authority	1,404,155	1,404,155	-	1,363,257
Total expenditures	122,218,384	115,167,255	7,051,129	86,756,432
Excess (deficiency) of revenues over (under) expenditures	(2,461,944)	15,715,738	18,177,682	16,220,500
Other financing sources (uses):				
Operating transfer - in:				
Debt Service Fund	13,000,000	13,000,000	-	-
Public Improvement Fund	35,195	35,195	-	-
Building Improvements Fund	45,614	45,614	-	-
Total operating transfers - in	13,080,809	13,080,809	-	-
Operating transfers - out:				
Debt Service Fund	(22,334,832)	(22,334,832)	-	(9,334,832)
Special Purpose Fund	(687,566)	(687,566)	-	(671,386)
CDBG/Home Administration Fund	(253,598)	(193,347)	60,251	(151,639)
Forgivable Loans and Legal Fees Fund	(390,000)	(390,000)	-	(90,000)
GF-HOP Loan Fund	(60,000)	(60,000)	-	(250,000)
Streets and Sidewalks Fund	(200,000)	(200,000)	-	-
Parks and Recreation Fund	(1,714,301)	(1,714,301)	-	(1,553)

CITY OF WILMINGTON, NORTH CAROLINA

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

**Year Ended June 30, 2019
With Comparative Actual Amounts for Year Ended June 30, 2018**

	<u>2019</u>		Variance Positive (Negative)	2018 Actual
	<u>Budget</u>	<u>Actual</u>		
Other financing sources (uses): (continued)				
Operating transfers - out: (continued)				
Building Improvements Fund	\$ (1,718,157)	\$ (1,718,157)	\$ -	\$ (7,960,200)
Storm Water Management Fund	(17,301)	(17,301)	-	-
Solid Waste Management Fund	(47,433)	(47,433)	-	(29,866)
Equipment Maintenance and Replacement Fund	(3,831)	(3,831)	-	-
Technology Replacement Fund	(308,685)	(308,685)	-	(333,926)
Total operating transfers - out	<u>(27,735,704)</u>	<u>(27,675,453)</u>	<u>60,251</u>	<u>(18,823,402)</u>
Appropriated fund balance	<u>17,116,839</u>	<u>-</u>	<u>(17,116,839)</u>	<u>-</u>
Total other financing sources (uses)	<u>2,461,944</u>	<u>(14,594,644)</u>	<u>(17,056,588)</u>	<u>(18,823,402)</u>
Net change in fund balance	<u>\$ -</u>	<u>1,121,094</u>	<u>\$ 1,121,094</u>	<u>(2,602,902)</u>
Fund balance at beginning of year		56,451,053		59,152,740
Change in reserve for inventories		<u>(23,433)</u>		<u>(98,785)</u>
Fund balance at end of year		<u>\$ 57,548,714</u>		<u>\$ 56,451,053</u>
A portion of a legally budgeted CDBG/HOME Grant and Administration Fund is consolidated into the General Fund for reporting purposes:				
Transfer from General Fund		66,215		151,639
General government expenditures		(17,495)		(43,084)
Economic and physical development expenditures		(48,720)		(108,555)
Fund balance at beginning of year		<u>-</u>		<u>-</u>
Fund balance at end of year		<u>\$ 57,548,714</u>		<u>\$ 56,451,053</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, 2019

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Taxes:					
Room occupancy tax	\$ 36,862,226	\$ 36,862,226	\$ -	\$ 36,862,226	\$ -
Restricted intergovernmental:					
Federal grants	5,584,394	5,514,861	305,091	5,819,952	235,558
State grants	5,490,840	3,568,065	1,172,953	4,741,018	(749,822)
Other governments	2,774,477	2,273,952	311,203	2,585,155	(189,322)
Total restricted intergovernmental	13,849,711	11,356,878	1,789,247	13,146,125	(703,586)
Investment earnings	386,972	412,190	32,076	444,266	57,294
Donations	235,507	165,384	3,317	168,701	(66,806)
Miscellaneous:					
Red light traffic cameras	10,656,919	9,379,737	1,031,247	10,410,984	(245,935)
Other program income	274,312	281,296	22,742	304,038	29,726
Sale of property	6,615	30,084	-	30,084	23,469
Other	66,835	113,126	580	113,706	46,871
Total miscellaneous	11,004,681	9,804,243	1,054,569	10,858,812	(145,869)
Total revenues	62,339,097	58,600,921	2,879,209	61,480,130	(858,967)
Expenditures:					
Public safety projects:					
Regional crime lab	595,330	354,608	102,605	457,213	138,117
Santa cop program	1,125	750	-	750	375
SABLE-helicopter unit	1,893,694	1,300,143	215,190	1,515,333	378,361
Federal forfeiture - SABLE	1,777,935	1,431,366	172,310	1,603,676	174,259
Strategy to address gangs	71,720	68,773	-	68,773	2,947
Second chance reentry	600,000	600,000	-	600,000	-
Firefighter assistance - FEMA	109,015	108,857	-	108,857	158
Port city super girls academy	25,200	17,875	-	17,875	7,325
Reset reentry system	200,000	111,126	64,745	175,871	24,129
Regional response hazmat 2019	69,000	-	50,893	50,893	18,107
Opioid pilot program	500,000	-	218,203	218,203	281,797
Federal forfeiture	2,313,421	2,218,256	-	2,218,256	95,165
North Carolina drug tax	854,033	695,048	68,665	763,713	90,320
Total public safety	9,010,473	6,906,802	892,611	7,799,413	1,211,060
Transportation projects:					
Metropolitan planning	4,864,500	3,372,520	954,695	4,327,215	537,285
Red light traffic cameras	14,767,186	12,790,508	1,342,016	14,132,524	634,662
TDM coordinator	460,845	242,991	90,755	333,746	127,099
Rail realignment study	300,000	300,000	-	300,000	-
Total transportation	20,392,531	16,706,019	2,387,466	19,093,485	1,299,046

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, 2019

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Expenditures: (continued)					
Economic and physical development projects:					
Historic preservation education	\$ 43,617	\$ 31,074	\$ -	\$ 31,074	\$ 12,543
Annual housing summit	48,697	32,970	-	32,970	15,727
Brownfields program	400,000	385,601	-	385,601	14,399
Innovate NC	13,827	13,827	-	13,827	-
Community waste reduction/recycle	114,000	77,340	35,809	113,149	851
Affordable housing program	1,183,720	1,180,299	(2,360)	1,177,939	5,781
Homeownership services	191,641	147,268	19,790	167,058	24,583
UDAG income projects	1,280,639	1,204,126	15,000	1,219,126	61,513
Trees forever	48,405	38,861	390	39,251	9,154
Trolley station	3,716	2,123	-	2,123	1,593
Total economic and physical development	3,328,262	3,113,489	68,629	3,182,118	146,144
Cultural and recreational projects:					
Dog park development	35,490	26,612	-	26,612	8,878
Downtown business alliance	55,609	50,862	1,995	52,857	2,752
Market place downtown	8,658	1,771	-	1,771	6,887
Rehder Garden	6,770	1,089	-	1,089	5,681
Community enrichment initiative	1,325	-	-	-	1,325
Living legends award	3,840	3,675	-	3,675	165
TD green streets program	20,000	20,000	-	20,000	-
MLK center movie series	2,500	1,920	580	2,500	-
July Fourth celebration	5,000	3,566	-	3,566	1,434
Nautical festival	51,375	48,466	-	48,466	2,909
Bicycle advisory	7,489	6,531	958	7,489	-
Total cultural and recreational	198,056	164,492	3,533	168,025	30,031
Transit system:					
Metropolitan Planning	288,581	232,587	56,000	288,587	(6)
Total expenditures	33,217,903	27,123,389	3,408,239	30,531,628	2,686,275
Excess (deficiency) of revenues over (under) expenditures	29,121,194	31,477,532	(529,030)	30,948,502	1,827,308
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

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, 2019

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Other financing sources (uses): (continued)					
Operating transfers - in: (continued)					
Rental Rehabilitation Fund	\$ 438,000	\$ 438,000	\$ -	\$ 438,000	\$ -
Solid Waste Fund	33,000	26,670	5,968	32,638	(362)
Storm Water Management Fund	-	63	-	63	63
General Fund	<u>5,590,972</u>	<u>4,820,136</u>	<u>687,566</u>	<u>5,507,702</u>	<u>(83,270)</u>
Total operating transfers - in	<u>8,495,959</u>	<u>7,720,047</u>	<u>693,534</u>	<u>8,413,581</u>	<u>(82,378)</u>
Operating transfers - out:					
General Fund	(16,000)	(16,000)	-	(16,000)	-
Convention Center Fund	(36,862,226)	(36,862,226)	-	(36,862,226)	-
Building Improvements Fund	(43,449)	(43,449)	-	(43,449)	-
Community Development Fund	(3,100)	-	-	-	3,100
General Fund HOP Loan Fund	(1,680)	(1,679)	-	(1,679)	1
UDAG Loan Fund	(117,077)	(117,077)	-	(117,077)	-
Home Investment Partnership Fund	(544,059)	(544,045)	-	(544,045)	14
Rehabilitation Loan Fund	(20,022)	(20,021)	-	(20,021)	1
Public Improvements Fund	<u>(9,540)</u>	<u>(9,539)</u>	<u>-</u>	<u>(9,539)</u>	<u>1</u>
Total operating transfers - out	<u>(37,617,153)</u>	<u>(37,614,036)</u>	<u>-</u>	<u>(37,614,036)</u>	<u>3,117</u>
Total other financing sources (uses)	<u>(29,121,194)</u>	<u>(29,893,989)</u>	<u>693,534</u>	<u>(29,200,455)</u>	<u>(79,261)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,583,543</u>	<u>164,504</u>	<u>\$ 1,748,047</u>	<u>\$ 1,748,047</u>
Fund balance at beginning of year			<u>1,583,543</u>		
Fund balance at end of year			<u>\$ 1,748,047</u>		
A legally budgeted Convention Center Fund is consolidated into the Special Purpose Fund for reporting purposes:					
Room occupancy tax			5,061,597		
Sales and services			4,606,544		
Investment earnings			119,663		
Miscellaneous			26,233		
Economic and physical development expenditures			(5,696,274)		
Debt service:					
Principal retirement			(25,000)		
Interest and other charges			(1,915,725)		
Fund balance at beginning of year			5,089,234		
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>\$ 9,085,266</u>		

CITY OF WILMINGTON, NORTH CAROLINA

**Convention Center Fund
(A Subfund of the Special Purpose Fund)
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual**

From Inception and Year Ended June 30, 2019

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Room occupancy tax	\$ 2,738,325	\$ 630,535	\$ 5,061,597	\$ 5,692,132	\$ 2,953,807
Sales and services:					
Convention center	25,592,746	21,990,833	3,968,166	25,958,999	366,253
Parking deck	2,639,929	2,071,293	638,378	2,709,671	69,742
Total sales and services	28,232,675	24,062,126	4,606,544	28,668,670	435,995
Miscellaneous:					
Insurance reimbursement	26,234	-	26,233	26,233	(1)
Investment earnings	146,080	1,708,867	119,663	1,828,530	1,682,450
Total revenues	31,143,314	26,401,528	9,814,037	36,215,565	5,072,251
Expenditures:					
Economic and physical development project:					
Convention Center operations	35,879,967	29,515,720	5,234,981	34,750,701	1,129,266
Parking deck operations	2,531,739	1,603,998	461,293	2,065,291	466,448
Total economic and physical development	38,411,706	31,119,718	5,696,274	36,815,992	1,595,714
Debt service:					
Principal retirement	12,330,000	12,305,000	25,000	12,330,000	-
Interest and other charges	29,279,786	27,355,270	1,915,725	29,270,995	8,791
Reserved for debt service	589,516	-	-	-	589,516
Total debt service	42,199,302	39,660,270	1,940,725	41,600,995	598,307
Total expenditures	80,611,008	70,779,988	7,636,999	78,416,987	2,194,021
Excess (deficiency) of revenues over (under) expenditures	(49,467,694)	(44,378,460)	2,177,038	(42,201,422)	7,266,272
Other financing sources (uses):					
Operating transfers - in:					
Special Purpose Fund	36,862,226	36,862,226	-	36,862,226	-
Building Improvements Fund	6,030,337	6,030,337	-	6,030,337	-
Total operating transfers - in	42,892,563	42,892,563	-	42,892,563	-
Issuance of installment obligations	5,995,949	5,995,949	-	5,995,949	-
Issuance of refunding installment obligations	57,850,000	57,850,000	-	57,850,000	-
Premium on refunding installment obligations	5,942,921	5,942,920	-	5,942,920	(1)
Payment to refunded installment obligation escrow agent	(63,213,739)	(63,213,738)	-	(63,213,738)	1
Total other financing sources	49,467,694	49,467,694	-	49,467,694	-
Net change in fund balance	\$ -	\$ 5,089,234	2,177,038	\$ 7,266,272	\$ 7,266,272
Fund balance at beginning of year			5,089,234		
Fund balance at end of year			\$ 7,266,272		

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, 2019

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental:					
Federal grants	\$ 13,635,070	\$ 11,973,662	\$ 1,312,965	\$ 13,286,627	\$ (348,443)
Miscellaneous:					
Sale of property	-	23,000	-	23,000	23,000
Insurance reimbursement	1,600	1,607	-	1,607	7
Refunds	568,203	444,357	100,895	545,252	(22,951)
Total miscellaneous	569,803	468,964	100,895	569,859	56
Total revenues	14,204,873	12,442,626	1,413,860	13,856,486	(348,387)
Expenditures:					
Economic and physical development projects:					
HUD Reimbursement		-	100,895	100,895	
Acquisition		331,000	-	331,000	
Public facilities		1,883,755	60,000	1,943,755	
Disposition		26,320	-	26,320	
Demolition		59,126	-	59,126	
Domestic Violence		361,902	31,829	393,731	
Shelter for homeless		228,000	-	228,000	
Community Boys Club		30,000	-	30,000	
Community Land Trust		61,997	9,000	70,997	
Volunteers of America		78,000	-	78,000	
Coastal Horizon Center		30,117	-	30,117	
Family Services		58,825	-	58,825	
Dreams of Wilmington		65,000	-	65,000	
Food Bank of Coastal Carolina		10,000	-	10,000	
Bottom Neighborhood Association		19,639	-	19,639	
Brigade Boys and Girls Club		20,000	-	20,000	
Leading Into New Communities		326,132	-	326,132	
First Fruit Ministries		122,648	23,900	146,548	
Housing counseling		14,910	-	14,910	
Wilmington interfaith network		10,000	-	10,000	
Joint Project		1,038,906	118,740	1,157,646	
YWCA - Kids Making It		25,000	-	25,000	
Salvation Army		30,000	-	30,000	
Relocation		42,988	14,609	57,597	
Energy repairs/housing		382,097	1,800	383,897	
Capacity Building		34,926	-	34,926	
Small Business Development		25,000	-	25,000	
Economic development		15,300	-	15,300	
Charges for services		2,059,000	-	2,059,000	
Planning		619	-	619	
Total expenditures	7,992,558	7,391,207	360,773	7,751,980	240,578
Excess of revenues over expenditures	6,212,315	5,051,419	1,053,087	6,104,506	(107,809)

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, 2019

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Other financing sources (uses):					
Operating transfers - in:					
Transfer from General Fund	\$ 9,322	\$ 9,321	\$ -	\$ 9,321	\$ (1)
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	112,098	103,636	5,922	109,558	(2,540)
Commercial Loan Fund	26,563	26,545	1,792	28,337	1,774
Rehabilitation Loan Fund	586,262	485,366	100,895	586,261	(1)
General Fund HOP Loan Fund	<u>27,300</u>	<u>27,300</u>	<u>-</u>	<u>27,300</u>	<u>-</u>
Total operating transfers - in	<u>865,541</u>	<u>652,168</u>	<u>209,504</u>	<u>861,672</u>	<u>(3,869)</u>
Operating transfers - out:					
CDBG/HOME Administration Fund	(4,299,958)	(3,643,706)	(544,575)	(4,188,281)	111,677
Rental Rehabilitation Loan Fund	(99,550)	(99,550)	-	(99,550)	-
Commercial Loan Fund	(598,845)	(527,735)	(71,109)	(598,844)	1
Rehabilitation Loan Fund	(36,871)	(36,871)	-	(36,871)	-
CDBG HOP Loan Fund	<u>(2,042,632)</u>	<u>(1,395,725)</u>	<u>(646,907)</u>	<u>(2,042,632)</u>	<u>-</u>
Total operating transfers - out	<u>(7,077,856)</u>	<u>(5,703,587)</u>	<u>(1,262,591)</u>	<u>(6,966,178)</u>	<u>111,678</u>
Total other financing uses	<u>(6,212,315)</u>	<u>(5,051,419)</u>	<u>(1,053,087)</u>	<u>(6,104,506)</u>	<u>107,809</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			544,575		
Transfer to Community Development Fund			(100,895)		
General government expenditures			(136,148)		
Economic and physical development expenditures			(307,532)		
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, 2019
With Comparative Actual Amounts for Year Ended June 30, 2018**

	2019		Variance Positive (Negative)	2018 Actual
	Budget	Actual		
Expenditures:				
General government:				
Finance		\$ 209,604		\$ 194,736
Economic and physical development:				
Economic and community development		493,638		455,772
Total expenditures	\$ 772,038	703,242	\$ 68,796	650,508
Other financing sources (uses):				
Operating transfers-in:				
General Fund	253,598	193,347	(60,251)	151,639
Community Development Fund	546,641	544,575	(2,066)	435,454
Home Investment Partnership Fund	66,215	66,215	-	63,415
Total operating transfers - in	866,454	804,137	(62,317)	650,508
Operating transfers-out:				
Community Development Fund	(100,896)	(100,895)	1	-
Appropriated fund balance	6,480	-	(6,480)	-
Total other financing sources	772,038	703,242	(68,796)	650,508
Net change in fund balance	\$ -	-	\$ -	-
Fund balance at beginning of year		-		-
Fund balance at end of year		\$ -		\$ -

CITY OF WILMINGTON, NORTH CAROLINA

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

From Inception and Year Ended June 30, 2019

	Grant Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental:					
Federal grants	\$ 5,025,827	\$ 3,191,346	478,776	\$ 3,670,122	\$ (1,355,705)
Miscellaneous	7,500	7,500	-	7,500	-
Total revenues	<u>5,033,327</u>	<u>3,198,846</u>	<u>478,776</u>	<u>3,677,622</u>	<u>(1,355,705)</u>
Expenditures:					
Economic and physical development projects:					
HUD reimbursement		181,034	-	181,034	
Tenant Based Assistance		100,648	-	100,648	
Affordable Housing Infrastructure		13,910	-	13,910	
Land trust administration		10,000	-	10,000	
Relocation assistance		10,118	-	10,118	
Total expenditures	<u>319,443</u>	<u>315,710</u>	<u>-</u>	<u>315,710</u>	<u>3,733</u>
Excess of revenues over expenditures	<u>4,713,884</u>	<u>2,883,136</u>	<u>478,776</u>	<u>3,361,912</u>	<u>(1,351,972)</u>
Other financing sources (uses):					
Operating transfers - in:					
General Fund	8,358	8,358	-	8,358	-
Special Purpose Fund	231,630	231,630	-	231,630	-
General Fund HOP Loan Fund	79,150	79,150	-	79,150	-
Home Loan Fund	<u>1,505,491</u>	<u>1,568,899</u>	<u>367,619</u>	<u>1,936,518</u>	<u>431,027</u>
Total operating transfers - in	<u>1,824,629</u>	<u>1,888,037</u>	<u>367,619</u>	<u>2,255,656</u>	<u>431,027</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, 2019

	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	\$ (572,596)	\$ (506,381)	\$ (66,215)	\$ (572,596)	\$ -
Home Loan Fund	(5,965,917)	(3,887,304)	(785,137)	(4,672,441)	1,293,476
Total operating transfers - out	<u>(6,538,513)</u>	<u>(4,393,685)</u>	<u>(851,352)</u>	<u>(5,245,037)</u>	<u>1,293,476</u>
Total other financing uses	<u>(4,713,884)</u>	<u>(2,505,648)</u>	<u>(483,733)</u>	<u>(2,989,381)</u>	<u>1,724,503</u>
Net change in fund balance	\$ -	\$ 377,488	(4,957)	\$ 372,531	\$ 372,531
Fund balance at beginning of year			<u>377,488</u>		
Fund balance at end of year			<u>\$ 372,531</u>		
A portion of a legally budgeted CDBG/HOME Grant and Administration Fund is consolidated into the Home Investment Partnership Fund for reporting purposes:					
Transfer from Home Investment Partnership Fund			66,215		
General government expenditures			(17,495)		
Economic and physical development expenditures			(48,720)		
Fund balance at beginning of year			-		
An unbudgeted Home Loan Fund is consolidated into the Home Investment Partnership Fund for reporting purposes:					
Miscellaneous income			8,140		
Transfer from Home Investment Partnership Fund			785,137		
Economic and physical development expenditures			(15,978)		
Transfer to Home Investment Partnership Fund			(367,619)		
Fund balance at beginning of year			<u>7,987,862</u>		
Fund balance at end of year			<u>\$ 8,770,073</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, 2019
With Comparative Actual Amounts for Year Ended June 30, 2018**

	2019		Variance Positive (Negative)	2018 Actual
	Budget	Actual		
Revenues:				
Ad valorem taxes:				
Current year	\$ 384,341	\$ 394,660	\$ 10,319	\$ 367,752
Penalties and interest	-	1,021	1,021	1,410
Local option sales tax	-	147,274	147,274	23,705
Investment earnings	-	6,268	6,268	1,117
Total revenues	<u>384,341</u>	<u>549,223</u>	<u>164,882</u>	<u>393,984</u>
Expenditures:				
Economic and physical development:				
Downtown municipal service district	<u>439,341</u>	<u>405,905</u>	<u>33,436</u>	<u>274,121</u>
Excess of revenues over expenditures	(55,000)	143,318	198,318	119,863
Other financing sources (uses):				
Appropriated fund balance	<u>55,000</u>	-	(55,000)	-
Net change in fund balance	<u>\$ -</u>	143,318	<u>\$ 143,318</u>	119,863
Fund balance at beginning of year		<u>119,863</u>		<u>-</u>
Fund balance at end of year		<u>\$ 263,181</u>		<u>\$ 119,863</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, 2019

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental	\$ 5,900,459	\$ 2,131,174	\$ 160,309	\$ 2,291,483	\$ (3,608,976)
Investment earnings	505,568	730,496	663,780	1,394,276	888,708
Donations	297,982	3,319,205	71,085	3,390,290	3,092,308
Total revenues	<u>6,704,009</u>	<u>6,180,875</u>	<u>895,174</u>	<u>7,076,049</u>	<u>372,040</u>
Expenditures:					
Transportation:					
Bridge repairs	2,217,126	601,461	43,839	645,300	1,571,826
Water Street/Riverfront improvements	3,421,813	3,108,114	34,959	3,143,073	278,740
Water Street/Riverfront stabilization	472,782	436,463	-	436,463	36,319
Florence recovery - streets	200,000	-	-	-	200,000
Street rehabilitation	15,517,021	8,686,192	232,924	8,919,116	6,597,905
Pine Valley street/drainage rehabilitation	3,085,036	2,811,302	20,502	2,831,804	253,232
Cross City Trail IIIIE streets rehabilitation	884,010	873,932	-	873,932	10,078
Greenville Loop rehabilitation	1,415,019	1,415,018	-	1,415,018	1
Audubon / Floral rehabilitation	1,061,786	1,061,784	-	1,061,784	2
41st Street rehabilitation	1,251,587	1,251,586	-	1,251,586	1
Brick street rehabilitation	500,000	55,789	308,619	364,408	135,592
Hawksbill causeway	700,000	11,898	30,467	42,365	657,635
McRae/Nixon/ 10th Street rehabilitation	1,302,331	-	830,614	830,614	471,717
Castle/Greenfield Street rehabilitation	1,340,800	-	-	-	1,340,800
Neighborhood traffic management	1,752,500	1,653,870	-	1,653,870	98,630
Eastwood Road path	29,214	-	-	-	29,214
Market/Water Streets bulkhead	1,509,237	1,380,736	-	1,380,736	128,501
Princess Place/17th to 25th Streets	151,247	151,246	-	151,246	1
Downtown street improvements	1,723,386	-	-	-	1,723,386
Pocket Park shoreline stabilization	564,200	553,036	-	553,036	11,164
Market Street H-piles stabilization	1,050,338	799,548	-	799,548	250,790
North/South 17th Street	1,505,002	1,490,214	2,058	1,492,272	12,730
Sign inventory and assessment	90,000	469	-	469	89,531
Way finding signage	89,683	34,629	541	35,170	54,513
Front/Castle pedestrian improvements	26,695	1,441	-	1,441	25,254
College/Oleander pedestrian crossing	100	-	-	-	100
Wrightsville/Greenville improvements	425,500	89,834	40	89,874	335,626
Park Avenue multi-use path	1,458,342	200,759	519,466	720,225	738,117
Military Cutoff/Eastwood multi-use path	23,249	23,248	-	23,248	1
Hinton Avenue multi-use path	367,091	82,009	4,212	86,221	280,870
Hooker Road multi-use path	1,015,808	82,933	3,917	86,850	928,958
5th and Wooster pedestrian crossing	394,979	5,686	427	6,113	388,866
Kerr Avenue bike lane/sidewalks	1,140,000	-	-	-	1,140,000
Gregory/Williston Streets	950,649	12,608	-	12,608	938,041

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, 2019

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Expenditures: (continued)					
Transportation: (continued)					
Love Grove emergency access	\$ 150,000	\$ -	\$ -	\$ -	\$ 150,000
Coastline Inn riverfront stabilization	992,550	787,595	-	787,595	204,955
Sidewalk gap improvements	55,000	44,203	313	44,516	10,484
North 3rd Street bridge	459,854	109,141	21,397	130,538	329,316
Shipyards Boulevard bus pullout	508,476	66,131	706	66,837	441,639
Eastwood Road access management	5,155,000	60,000	2,435,678	2,495,678	2,659,322
Carolina Beach Road streetscape	4,300,000	-	-	-	4,300,000
North Front Street streetscape	1,700,000	-	-	-	1,700,000
Dawson/Wooster Streets improvements	1,100,000	33,838	2,642	36,480	1,063,520
Love Grove access	6,269,076	5,583,664	(204)	5,583,460	685,616
Hurst Drive extension	4,300,000	-	-	-	4,300,000
Pine Grove intersection improvements	2,500,000	45,257	7,500	52,757	2,447,243
Oleander/Pine Grove realignment	2,100,000	1,500	-	1,500	2,098,500
Racine/New Center Drive turn lane	150,000	-	-	-	150,000
Wrightsville/Wallace Avenue roundabout	1,500,000	15,453	56,428	71,881	1,428,119
Pine Grove/Greenville Loop roundabout	1,500,000	15,453	6,400	21,853	1,478,147
Pine Grove/Holly Tree roundabout	1,500,000	19,120	-	19,120	1,480,880
Contingency - roadway projects	2,287,358	-	-	-	2,287,358
Oleander/Hawthorn to 42nd Street	635,330	-	-	-	635,330
Wrightsville/Castle/Independence	174,757	-	-	-	174,757
Oleander/Wooster/Mimosa	224,060	3,782	4,218	8,000	216,060
Dawson/Wrightsville/Oleander	34,410	2,078	-	2,078	32,332
Wrightsville/College/Hawthorn	1,139,589	23,399	52,926	76,325	1,063,264
Wrightsville/44th/Independence	989,616	23,399	45,960	69,359	920,257
17th Street sidewalk/Wooster	235,794	-	-	-	235,794
Oleander/Pine Grove/College	177,786	16	42,849	42,865	134,921
23rd Street sidewalk/Princess Place	4,348	4,347	-	4,347	1
Delaney sidewalk improvements	173,829	64,284	-	64,284	109,545
McClelland sidewalk improvements	589,527	309	-	309	589,218
Fairlawn sidewalk improvements	842,478	292,982	-	292,982	549,496
Clover sidewalk improvements	410,747	-	-	-	410,747
Gleason sidewalk improvements	449,231	-	-	-	449,231
Kerr/Wilshire crosswalk	45,000	30,120	-	30,120	14,880
16th Street/Dawson crosswalk	75,000	-	-	-	75,000
College/Wilshire crosswalk	43,000	41,250	-	41,250	1,750
8th Street/Dawson crosswalk	50,000	-	-	-	50,000
8th Street/Wooster crosswalk	50,000	-	-	-	50,000
17th Street/Dawson crosswalk	75,000	-	-	-	75,000
Holly Tree/College crosswalk	283,101	15,180	315	15,495	267,606
Greenville Loop/College/Park	6,858,057	-	-	-	6,858,057
Kerr Avenue trail	907,439	-	-	-	907,439

CITY OF WILMINGTON, NORTH CAROLINA

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

From Inception and Year Ended June 30, 2019

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Expenditures: (continued)					
Transportation: (continued)					
Central College trail	\$ 1,951,079	\$ 452,821	\$ 1,077,460	\$ 1,530,281	\$ 420,798
Masonboro Loop multiuse path	2,982,142	160,355	50,041	210,396	2,771,746
Contingency - bike/pedestrian	904,601	-	-	-	904,601
Chestnut/Grace reconstruction	2,000,000	95,094	7,704	102,798	1,897,202
23rd Street connection/Scientific	2,660,528	375,000	-	375,000	2,285,528
Independence Boulevard	507,116	507,116	-	507,116	-
Cardinal Extension	196,488	196,487	-	196,487	1
Lullwater/Greenway	354,031	354,031	-	354,031	-
Medical Center / Glen Meade	364,235	364,233	-	364,233	2
Market Street LED upgrade	183,447	35,399	29,047	64,446	119,001
Sidewalk gap improvements	25,000	13,736	8,317	22,053	2,947
Kerr / MLK interchange	560,000	-	-	-	560,000
Dock Street pedestrian access	175,000	17,797	5,758	23,555	151,445
Eastwood/Military Cutoff interchange	560,000	-	-	-	560,000
Red Cross Riverwalk access	259,772	-	-	-	259,772
Red Cross streetscape	100,000	-	-	-	100,000
Manly Avenue	450,000	-	66,828	66,828	383,172
Wooster Street sidewalks	276,431	195,566	-	195,566	80,865
Sidewalk rehabilitation and repairs	2,620,947	1,986,287	479,850	2,466,137	154,810
Pedestrian/Bike improvements	1,465,372	1,020,868	-	1,020,868	444,504
Cross walk improvements 2017	150,000	15,000	-	15,000	135,000
Military Cutoff pedestrian improvements	60,471	-	-	-	60,471
Public transportation	<u>2,000,000</u>	<u>461,363</u>	<u>-</u>	<u>461,363</u>	<u>1,538,637</u>
Total transportation	<u>119,438,604</u>	<u>40,409,459</u>	<u>6,434,718</u>	<u>46,844,177</u>	<u>72,594,427</u>
Cultural and recreational:					
Riverwalk North convention center	2,594,625	2,587,995	-	2,587,995	6,630
Riverwalk North marina	8,497,374	8,370,519	-	8,370,519	126,855
Brooks Building riverwalk improvements	1,141,976	1,137,042	-	1,137,042	4,934
Riverwalk-Conlon Pier repair	658,150	77,063	34,088	111,151	546,999
Convention Center Bulkhead	143,643	15,748	3,428	19,176	124,467
Riverfront assessment update	53,500	-	31,061	31,061	22,439
Riverfront Assessment	<u>1,030,343</u>	<u>260,451</u>	<u>-</u>	<u>260,451</u>	<u>769,892</u>
Total cultural and recreational	<u>14,119,611</u>	<u>12,448,818</u>	<u>68,577</u>	<u>12,517,395</u>	<u>1,602,216</u>
Transit system:					
Transit capital grant match	<u>535,872</u>	<u>327,284</u>	<u>-</u>	<u>327,284</u>	<u>208,588</u>
Total expenditures	<u>134,094,087</u>	<u>53,185,561</u>	<u>6,503,295</u>	<u>59,688,856</u>	<u>74,405,231</u>
Excess of expenditures over revenues	<u>(127,390,078)</u>	<u>(47,004,686)</u>	<u>(5,608,121)</u>	<u>(52,612,807)</u>	<u>74,777,271</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

From Inception and Year Ended June 30, 2019

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Other financing sources (uses):					
Operating transfers - in:					
General Fund	\$ 11,811,329	\$ 11,496,246	\$ 200,000	\$ 11,696,246	\$ (115,083)
Debt Service fund	18,254,565	10,100,357	2,914,208	13,014,565	(5,240,000)
Building Improvements Fund	911,400	911,400	-	911,400	-
Public Improvements Fund	-	-	-	-	-
Storm Water Capital Project Fund	50,000	50,000	-	50,000	-
Total operating transfers - in	<u>31,027,294</u>	<u>22,558,003</u>	<u>3,114,208</u>	<u>25,672,211</u>	<u>(5,355,083)</u>
Operating transfers - out:					
Parks and Recreation Fund	(320,000)	(320,000)	-	(320,000)	-
Building Improvements Fund	<u>(576,739)</u>	<u>(576,738)</u>	<u>-</u>	<u>(576,738)</u>	<u>1</u>
Total operating transfers - out	<u>(896,739)</u>	<u>(896,738)</u>	<u>-</u>	<u>(896,738)</u>	<u>1</u>
Issuance of bonds	53,533,892	24,833,892	-	24,833,892	(28,700,000)
Issuance of installment obligations	40,694,027	27,955,337	-	27,955,337	(12,738,690)
Premium on bonds	1,066,052	1,066,051	-	1,066,051	(1)
Premium on installment obligations	<u>1,965,552</u>	<u>1,965,551</u>	<u>-</u>	<u>1,965,551</u>	<u>(1)</u>
Total other financing sources	<u>127,390,078</u>	<u>77,482,096</u>	<u>3,114,208</u>	<u>80,596,304</u>	<u>(46,793,774)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 30,477,410</u>	<u>(2,493,913)</u>	<u>\$ 27,983,497</u>	<u>\$ 27,983,497</u>
Fund balance at beginning of year			<u>30,477,410</u>		
Fund balance at end of year			<u>\$ 27,983,497</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, 2019

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental	\$ 9,263,472	\$ 8,716,806	\$ 461,092	\$ 9,177,898	\$ (85,574)
Investment earnings	159,431	128,680	71,552	200,232	40,801
Donations	982,328	1,304,841	99,390	1,404,231	421,903
Total revenues	<u>10,405,231</u>	<u>10,150,327</u>	<u>632,034</u>	<u>10,782,361</u>	<u>377,130</u>
Expenditures:					
Cultural and recreational:					
Water Street/Riverfront parks	317,285	297,339	-	297,339	19,946
Land acquisition and economic development	170,000	18,038	-	18,038	151,962
Riverfront Park improvements	73,191	67,741	-	67,741	5,450
Park facility maintenance	2,586,835	2,196,376	119,741	2,316,117	270,718
Recreation master plan	60,674	30,723	-	30,723	29,951
Olsen Park phase I	8,784,990	8,758,686	-	8,758,686	26,304
Cross city trail system	9,057,698	8,347,957	611,514	8,959,471	98,227
10th & Fanning park development	75,000	2,335	-	2,335	72,665
Tennis complex	3,259,852	1,874,515	1,234,373	3,108,888	150,964
Inland Greens acquisition	2,696,503	2,662,146	31,215	2,693,361	3,142
Portia Mills Hines Park	96,200	15,097	12,523	27,620	68,580
Greenfield Walkway/Dock	482,900	437,168	-	437,168	45,732
Legion Stadium equipment improvements	115,000	95,505	-	95,505	19,495
Bijou Park renovation	553,037	-	3,850	3,850	549,187
Echo Farms improvements	1,686,800	-	850,000	850,000	836,800
North Waterfront Park development	20,200,000	1,363,565	1,116,957	2,480,522	17,719,478
Soccer complex	10,000,000	8,300	17,972	26,272	9,973,728
Derick Davis Center expansion	2,665,681	5,572	104,440	110,012	2,555,669
Park security enhancements	45,909	-	45,909	45,909	-
CCT-Eastwood Road parking	25,000	-	-	-	25,000
Wade Park building improvements	85,000	-	3,007	3,007	81,993
Tennis complex resurfacing	55,000	-	-	-	55,000
Parking lot improvements	24,000	-	23,150	23,150	850
Skate park office replacement	65,000	-	17,196	17,196	47,804
MLK Center expansion	1,830,000	5,917	7,197	13,114	1,816,886
Greenfield Park improvements	500,000	-	-	-	500,000
Olsen Park	2,000,000	-	-	-	2,000,000
Bradley Creek canoe/kayak	220,000	-	-	-	220,000
Halyburton maintenance building	305,000	-	-	-	305,000
Contingency 2016 Parks Bond	350,000	-	-	-	350,000
Tree mitigation plantings	154,000	154,000	-	154,000	-
Total expenditures	<u>68,540,555</u>	<u>26,340,980</u>	<u>4,199,044</u>	<u>30,540,024</u>	<u>38,000,531</u>
Excess of expenditures over revenues	<u>(58,135,324)</u>	<u>(16,190,653)</u>	<u>(3,567,010)</u>	<u>(19,757,663)</u>	<u>38,377,661</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, 2019

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Other financing sources (uses):					
Operating transfers - in:					
General Fund	\$ 3,984,016	\$ 2,197,756	\$ 1,714,301	\$ 3,912,057	\$ (71,959)
Debt Service Fund	9,346,212	5,601,054	1,812,590	7,413,644	(1,932,568)
Streets and Sidewalks Fund	603,615	603,615	-	603,615	-
Storm Water Capital Project Fund	<u>552,923</u>	<u>552,923</u>	<u>-</u>	<u>552,923</u>	<u>-</u>
Total operating transfers - in	<u>14,486,766</u>	<u>8,955,348</u>	<u>3,526,891</u>	<u>12,482,239</u>	<u>(2,004,527)</u>
Operating transfers - out:					
General Fund	(330,000)	(330,000)	-	(330,000)	-
Golf Capital Projects Fund	<u>(200,000)</u>	<u>-</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>
Total operating transfers - out	<u>(530,000)</u>	<u>(330,000)</u>	<u>(200,000)</u>	<u>(530,000)</u>	<u>-</u>
Issuance of bonds	29,665,000	-	-	-	(29,665,000)
Issuance of installment obligations	3,682,895	637,168	-	637,168	(3,045,727)
Issuance of other long-term obligations	<u>10,830,663</u>	<u>10,830,666</u>	<u>-</u>	<u>10,830,666</u>	<u>3</u>
Total other financing sources	<u>58,135,324</u>	<u>20,093,182</u>	<u>3,326,891</u>	<u>23,420,073</u>	<u>(34,715,251)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 3,902,529</u>	<u>(240,119)</u>	<u>\$ 3,662,410</u>	<u>\$ 3,662,410</u>
Fund balance at beginning of year			<u>3,902,529</u>		
Fund balance at end of year			<u>\$ 3,662,410</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, 2019

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental	\$ 43,892	\$ 47,809	\$ 33,808	\$ 81,617	\$ 37,725
Investment earnings	317,487	241,537	142,878	384,415	66,928
Sale of real estate	578,820	578,820	-	578,820	-
Rents	270,488	348,537	26,325	374,862	104,374
Miscellaneous	72,609	86,639	-	86,639	14,030
Total revenues	<u>1,283,296</u>	<u>1,303,342</u>	<u>203,011</u>	<u>1,506,353</u>	<u>223,057</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	1,584,333	-	761,547	761,547	822,786
Building security	270,708	238,460	30	238,490	32,218
Building improvements	2,173,885	1,825,932	278,305	2,104,237	69,648
City Hall improvements	1,923,368	1,167,355	750,828	1,918,183	5,185
Northern warehouse purchase	2,006,488	1,837,424	95,769	1,933,193	73,295
Administration building	1,000,000	-	-	-	1,000,000
Enterprise backup system	150,000	47,052	-	47,052	102,948
Microsoft enterprise agreement	300,000	281,738	-	281,738	18,262
414 Chestnut purchase/renovation	510,850	494,012	-	494,012	16,838
Castle Street Wave site	16,915	15,634	-	15,634	1,281
ADA compliance	3,046,141	3,044,940	1,200	3,046,140	1
HVAC replacement	1,901,000	-	97,730	97,730	1,803,270
IT core system replacement	4,967,320	635,103	1,071,187	1,706,290	3,261,030
Elevator modernization	402,500	-	-	-	402,500
Kenan fountain	192,086	-	-	-	192,086
800 MHZ radios	2,710,200	2,710,156	5	2,710,161	39
Total general government	<u>27,392,693</u>	<u>16,515,432</u>	<u>3,056,601</u>	<u>19,572,033</u>	<u>7,820,660</u>
Public safety:					
Building improvements	431,823	297,999	-	297,999	133,824
Firing range & training facility	12,522,014	1,738,733	5,834,847	7,573,580	4,948,434
Cinema Drive fire station	4,762,840	4,762,840	-	4,762,840	-
Shipyards fire station #5	5,207,037	3,400,611	1,605,703	5,006,314	200,723
River Lights fire station	20,500	-	20,247	20,247	253
Total public safety	<u>22,944,214</u>	<u>10,200,183</u>	<u>7,460,797</u>	<u>17,660,980</u>	<u>5,283,234</u>
Transportation:					
Multi-modal facility study	<u>1,764,570</u>	<u>979,380</u>	<u>-</u>	<u>979,380</u>	<u>785,190</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, 2019

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Expenditures: (continued)					
Economic and physical development:					
Land acquisition and economic development	\$ 6,624,945	\$ 5,899,007	\$ 346,487	\$ 6,245,494	\$ 379,451
Cultural and recreational:					
Parks Maintenance Facility	307,250	39,331	-	39,331	267,919
Building improvements-1102 Orange	123,750	104,809	-	104,809	18,941
Building improvements	644,811	644,811	-	644,811	-
Total cultural and recreational	1,075,811	788,951	-	788,951	286,860
Total expenditures	59,802,233	34,382,953	10,863,885	45,246,838	14,555,395
Excess of expenditures over revenues	(58,518,937)	(33,079,611)	(10,660,874)	(43,740,485)	14,778,452
Other financing sources (uses):					
Operating transfers - in:					
General Fund	27,137,874	25,367,095	1,718,157	27,085,252	(52,622)
Debt Service Fund	3,046,507	2,628,369	418,138	3,046,507	-
Streets and Sidewalks Fund	2,121,762	2,121,761	-	2,121,761	(1)
Parks & Recreation Fund	421,260	421,260	-	421,260	-
Public Improvements Fund	467,320	-	467,320	467,320	-
Storm Water Capital Project Fund	80,609	80,609	-	80,609	-
Total operating transfers - in	33,275,332	30,619,094	2,603,615	33,222,709	(52,623)
Operating transfers - out:					
General Fund	(545,614)	(500,000)	(45,614)	(545,614)	-
Streets and Sidewalks Fund	(47,000)	(47,000)	-	(47,000)	-
Parks and Recreation Fund	(26,666)	(26,666)	-	(26,666)	-
Total operating transfers - out	(619,280)	(573,666)	(45,614)	(619,280)	-
Issuance of bonds	-	477	-	477	477
Issuance of installment obligations	24,327,397	11,090,799	-	11,090,799	(13,236,598)
Issuance of other long-term obligations	1,535,488	1,535,488	-	1,535,488	-
Total other financing sources	58,518,937	42,672,192	2,558,001	45,230,193	(13,288,744)
Net change in fund balance	\$ -	\$ 9,592,581	(8,102,873)	\$ 1,489,708	\$ 1,489,708
Fund balance at beginning of year			9,592,581		
Fund balance at end of year			\$ 1,489,708		

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, 2019

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental	\$ 759,027	\$ 284,387	\$ 56,134	\$ 340,521	\$ (418,506)
Investment earnings	96,587	91,113	13,519	104,632	8,045
Total revenues	<u>855,614</u>	<u>375,500</u>	<u>69,653</u>	<u>445,153</u>	<u>(410,461)</u>
Expenditures:					
General government:					
Building improvements 2004-05	77,873	77,873	-	77,873	-
GTV upgrade	164,804	127,184	5,254	132,438	32,366
Main firewall replacement	80,000	67,824	-	67,824	12,176
ADA compliance	<u>348,423</u>	<u>346,206</u>	<u>-</u>	<u>346,206</u>	<u>2,217</u>
Total general government	<u>671,100</u>	<u>619,087</u>	<u>5,254</u>	<u>624,341</u>	<u>46,759</u>
Public safety:					
Fire SCBA replacement	893,624	892,932	-	892,932	692
OJP - Forensic Lab Information System	165,000	164,950	-	164,950	50
JAG equipment / NHC 2016	<u>82,325</u>	<u>82,142</u>	<u>-</u>	<u>82,142</u>	<u>183</u>
Total public safety	<u>1,140,949</u>	<u>1,140,024</u>	<u>-</u>	<u>1,140,024</u>	<u>925</u>
Transportation:					
Emergency vehicle signal preemption	633,378	43,140	65,078	108,218	525,160
Eastwood Road path	7,786	-	-	-	7,786
Pedestrian/bike improvements	<u>548</u>	<u>548</u>	<u>-</u>	<u>548</u>	<u>-</u>
Total transportation	<u>641,712</u>	<u>43,688</u>	<u>65,078</u>	<u>108,766</u>	<u>532,946</u>
Total expenditures	<u>2,453,761</u>	<u>1,802,799</u>	<u>70,332</u>	<u>1,873,131</u>	<u>580,630</u>
Excess of expenditures over revenues	<u>(1,598,147)</u>	<u>(1,427,299)</u>	<u>(679)</u>	<u>(1,427,978)</u>	<u>170,169</u>
Other financing sources (uses):					
Operating transfers - in:					
General Fund	<u>2,100,662</u>	<u>2,093,481</u>	<u>-</u>	<u>2,093,481</u>	<u>(7,181)</u>
Operating transfers - out:					
General Fund	(35,195)	-	(35,195)	(35,195)	-
Building Improvements Fund	<u>(467,320)</u>	<u>-</u>	<u>(467,320)</u>	<u>(467,320)</u>	<u>-</u>
Total operating transfers - out	<u>(502,515)</u>	<u>-</u>	<u>(502,515)</u>	<u>(502,515)</u>	<u>-</u>
Total other financing sources (uses)	<u>1,598,147</u>	<u>2,093,481</u>	<u>(502,515)</u>	<u>1,590,966</u>	<u>(7,181)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 666,182</u>	<u>(503,194)</u>	<u>\$ 162,988</u>	<u>\$ 162,988</u>
Fund balance at beginning of year			<u>666,182</u>		
Fund balance at end of year			<u>\$ 162,988</u>		

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DEBT SERVICE FUND TAB (FRONT)

DEBT SERVICE FUND TAB (BACK)

CITY OF WILMINGTON, NORTH CAROLINA

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

**Year Ended June 30, 2019
With Comparative Actual Amounts for Year Ended June 30, 2018**

	2019		Variance Positive (Negative)	2018 Actual
	Budget	Actual		
Revenues:				
Ad valorem taxes				
Current year	\$ 14,184,887	\$ 14,468,103	\$ 283,216	\$ 14,080,728
Prior years	<u>-</u>	<u>51,454</u>	<u>51,454</u>	<u>37,620</u>
Total ad valorem taxes	14,184,887	14,519,557	334,670	14,118,348
Restricted intergovernmental revenues	311,392	437,699	126,307	331,241
Investment earnings	<u>197,285</u>	<u>234,745</u>	<u>37,460</u>	<u>362,145</u>
Total revenues	<u>14,693,564</u>	<u>15,192,001</u>	<u>498,437</u>	<u>14,811,734</u>
Expenditures:				
Debt service:				
Principal retirement		8,598,090		8,733,620
Interest and other charges		<u>5,633,884</u>		<u>5,372,883</u>
Total expenditures	<u>18,241,117</u>	<u>14,231,974</u>	<u>4,009,143</u>	<u>14,106,503</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,547,553)</u>	<u>960,027</u>	<u>4,507,580</u>	<u>705,231</u>
Other financing sources (uses):				
Operating transfer-in:				
General Fund	<u>22,334,832</u>	<u>22,334,832</u>	<u>-</u>	<u>9,334,832</u>
Operating transfers-out:				
General Fund	(13,000,000)	(13,000,000)	-	-
Streets and Sidewalks Fund	(2,914,208)	(2,914,208)	-	(2,436,392)
Parks and Recreation Fund	(1,812,590)	(1,812,590)	-	(4,257,500)
Building Improvements Fund	(418,138)	(418,138)	-	(1,273,941)
Parking Facilities Fund	(534,543)	(534,543)	-	(543,633)
Parking Facilities Capital Projects Fund	<u>(107,800)</u>	<u>(107,800)</u>	<u>-</u>	<u>(402,471)</u>
Total operating transfers-out	<u>(18,787,279)</u>	<u>(18,787,279)</u>	<u>-</u>	<u>(8,913,937)</u>
Total other financing sources	<u>3,547,553</u>	<u>3,547,553</u>	<u>-</u>	<u>420,895</u>
Net change in fund balance	<u>\$ -</u>	4,507,580	<u>\$ 4,507,580</u>	1,126,126
Fund balance at beginning of year		<u>16,328,642</u>		<u>15,202,516</u>
Fund balance at end of year		<u>\$ 20,836,222</u>		<u>\$ 16,328,642</u>

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ENTERPRISE FUNDS TAB (FRONT)

ENTERPRISE FUNDS TAB (BACK)

CITY OF WILMINGTON, NORTH CAROLINA

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

**Year Ended June 30, 2019
With Comparative Actual Amounts for Year Ended June 30, 2018**

	2019		Variance Positive (Negative)	2018 Actual
	Budget	Actual		
Revenues:				
Operating revenues:				
Charges for services:				
Refuse collection	\$ 9,137,080	\$ 9,288,070	\$ 150,990	\$ 9,204,712
Recycling	35,000	39,780	4,780	37,899
Fines and forfeitures	-	1,500	1,500	2,600
Other operating revenues	3,000	28,324	25,324	19,756
Total operating revenues	<u>9,175,080</u>	<u>9,357,674</u>	<u>182,594</u>	<u>9,264,967</u>
Nonoperating revenues:				
Restricted intergovernmental	55,000	90,010	35,010	77,899
Investment earnings	66,951	151,808	84,857	52,311
Total nonoperating revenues	<u>121,951</u>	<u>241,818</u>	<u>119,867</u>	<u>130,210</u>
Total revenues	<u>9,297,031</u>	<u>9,599,492</u>	<u>302,461</u>	<u>9,395,177</u>
Expenditures:				
Operating expenditures:				
Administration		292,340		461,990
Customer refuse		3,716,289		3,521,879
Recycling		700,311		576,917
Yard waste		1,849,535		1,718,120
Downtown collection		1,028,190		915,344
Bulk/metal collections		621,514		522,690
Other operating expenditures		727,987		727,395
Total operating expenditures	<u>9,462,097</u>	<u>8,936,166</u>	<u>525,931</u>	<u>8,444,335</u>
Nonoperating expenditures:				
Interest and other charges		-		1,824
Principal payments on other long-term obligations		-		190,000
Total nonoperating expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>191,824</u>
Total expenditures	<u>9,462,097</u>	<u>8,936,166</u>	<u>525,931</u>	<u>8,636,159</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(165,066)</u>	<u>663,326</u>	<u>828,392</u>	<u>759,018</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

**Year Ended June 30, 2019
With Comparative Actual Amounts for Year Ended June 30, 2018**

	2019		Variance Positive (Negative)	2018 Actual
	Budget	Actual		
Other financing sources (uses):				
Operating transfer - in:				
General Fund	\$ 47,433	\$ 47,433	\$ -	\$ 29,866
Operating transfer - out:				
Special Purpose Fund	(6,000)	(5,968)	32	(20,670)
Appropriated fund balance	<u>123,633</u>	<u>-</u>	<u>(123,633)</u>	<u>-</u>
Total other financing sources	<u>165,066</u>	<u>41,465</u>	<u>(123,601)</u>	<u>9,196</u>
Net change in fund balance	<u>\$ -</u>	704,791	<u>\$ 704,791</u>	768,214
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Deferred inflows of resources for accounts receivable		(2,128)		(1,128)
Vacation and sick leave accrual		(30,164)		34,208
Other postemployment benefits expense		195,304		(76,993)
Deferred outflows of resources for contributions made to pension plan in current fiscal year		223,076		198,544
Pension expense		(275,284)		(220,241)
Depreciation		(6,193)		(8,085)
Capital asset expenditures		9,755		18,027
Investment earnings accrual		(2,868)		2,868
Transfers of capital assets to enterprise funds		(9,755)		-
Interest expense accrual		-		203
Disposal of capital assets		(14,421)		-
Principal payments on other long-term obligations		<u>-</u>		<u>190,000</u>
Change in net position		<u>\$ 792,113</u>		<u>\$ 905,617</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

**Year Ended June 30, 2019
With Comparative Actual Amounts for Year Ended June 30, 2018**

	2019		Variance	2018
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Operating revenues:				
Charges for services:				
Utility fees	\$ 8,570,211	\$ 9,094,780	\$ 524,569	\$ 8,868,778
City streets	2,742,393	2,742,393	-	2,649,015
Fines and forfeitures	-	-	-	-
Other operating revenues	87,000	72,400	(14,600)	125,468
Total operating revenues	11,399,604	11,909,573	509,969	11,643,261
Nonoperating revenues:				
Investment earnings	164,860	261,753	96,893	114,248
Total revenues	11,564,464	12,171,326	606,862	11,757,509
Expenditures:				
Operating expenditures:				
Engineering		1,049,354		932,957
Operations		3,725,361		3,790,369
Other operating expenditures		996,322		987,425
Total operating expenditures	6,651,167	5,771,037	880,130	5,710,751
Nonoperating expenditures:				
Interest and fiscal charges		945,279		977,583
Principal payments on bonds		810,000		775,000
Principal payments on installment obligations		80,000		80,000
Total nonoperating expenditures	1,843,480	1,835,279	8,201	1,832,583
Total expenditures	8,494,647	7,606,316	888,331	7,543,334
Excess of revenues over expenditures	3,069,817	4,565,010	1,495,193	4,214,175
Other financing sources (uses):				
Operating transfers in:				
General Fund	17,301	17,301	-	-
Operating transfers out:				
Storm Water Capital Projects Fund	(3,300,000)	(3,300,000)	-	(7,488,045)
Appropriated fund balance	212,882	-	(212,882)	-
Total other financing uses	(3,069,817)	(3,282,699)	(212,882)	(7,488,045)
Net change in fund balance	\$ -	1,282,311	\$ 1,282,311	(3,273,870)

CITY OF WILMINGTON, NORTH CAROLINA

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

**Year Ended June 30, 2019
With Comparative Actual Amounts for Year Ended June 30, 2018**

	2019		2018	
	Budget	Actual	Variance Positive (Negative)	Actual
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Vacation and sick leave accrual		\$ 42,278		\$ (11,095)
Other postemployment benefits expense		390,278		(63,291)
Deferred outflow of resources for contributions made to pension plan in current fiscal year		168,113		168,912
Pension expense		(234,199)		(171,161)
Change in inventory		23,979		(61,777)
Capital asset expenditures		(2,031)		(3,975)
Depreciation		(1,101,845)		(1,071,361)
Amortization		(615)		(615)
Other noncapital expenses - Storm Water Capital Projects Fund		(363,555)		(89,895)
Operating transfer - Storm Water Capital Projects Fund		3,300,000		7,488,045
Investment earnings accrual		(11,233)		11,233
Investment earnings - Storm Water Capital Projects Fund		357,827		99,231
Principal payments on revenue bonds		810,000		775,000
Principal payments on installment obligations		80,000		80,000
Interest expense adjustments		34,710		5,533
Capital contributions - others		121,175		-
Other		<u>34,024</u>		<u>7,500</u>
Change in net position		<u>\$ 4,931,217</u>		<u>\$ 3,888,414</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, 2019

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Investment earnings	\$ 58,892	\$ 951,285	\$ 357,828	\$ 1,309,113	\$ 1,250,221
Restricted intergovernmental	1,093,781	87,813	63,258	151,071	(942,710)
Total revenues	1,152,673	1,039,098	421,086	1,460,184	307,511
Expenditures:					
Brenda Drive drainage	522,287	489,197	-	489,197	33,090
Storm water inventory mapping	877,920	721,855	-	721,855	156,065
Lincoln outfall	372,874	351,591	-	351,591	21,283
Bradley Creek/Michelle Drive	5,156,794	5,044,927	6,496	5,051,423	105,371
Doctors branch bank stabilization	1,073,273	1,063,967	-	1,063,967	9,306
Wisteria/Clearbrook area	5,540,880	3,533,378	67,414	3,600,792	1,940,088
Greenville Avenue/White Avenue	1,213,500	203,975	11,362	215,337	998,163
Brookshire/Beasley drainage	3,917,766	1,396,217	(2,103)	1,394,114	2,523,652
Old McCumbers drainage improvements	21,392	21,392	-	21,392	-
Clear Run branch improvements	9,600,000	475,315	44,228	519,543	9,080,457
Cross City Trail storm water improvements	234,722	231,548	-	231,548	3,174
New Macumbers outfall	1,000,000	-	-	-	1,000,000
Red Berry drainage improvements	5,500	4,389	-	4,389	1,111
Eagles Nest drainage improvements	6,000	5,450	-	5,450	550
Pine Valley Road drainage rehabilitation	434,702	351,803	(967)	350,836	83,866
North/South 17th Street storm water improvements	73,742	39,915	-	39,915	33,827
Beech Street culvert replacement	141,325	141,325	-	141,325	-
Storm drainage rehabilitation	3,812,630	2,374,711	360,129	2,734,840	1,077,790
River Road culvert replacement	2,496,203	107,792	101,875	209,667	2,286,536
Williston Middle drainage repair	613,000	-	-	-	613,000
Water Street storm water improvements	644,000	393,034	232,017	625,051	18,949
Total expenditures	37,758,510	16,951,781	820,451	17,772,232	19,986,278
Excess of expenditures over revenues	(36,605,837)	(15,912,683)	(399,365)	(16,312,048)	20,293,789
Other financing sources (uses):					
Operating transfers - in:					
Storm Water Management Fund	23,802,315	20,525,258	3,300,000	23,825,258	22,943
Operating transfers - out:					
Streets and Sidewalks Fund	(263,970)	(263,970)	-	(263,970)	-
Parks and Recreation Fund	(533,523)	(533,523)	-	(533,523)	-
Building Improvements Fund	(80,609)	(80,609)	-	(80,609)	-
Total operating transfers - out	(878,102)	(878,102)	-	(878,102)	-

CITY OF WILMINGTON, NORTH CAROLINA

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

From Inception and Year Ended June 30, 2019

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Other financing sources (uses): (continued)					
Issuance of bonds	\$ 12,913,149	\$ 11,953,561	\$ -	\$ 11,953,561	\$ (959,588)
Premium on bonds	<u>768,475</u>	<u>768,474</u>	<u>-</u>	<u>768,474</u>	<u>(1)</u>
Total other financing sources	<u>36,605,837</u>	<u>32,369,191</u>	<u>3,300,000</u>	<u>35,669,191</u>	<u>(936,646)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 16,456,508</u>	<u>\$ 2,900,635</u>	<u>\$ 19,357,143</u>	<u>\$ 19,357,143</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

**Year Ended June 30, 2019
With Comparative Actual Amounts for Year Ended June 30, 2018**

	2019		Variance	2018
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Operating revenues:				
Charges for services:				
Parking fees	\$ 2,955,725	\$ 3,077,758	\$ 122,033	\$ 2,949,496
Parking violations	<u>415,500</u>	<u>473,892</u>	<u>58,392</u>	<u>463,081</u>
Total operating revenues	3,371,225	3,551,650	180,425	3,412,577
Nonoperating revenues:				
Interest earned	<u>46,163</u>	<u>100,536</u>	<u>54,373</u>	<u>33,524</u>
Total revenues	<u>3,417,388</u>	<u>3,652,186</u>	<u>234,798</u>	<u>3,446,101</u>
Expenditures:				
Operating expenditures:				
Street parking		1,048,999		1,002,086
Water Street deck		-		12,541
Second Street deck		318,410		281,196
Market Street deck		494,608		410,716
Second Street lot		264,622		248,792
Hannah Block lot		<u>21,267</u>		<u>14,871</u>
Total operating expenditures	<u>2,439,214</u>	<u>2,147,906</u>	<u>291,308</u>	<u>1,970,202</u>
Nonoperating expenditures:				
Interest and fiscal charges		209,754		232,290
Principal payments on installment obligations		<u>912,687</u>		<u>844,437</u>
Total nonoperating expenditures	<u>1,432,763</u>	<u>1,122,441</u>	<u>310,322</u>	<u>1,076,727</u>
Total expenditures	<u>3,871,977</u>	<u>3,270,347</u>	<u>601,630</u>	<u>3,046,929</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(454,589)</u>	<u>381,839</u>	<u>836,428</u>	<u>399,172</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

**Year Ended June 30, 2019
With Comparative Actual Amounts for Year Ended June 30, 2018**

	2019		Variance Positive (Negative)	2018 Actual
	Budget	Actual		
Other financing sources (uses):				
Operating transfers - in:				
Debt Service Fund	\$ 534,543	\$ 534,543	\$ -	\$ 543,633
Operating transfers - out:				
Parking Facilities Capital Projects Fund	(139,050)	(139,050)	-	(438,150)
Appropriated fund balance	<u>59,096</u>	<u>-</u>	<u>(59,096)</u>	<u>-</u>
Total other financing sources (uses)	<u>454,589</u>	<u>395,493</u>	<u>(59,096)</u>	<u>105,483</u>
Net change in fund balance	<u>\$ -</u>	<u>777,332</u>	<u>\$ 777,332</u>	<u>504,655</u>
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Vacation and sick leave accrual		(573)		(642)
Deferred inflows of resources for accounts receivable		-		(4,358)
Other postemployment benefits expense		(17,605)		(1,409)
Pension expense		(12,284)		(9,684)
Deferred outflows of resources for contributions made to pension plan in current fiscal year		9,221		9,089
Capital asset expenditures		16,296		
Depreciation		(608,063)		(629,506)
Other noncapital expenses - Parking Facilities Capital Projects Fund		(239,016)		(742,815)
Investment earnings accrual		(3,239)		3,239
Interest expense adjustment		24,609		6,096
Investment earnings - Parking Facilities Capital Projects Fund		56,215		14,406
Capital contributions from governmental funds		260,000		-
Sale of air rights - Parking Facilities Capital Projects Fund		-		1,015,338
Operating transfer - Parking Facilities Capital Projects Fund		246,850		840,621
Principal payments on installment obligations		912,687		844,437
Interest expense accrual		(31,740)		(3,206)
Disposal of capital assets		<u>-</u>		<u>(902,948)</u>
Change in net position		<u>\$ 1,390,690</u>		<u>\$ 943,313</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

From Inception and Year Ended June 30, 2019

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Investment earnings	\$ -	\$ 32,749	\$ 56,215	\$ 88,964	\$ 88,964
Sale of air rights	<u>1,015,338</u>	<u>1,015,338</u>	<u>-</u>	<u>1,015,338</u>	<u>-</u>
Total revenues	<u>1,015,338</u>	<u>1,048,087</u>	<u>56,215</u>	<u>1,104,302</u>	<u>88,964</u>
Expenditures:					
Water Street parking deck	31,296,135	7,317,803	15,118,222	22,436,025	8,860,110
Hanna block parking lot	1,005,844	1,005,552	-	1,005,552	292
Second Street deck repair	1,037,150	356,980	3,400	360,380	676,770
Market Street parking deck lights	195,000	84,114	517	84,631	110,369
Parking facility equipment	144,383	144,383	-	144,383	-
Deck camera replacements	289,156	200,932	43,196	244,128	45,028
PARCS equipment replacement	486,327	-	-	-	486,327
Smart meters - phase II	300,000	85,444	-	85,444	214,556
Market Street deck access improvements	<u>139,050</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>139,050</u>
Total expenditures	<u>34,893,045</u>	<u>9,195,208</u>	<u>15,165,335</u>	<u>24,360,543</u>	<u>10,532,502</u>
Excess of expenditures over revenues	<u>(33,877,707)</u>	<u>(8,147,121)</u>	<u>(15,109,120)</u>	<u>(23,256,241)</u>	<u>10,621,466</u>
Other financing sources:					
Operating transfers - in:					
Debt Service Fund	1,369,371	1,261,571	107,800	1,369,371	-
Parking Facilities Fund	<u>3,660,897</u>	<u>3,521,847</u>	<u>139,050</u>	<u>3,660,897</u>	<u>-</u>
Total operating transfers - in	5,030,268	4,783,418	246,850	5,030,268	-
Issuance of installment obligations	547,439	-	-	-	(547,439)
Issuance of other long-term obligations	<u>28,300,000</u>	<u>5,210,000</u>	<u>14,222,954</u>	<u>19,432,954</u>	<u>(8,867,046)</u>
Total other financing sources	<u>33,877,707</u>	<u>9,993,418</u>	<u>14,469,804</u>	<u>24,463,222</u>	<u>(9,414,485)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,846,297</u>	<u>\$ (639,316)</u>	<u>\$ 1,206,981</u>	<u>\$ 1,206,981</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

**Year Ended June 30, 2019
With Comparative Actual Amounts for Year Ended June 30, 2018**

	2019		Variance Positive (Negative)	2018 Actual
	Budget	Actual		
Revenues:				
Operating revenues:				
Fees and coupons	\$ 962,022	\$ 983,013	\$ 20,991	\$ 833,368
Cart rentals	265,661	282,744	17,083	243,969
Concessions	169,000	196,759	27,759	162,575
Other operating revenues	<u>51,396</u>	<u>56,414</u>	<u>5,018</u>	<u>56,431</u>
Total operating revenues	<u>1,448,079</u>	<u>1,518,930</u>	<u>70,851</u>	<u>1,296,343</u>
Nonoperating revenues:				
Interest earned	5,065	8,020	2,955	3,379
Sale of capital assets	<u>-</u>	<u>557</u>	<u>557</u>	<u>-</u>
Total nonoperating revenues	<u>5,065</u>	<u>8,577</u>	<u>3,512</u>	<u>3,379</u>
Total revenues	<u>1,453,144</u>	<u>1,527,507</u>	<u>74,363</u>	<u>1,299,722</u>
Expenditures:				
Operating expenditures:				
Golf course		1,254,985		1,191,213
Other operating expenditures		<u>128,068</u>		<u>128,068</u>
Total operating expenditures	<u>1,455,232</u>	<u>1,383,053</u>	<u>72,179</u>	<u>1,319,281</u>
Excess of expenditures over revenues	<u>(2,088)</u>	<u>144,454</u>	<u>146,542</u>	<u>(19,559)</u>
Other financing sources:				
Appropriated fund balance	<u>2,088</u>	<u>-</u>	<u>(2,088)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>144,454</u>	<u>\$ 144,454</u>	<u>(19,559)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Deferred inflows of resources for accounts receivable		(1,628)		684
Investment earnings accrual		(167)		167
Vacation and sick leave accrual		(10,594)		(9,459)
Other postemployment benefits expense		(156,653)		(14,242)
Deferred outflows of resources for contributions made to pension plan in current fiscal year		34,876		32,016
Pension Expense		(44,348)		(33,899)
Change in inventory		5,546		6,442
Depreciation		(96,047)		(105,656)
Investment earnings - Golf Capital Projects Fund		1,848		-
Operating transfer - Parks and Recreation Capital Projects Fund		<u>200,000</u>		<u>-</u>
Change in net position		<u>\$ 77,287</u>		<u>\$ (143,506)</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, 2019

	Project Authorization	Prior Years	Actual Current Year	Totals to Date	Variance Positive (Negative)
Revenues:					
Investment earnings	\$ -	\$ -	\$ 1,848	\$ 1,848	\$ 1,848
Expenditures:					
Golf course improvements	1,200,000	59,420	16,849	76,269	1,123,731
Excess of expenditures over revenues	(1,200,000)	(59,420)	(15,001)	(74,421)	1,125,579
Other financing sources:					
Operating transfers - in:					
Debt Service Fund	200,000	-	-	-	(200,000)
Parks and Recreation Fund	200,000	-	200,000	200,000	-
Total operating transfers - in	400,000	-	200,000	200,000	(200,000)
Issuance of Bonds	800,000	-	-	-	(800,000)
Total other financing sources	1,200,000	-	200,000	200,000	(1,000,000)
Net change in fund balance	\$ -	\$ (59,420)	\$ 184,999	\$ 125,579	\$ 125,579

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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, 2019

	Equipment, Maintenance and Replacement Fund	Technology Replacement Fund	Total Internal Service Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 10,876,272	\$ 592,130	\$ 11,468,402
Accounts receivable, net	8,999	-	8,999
Other receivables	9,470	-	9,470
Due from other governments	52,375	20,086	72,461
Inventory of materials and supplies	29,604	-	29,604
Prepays	6,070	-	6,070
Total current assets	<u>10,982,790</u>	<u>612,216</u>	<u>11,595,006</u>
Noncurrent assets:			
Capital assets:			
Intangible software	19,000	-	19,000
Furniture, fixtures, machinery and equipment	24,788,123	-	24,788,123
Less accumulated depreciation	<u>(19,269,208)</u>	<u>-</u>	<u>(19,269,208)</u>
Total capital assets, net of accumulated depreciation	<u>5,537,915</u>	<u>-</u>	<u>5,537,915</u>
Total assets	<u>16,520,705</u>	<u>612,216</u>	<u>17,132,921</u>
DEFERRED OUTFLOWS OF RESOURCES			
Other postemployment benefits deferrals	28,886	-	28,886
Pension deferrals	127,002	-	127,002
Contributions to pension plan in current fiscal year	<u>46,739</u>	<u>-</u>	<u>46,739</u>
Total deferred outflows of resources	<u>202,627</u>	<u>-</u>	<u>202,627</u>
LIABILITIES			
Current liabilities:			
Accounts payable	142,071	174,316	316,387
Accrued liabilities	48,920	-	48,920
Due to other governments	525	-	525
Current portion of long-term liabilities:			
Other long-term obligations	410,000	-	410,000
Accrued vacation and sick leave	<u>42,949</u>	<u>-</u>	<u>42,949</u>
Total current liabilities	<u>644,465</u>	<u>174,316</u>	<u>818,781</u>
Noncurrent liabilities:			
Other long-term obligations	820,000	-	820,000
Accrued vacation and sick leave	52,066	-	52,066
Net other postemployment benefits liability	400,979	-	400,979
Net pension liability	<u>234,531</u>	<u>-</u>	<u>234,531</u>
Total noncurrent liabilities	<u>1,507,576</u>	<u>-</u>	<u>1,507,576</u>
Total liabilities	<u>2,152,041</u>	<u>174,316</u>	<u>2,326,357</u>
DEFERRED INFLOWS OF RESOURCES			
Other postemployment benefits deferrals	60,045	-	60,045
Pension deferrals	<u>6,357</u>	<u>-</u>	<u>6,357</u>
Total deferred inflows of resources	<u>66,402</u>	<u>-</u>	<u>66,402</u>
NET POSITION			
Net investment in capital assets	4,307,915	-	4,307,915
Unrestricted	<u>10,196,974</u>	<u>437,900</u>	<u>10,634,874</u>
Total net position	<u>\$ 14,504,889</u>	<u>\$ 437,900</u>	<u>\$ 14,942,789</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2019

	Equipment, Maintenance and Replacement Fund	Technology Replacement Fund	Total Internal Service Funds
Operating revenues:			
Charges for services	\$ 2,118,500	\$ -	\$ 2,118,500
Charges for equipment replacement	4,073,656	674,933	4,748,589
Other operating revenues	<u>130,990</u>	<u>-</u>	<u>130,990</u>
Total operating revenues	<u>6,323,146</u>	<u>674,933</u>	<u>6,998,079</u>
Operating expenses:			
Salaries, employee benefits and other personnel costs	862,980	-	862,980
Materials and fuels consumed	18,183	-	18,183
Services	841,490	-	841,490
Utilities	7,152	-	7,152
Depreciation	2,434,798	-	2,434,798
Other operating expenses	<u>648,876</u>	<u>1,119,612</u>	<u>1,768,488</u>
Total operating expenses	<u>4,813,479</u>	<u>1,119,612</u>	<u>5,933,091</u>
Operating income (loss)	<u>1,509,667</u>	<u>(444,679)</u>	<u>1,064,988</u>
Nonoperating revenues (expenses):			
Investment earnings	203,504	1,899	205,403
Restricted intergovernmental	25,074	-	25,074
Interest and other charges	(21,853)	-	(21,853)
Loss on disposal of capital assets	<u>(2,110,312)</u>	<u>(85,781)</u>	<u>(2,196,093)</u>
Total nonoperating expenses	<u>(1,903,587)</u>	<u>(83,882)</u>	<u>(1,987,469)</u>
Loss before transfers	(393,920)	(528,561)	(922,481)
Transfers from other funds	<u>13,586</u>	<u>308,685</u>	<u>322,271</u>
Change in net position	(380,334)	(219,876)	(600,210)
Net position at beginning of year	<u>14,885,223</u>	<u>657,776</u>	<u>15,542,999</u>
Net position at end of year	<u>\$ 14,504,889</u>	<u>\$ 437,900</u>	<u>\$ 14,942,789</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2019

	Equipment, Maintenance and Replacement Fund	Technology Replacement Fund	Total Internal Service Funds
Cash flows from operating activities:			
Receipts from customers and users	\$ 699,597	\$ (20,086)	\$ 679,511
Receipts from interfund services provided	5,563,505	674,933	6,238,438
Payments to suppliers	(471,193)	(1,020,721)	(1,491,914)
Payments to or on behalf of employees	(812,741)	-	(812,741)
Payments for interfund services used	<u>(5,307)</u>	<u>-</u>	<u>(5,307)</u>
Net cash provided by (used in) operating activities	<u>4,973,861</u>	<u>(365,874)</u>	<u>4,607,987</u>
Cash flows from noncapital financing activities:			
Transfers from other funds	3,831	308,685	312,516
Restricted intergovernmental	<u>25,074</u>	<u>-</u>	<u>25,074</u>
Net cash provided by noncapital financing activities	<u>28,905</u>	<u>308,685</u>	<u>337,590</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(4,940,731)	(85,781)	(5,026,512)
Principal payments on other long-term obligations	(410,000)	-	(410,000)
Interest and other charges	(23,985)	-	(23,985)
Proceeds from sale of capital assets	<u>274,035</u>	<u>-</u>	<u>274,035</u>
Net cash used in capital and related financing activities	<u>(5,100,681)</u>	<u>(85,781)</u>	<u>(5,186,462)</u>
Cash flows from investing activities:			
Investment earnings	<u>204,045</u>	<u>2,580</u>	<u>206,625</u>
Net increase (decrease) in cash and cash equivalents	106,130	(140,390)	(34,260)
Cash and cash equivalents at beginning of year	<u>10,770,142</u>	<u>732,520</u>	<u>11,502,662</u>
Cash and cash equivalents at end of year	<u>\$ 10,876,272</u>	<u>\$ 592,130</u>	<u>\$ 11,468,402</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June 30, 2019

	<u>Equipment, Maintenance and Replacement Fund</u>	<u>Technology Replacement Fund</u>	<u>Total Internal Service Funds</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 1,509,667	\$ (444,679)	\$ 1,064,988
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	2,434,798	-	2,434,798
Changes in assets and liabilities:			
Accounts receivable	(7,669)	-	(7,669)
Due from other governments	(52,375)	(20,086)	(72,461)
Inventory of materials and supplies	2,432	-	2,432
Prepays	1,035,000	-	1,035,000
Deferred outflows of resources for pensions	(64,289)	-	(64,289)
Deferred outflows of resources for other postemployment benefits	(28,387)	-	(28,387)
Net pension liability	82,143	-	82,143
Net other postemployment benefits liability	8,778	-	8,778
Deferred inflows of resources for pensions	(3,466)	-	(3,466)
Deferred inflows of resources for other postemployment benefits	47,278	-	47,278
Accounts payable and accrued liabilities	2,648	98,891	101,539
Due to other governments	525	-	525
Accrued vacation and sick leave	6,778	-	6,778
Net cash provided by (used in) operating activities	<u>\$ 4,973,861</u>	<u>\$ (365,874)</u>	<u>\$ 4,607,987</u>
Noncash investing, capital and financing activities:			
Capital assets acquired on account	\$ (75,928)	\$ -	\$ (75,928)
Transfer of capital assets between proprietary funds	9,755	-	9,755
Donation of capital assets to governmental funds	<u>(2,355,452)</u>	<u>(85,781)</u>	<u>(2,441,233)</u>
Net effect of noncash activities	<u>\$ (2,421,625)</u>	<u>\$ (85,781)</u>	<u>\$ (2,507,406)</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, 2019
With Comparative Actual Amounts for Year Ended June 30, 2018**

	2019		Variance Positive (Negative)	2018 Actual
	Budget	Actual		
Revenues:				
Operating revenues:				
Charges for services	\$ 2,099,439	\$ 2,119,830	\$ 20,391	\$ 2,034,912
Charges for equipment replacement	4,007,389	4,073,656	66,267	3,756,855
Other operating revenues	<u>-</u>	<u>110,618</u>	<u>110,618</u>	<u>58,270</u>
Total operating revenues	<u>6,106,828</u>	<u>6,304,104</u>	<u>197,276</u>	<u>5,850,037</u>
Nonoperating revenues:				
Restricted intergovernmental	-	25,074	25,074	-
Investment earnings	88,856	208,351	119,495	84,452
Sale of capital assets	<u>5,000</u>	<u>294,407</u>	<u>289,407</u>	<u>148,067</u>
Total nonoperating revenues	<u>93,856</u>	<u>527,832</u>	<u>433,976</u>	<u>232,519</u>
Total revenues	<u>6,200,684</u>	<u>6,831,936</u>	<u>631,252</u>	<u>6,082,556</u>
Expenditures:				
Operating expenditures:				
Garage operations		2,054,277		1,997,796
Capital and noncapital equipment		<u>5,137,940</u>		<u>1,870,463</u>
Total operating expenditures	<u>10,271,007</u>	<u>7,192,217</u>	<u>3,078,790</u>	<u>3,868,259</u>
Nonoperating expenditures:				
Interest and other charges		23,985		30,381
Principal payments on other long-term obligations		<u>410,000</u>		<u>410,000</u>
Total nonoperating expenditures	<u>433,985</u>	<u>433,985</u>	<u>-</u>	<u>440,381</u>
Total expenditures	<u>10,704,992</u>	<u>7,626,202</u>	<u>3,078,790</u>	<u>4,308,640</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,504,308)</u>	<u>(794,266)</u>	<u>3,710,042</u>	<u>1,773,916</u>
Other financing sources:				
Operating transfer-in:				
General Fund	3,831	3,831	-	-
Appropriated fund balance	<u>4,500,477</u>	<u>-</u>	<u>(4,500,477)</u>	<u>-</u>
Total other financing sources	<u>4,504,308</u>	<u>3,831</u>	<u>(4,500,477)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(790,435)</u>	<u>\$ (790,435)</u>	<u>1,773,916</u>

CITY OF WILMINGTON, NORTH CAROLINA

**Equipment, Maintenance and Replacement Fund
Schedule of Revenues and Expenditures -
Budget and Actual (Non - GAAP) (Continued)**

**Year Ended June 30, 2019
With Comparative Actual Amounts for Year Ended June 30, 2018**

	2019		
	Budget	Actual	Variance Positive (Negative)
			2018 Actual
Reconciliation from budgetary basis (modified accrual) to full accrual basis:			
Vacation and sick leave accrual		\$ (6,778)	\$ (13,232)
Other postemployment benefits expense		(27,669)	(11,435)
Deferred outflows of resources for contributions made to pension plan in current fiscal year		46,739	44,087
Pension Expense		(61,127)	(43,852)
Change in inventory		(2,432)	12,500
Capital asset expenditures		4,864,803	1,583,040
Depreciation		(2,434,798)	(2,268,212)
Investment earnings accrual		(4,847)	4,847
Principal payments on other long-term obligations		410,000	410,000
Interest expense accrual		2,132	2,132
Disposal of capital assets		(28,895)	(19,972)
Capital contributions from governmental funds		-	27,494
Transfers of capital assets from enterprise funds		9,755	-
Donation of capital assets to governmental funds		(2,355,452)	(37,844)
Outside services		(1,330)	(87)
		<u>\$ (380,334)</u>	<u>\$ 1,463,382</u>
Change in net position			

CITY OF WILMINGTON, NORTH CAROLINA

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

**Year Ended June 30, 2019
With Comparative Actual Amounts for Year Ended June 30, 2018**

	2019		Variance	2018
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Operating revenues:				
Charges for equipment replacement	\$ 669,513	\$ 674,933	\$ 5,420	\$ 612,964
Nonoperating revenues:				
Investment earnings	-	2,229	2,229	4,379
Total revenues	<u>669,513</u>	<u>677,162</u>	<u>7,649</u>	<u>617,343</u>
Expenditures:				
Operating expenditures:				
Information technology operations		633,428		689,292
Capital and noncapital equipment		<u>571,965</u>		<u>741,709</u>
Total expenditures	<u>1,491,892</u>	<u>1,205,393</u>	<u>286,499</u>	<u>1,431,001</u>
Excess of expenditures over revenues	<u>(822,379)</u>	<u>(528,231)</u>	<u>294,148</u>	<u>(813,658)</u>
Other financing sources:				
Operating transfer-in:				
General Fund	308,685	308,685	-	333,926
Appropriated fund balance	<u>513,694</u>	<u>-</u>	<u>(513,694)</u>	<u>-</u>
Total other financing sources	<u>822,379</u>	<u>308,685</u>	<u>(513,694)</u>	<u>333,926</u>
Net change in fund balance	<u>\$ -</u>	<u>(219,546)</u>	<u>\$ (219,546)</u>	<u>(479,732)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Capital asset expenditures		85,781		106,552
Investment earnings accrual		(330)		330
Donations of capital assets to governmental funds		<u>(85,781)</u>		<u>(106,552)</u>
Change in net position		<u>\$ (219,876)</u>		<u>\$ (479,402)</u>

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SUPPLEMENTAL
FINANCIAL DATA TAB (FRONT)

SUPPLEMENTAL
FINANCIAL DATA TAB (BACK)

CITY OF WILMINGTON, NORTH CAROLINA

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

June, 30 2019

Governmental funds capital assets:

Land	\$ 60,451,461
Easements	17,897,352
Improvements other than buildings	66,044,038
Buildings, plant and structures	148,169,436
Furniture, fixtures, machinery and equipment	27,826,720
Computer software	2,544,545
Streets and drainage	249,452,558
Construction in progress	<u>14,197,227</u>
Total governmental funds capital assets	<u>\$ 586,583,337</u>

Investment in governmental funds capital assets by source:

Prior years for which detail is not available	\$ 16,583,375
General Fund	19,167,377
Special Purpose Fund	6,098,546
Capital Project Funds	381,228,181
Accepted dedications	<u>163,505,858</u>
Total governmental funds capital assets	<u>\$ 586,583,337</u>

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

CITY OF WILMINGTON, NORTH CAROLINA

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

June, 30 2019

Function and Activity	Land	Easements	Improvements other than Buildings	Buildings, Plant and Structures
General government:				
City Manager	\$ -	\$ -	\$ -	\$ -
Finance	-	-	-	-
Information technology services	-	-	-	-
Development services	-	-	-	-
General government	<u>6,962,659</u>	<u>10,026</u>	<u>3,960,992</u>	<u>31,110,286</u>
Total general government	<u>6,962,659</u>	<u>10,026</u>	<u>3,960,992</u>	<u>31,110,286</u>
Public safety:				
Police	2,016,744	-	-	23,076,918
Fire	<u>3,788,390</u>	-	<u>479,279</u>	<u>26,042,712</u>
Total public safety	<u>5,805,134</u>	<u>-</u>	<u>479,279</u>	<u>49,119,630</u>
Transportation:				
Traffic engineering	37,638	-	-	45,758
Transportation planning	-	-	-	-
Streets and drainage	<u>33,918,858</u>	<u>17,843,076</u>	<u>7,153,333</u>	<u>104,500</u>
Total transportation	<u>33,956,496</u>	<u>17,843,076</u>	<u>7,153,333</u>	<u>150,258</u>
Cultural and recreational:				
Parks and recreation	<u>8,118,878</u>	<u>44,250</u>	<u>54,425,434</u>	<u>19,568,758</u>
Economic and physical development	<u>5,608,294</u>	<u>-</u>	<u>25,000</u>	<u>48,220,504</u>
Total governmental funds capital assets	<u>\$ 60,451,461</u>	<u>\$ 17,897,352</u>	<u>\$ 66,044,038</u>	<u>\$ 148,169,436</u>

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

Function and Activity	Furniture, Fixtures, Machinery and Equipment	Computer Software	Streets and Drainage	Construction in Progress	Total
General government:					
City Manager	\$ 118,247	\$ -	\$ -	\$ -	\$ 118,247
Finance	30,354	-	-	-	30,354
Information Technology Services	1,572,986	1,858,153	-	362,536	3,793,675
Development Services	201,740	13,120	-	-	214,860
General government	<u>769,123</u>	<u>-</u>	<u>-</u>	<u>317,051</u>	<u>43,130,137</u>
Total general government	<u>2,692,450</u>	<u>1,871,273</u>	<u>-</u>	<u>679,587</u>	<u>47,287,273</u>
Public safety:					
Police	5,363,850	341,054	-	6,540,219	37,338,785
Fire	<u>17,660,543</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,970,924</u>
Total public safety	<u>23,024,393</u>	<u>341,054</u>	<u>-</u>	<u>6,540,219</u>	<u>85,309,709</u>
Transportation:					
Traffic engineering	309,344	19,721	-	108,218	520,679
Transportation Planning	-	13,576	-	-	13,576
Streets and drainage	<u>347,424</u>	<u>218,773</u>	<u>248,158,472</u>	<u>4,213,245</u>	<u>311,957,681</u>
Total transportation	<u>656,768</u>	<u>252,070</u>	<u>248,158,472</u>	<u>4,321,463</u>	<u>312,491,936</u>
Cultural and recreational:					
Parks and recreation	<u>910,973</u>	<u>33,404</u>	<u>1,294,086</u>	<u>2,655,958</u>	<u>87,051,741</u>
Economic and physical development	<u>542,136</u>	<u>46,744</u>	<u>-</u>	<u>-</u>	<u>54,442,678</u>
Total governmental funds capital assets	<u>\$ 27,826,720</u>	<u>\$ 2,544,545</u>	<u>\$ 249,452,558</u>	<u>\$ 14,197,227</u>	<u>\$ 586,583,337</u>

CITY OF WILMINGTON, NORTH CAROLINA

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

Year Ended June, 30 2019

Function and Activity	July 1, 2018	Additions	Deductions
General government:			
City Manager	\$ 179,351	\$ -	\$ (61,104)
Finance	30,354	-	-
Information Technology Services	2,970,117	747,259	(9,482)
Development Services	188,744	26,116	-
General government buildings	42,272,900	899,032	(41,795)
Total general government	<u>45,641,466</u>	<u>1,672,407</u>	<u>(112,381)</u>
Public safety:			
Police	31,336,708	6,002,077	-
Fire	44,449,066	1,564,849	(297,300)
Total public safety	<u>75,785,774</u>	<u>7,566,926</u>	<u>(297,300)</u>
Transportation:			
Traffic engineering	354,458	65,078	-
Transportation planning	13,576	-	-
Streets and drainage	302,391,511	9,589,595	(23,425)
Total transportation	<u>302,759,545</u>	<u>9,654,673</u>	<u>(23,425)</u>
Cultural and recreational:			
Parks and recreation	82,908,165	4,143,576	-
Economic and physical development	54,135,428	567,250	-
Total governmental funds capital assets	<u>\$ 561,230,378</u>	<u>\$ 23,604,832</u>	<u>\$ (433,106)</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	Transfers	June 30, 2019
General government:		
City Manager	\$ -	\$ 118,247
Finance	-	30,354
Information Technology Services	85,781	3,793,675
Development Services	-	214,860
General government buildings	-	43,130,137
Total general government	<u>85,781</u>	<u>47,287,273</u>
Public safety:		
Police	-	37,338,785
Fire	2,254,309	47,970,924
Total public safety	<u>2,254,309</u>	<u>85,309,709</u>
Transportation:		
Traffic engineering	101,143	520,679
Transportation planning	-	13,576
Streets and drainage	-	311,957,681
Total transportation	<u>101,143</u>	<u>312,491,936</u>
Cultural and recreational:		
Parks and recreation	-	87,051,741
Economic and physical development	<u>(260,000)</u>	<u>54,442,678</u>
Total governmental funds capital assets	<u>\$ 2,181,233</u>	<u>\$ 586,583,337</u>

CITY OF WILMINGTON, NORTH CAROLINA

Schedule of Change in Ad Valorem Taxes Receivable

June 30, 2019

Fiscal Year	Uncollected Balance July 1, 2018	Additions	Collections and Credits	Uncollected Balance June 30, 2019
2018-2019	\$ -	\$ 76,556,885	\$ 75,989,085	\$ 567,800
2017-2018	608,345	-	246,576	361,769
2016-2017	409,060	-	85,785	323,275
prior years	<u>1,678,329</u>	<u>-</u>	<u>209,827</u>	<u>1,468,502</u>
	2,695,734	76,556,885	76,531,273	2,721,346
Less allowance for uncollectible taxes	<u>(1,506,549)</u>	<u>(59,858)</u>	<u>-</u>	<u>(1,566,407)</u>
Totals ⁽¹⁾	<u>\$ 1,189,185</u>	<u>\$ 76,497,027</u>	<u>\$ 76,531,273</u>	<u>\$ 1,154,939</u>

Reconciliation of collections and credits:

New Hanover County tax office

remittances:

Taxes - ad valorem - current year - General Fund & Debt Service Fund \$ 76,293,587

Taxes - ad valorem - penalties and interest - General Fund 204,183

Total remittances 76,497,770

Other adjustments ⁽²⁾ 237,686

Less penalties and interest (204,183)

Total collections and credits \$ 76,531,273

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

(2) The source of this data, the New Hanover County Tax Office, has undergone a software conversion. At June 30, 2019, the software does not differentiate between discoveries, abatements and adjustments; therefore, the net change from original levy is presented as other adjustments.

CITY OF WILMINGTON, NORTH CAROLINA

Analysis of Current Tax Levy

For the Fiscal Year Ended June 30, 2019

	City - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy: ⁽¹⁾					
Property taxed at current year's rate	\$15,105,220,212	\$ 0.4984	\$75,284,418	\$71,223,225	\$4,061,193
Motor vehicles taxed at prior year's rate	212,925,528	0.4834	1,029,282	-	1,029,282
second prior year's rate	298,969	0.4850	1,450	-	1,450
Penalties	-		187,896	187,896	-
Total	15,318,444,709		76,503,046	71,411,121	5,091,925
Discoveries: ⁽²⁾					
Current year taxes	-		295,897	295,897	-
Total	-		76,798,943	71,707,018	5,091,925
Abatements: ⁽²⁾	-		-	-	-
Other adjustments ⁽²⁾	(38,995,090)		(\$242,058)	(242,058)	-
Total property valuation	<u>\$15,279,449,619</u>				
Net levy			76,556,885	71,464,960	5,091,925
Uncollected taxes at June 30, 2019			567,800	567,800	-
Current year's taxes collected			<u>\$ 75,989,085</u>	<u>\$ 70,897,160</u>	<u>\$ 5,091,925</u>
Current levy collection percentage			<u>99.26%</u>	<u>99.21%</u>	<u>100.00%</u>

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

(2) The source of this data, the New Hanover County Tax Office, has undergone a software conversion. At June 30, 2019, the software does not differentiate between discoveries, abatements and adjustments; therefore, the net change from original levy is presented as other adjustments.

CITY OF WILMINGTON, NORTH CAROLINA

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

From Inception and Year Ended June 30, 2019

Receipts prior years	<u>\$ 37,492,761</u>
Receipts:	
July, 2018	479,940
August, 2018	437,911
September, 2018	412,550
October, 2018	534,799
November, 2018	391,338
December, 2018	292,311
January, 2019	282,761
February, 2019	317,003
March, 2019	419,704
April, 2019	454,824
May, 2019	519,029
June, 2019	<u>519,427</u>
Receipts current year	<u>5,061,597</u>
Receipts to date	<u><u>\$ 42,554,358</u></u>

CITY OF WILMINGTON, NORTH CAROLINA

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

From Inception and Year Ended June 30, 2019

Disbursements prior years	<u>\$ 34,006,126</u>
Disbursements:	
Operating costs - Convention Center	88,094
Capital improvements and equipment	101,013
Facility repairs ad maintenance	412,446
Marketing	469,944
Debt service	1,937,110
Fiscal agent fees	<u>2,200</u>
Disbursements current year	<u>3,010,807</u>
Disbursements to date	<u><u>\$ 37,016,933</u></u>

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

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STATISTICAL SECTION TAB (FRONT)

STATISTICAL SECTION TAB (BACK)

STATISTICAL SECTION

(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	190 - 203
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	204 - 207
These schedules contain information to help the reader assess the city’s most significant local revenue source, the property tax.	
Debt Capacity	208 - 214
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	215
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	216 - 221
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			
	2010	2011	2012	2013
Governmental activities:				
Net investment in capital assets (1)	\$ 188,091,906	\$ 196,686,945	\$ 194,247,449	\$ 200,558,434
Restricted	25,903,793	38,931,386	36,203,247	35,729,753
Unrestricted (2), (3), (4), (5)	49,951,959	38,394,250	41,790,077	43,041,191
Total governmental activities net assets	<u>\$ 263,947,658</u>	<u>\$ 274,012,581</u>	<u>\$ 272,240,773</u>	<u>\$ 279,329,378</u>
Business-type activities:				
Net investment in capital assets (1)	\$ 20,982,210	\$ 22,487,707	\$ 30,255,544	\$ 28,826,675
Restricted	2,378,156	2,378,156	2,368,578	2,104,545
Unrestricted (2), (5)	15,406,764	14,927,863	11,040,383	14,151,447
Total business-type activities net assets	<u>\$ 38,767,130</u>	<u>\$ 39,793,726</u>	<u>\$ 43,664,505</u>	<u>\$ 45,082,667</u>
Primary government:				
Net investment in capital assets	\$ 209,074,116	\$ 219,174,652	\$ 224,502,993	\$ 229,385,109
Restricted	28,281,949	41,309,542	38,571,825	37,834,298
Unrestricted	65,358,723	53,322,113	52,830,460	57,192,638
Total primary government net assets	<u>\$ 302,714,788</u>	<u>\$ 313,806,307</u>	<u>\$ 315,905,278</u>	<u>\$ 324,412,045</u>

Notes:

- (1) Net investment in capital assets, a component of governmental activities net position is restated in fiscal year 2012 to eliminate unamortized bond issuance costs, other than prepaid bond insurance, pursuant to GASB Statement No. 65.
- (2) Unrestricted governmental and business-type activities net position is restated in fiscal year 2014 to record the City's proportionate share of the Local Governmental Employees' Retirement System's beginning net pension liability and the effects on net position of contributions made by the City during the measurement period (fiscal year ending June 30, 2014), pursuant to GASB Statement No. 68.
- (3) Unrestricted governmental activities net position is restated in fiscal year 2015 to present the assets of the Law Enforcement Officers' Special Separation Allowance, formerly presented as a pension trust fund, as part of governmental activities, pursuant to GASB Statement No. 73.
- (4) Unrestricted governmental net position is restated in fiscal year 2016 to record the City's total pension liability of the Law Enforcement Officer's Special Separation Allowance and the effects on net position of benefit payments and administrative expenses paid by the City during the measurement period (calendar year ending December 31, 2016), pursuant to GASB Statement No. 73.
- (5) Unrestricted governmental and business-type activities net position is restated in fiscal year 2017 to record the City's net other postemployment benefits liability, pursuant to GASB Statement No. 75.

TABLE 1

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 212,542,837	\$ 208,606,209	\$ 220,482,002	\$ 222,453,072	\$ 222,365,472	\$ 240,380,429
40,472,965	39,505,449	40,527,283	41,349,356	42,500,030	52,687,351
32,846,564	42,766,980	53,837,868	49,108,721	36,410,461	19,982,339
<u>\$ 285,862,366</u>	<u>\$ 290,878,638</u>	<u>\$ 314,847,153</u>	<u>\$ 312,911,149</u>	<u>\$ 301,275,963</u>	<u>\$ 313,050,119</u>
\$ 31,426,724	\$ 29,662,351	\$ 30,970,797	\$ 33,518,870	\$ 32,935,755	\$ 33,297,271
2,005,412	1,938,140	1,549,898	1,455,998	1,055,998	1,055,998
14,894,628	19,539,071	23,497,622	27,162,767	31,660,796	38,490,587
<u>\$ 48,326,764</u>	<u>\$ 51,139,562</u>	<u>\$ 56,018,317</u>	<u>\$ 62,137,635</u>	<u>\$ 65,652,549</u>	<u>\$ 72,843,856</u>
\$ 243,969,561	\$ 238,268,560	\$ 251,452,799	\$ 255,971,942	\$ 255,301,227	\$ 273,677,700
42,478,377	41,443,589	42,077,181	42,805,354	43,556,028	53,743,349
47,741,192	62,306,051	77,335,490	76,271,488	68,071,257	58,472,926
<u>\$ 334,189,130</u>	<u>\$ 342,018,200</u>	<u>\$ 370,865,470</u>	<u>\$ 375,048,784</u>	<u>\$ 366,928,512</u>	<u>\$ 385,893,975</u>

CITY OF WILMINGTON, NORTH CAROLINA

Changes in Net Position

Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Year			
	2010	2011	2012	2013
Expenses				
Governmental activities:				
General government	\$ 17,913,454	\$ 18,442,793	\$ 20,114,233	\$ 19,005,283
Public safety	46,623,265	42,201,402	44,197,292	43,916,157
Transportation	11,223,125	12,744,479	14,764,044	13,431,747
Economic and physical development	2,128,078	5,843,970	6,200,611	6,045,907
Environmental protection	-	500	-	-
Cultural and recreational	10,418,701	7,727,790	9,049,044	9,398,082
Transit system	1,522,702	1,427,915	1,242,136	1,296,849
Interest and other charges	9,462,791	9,994,715	9,974,724	9,008,791
Total governmental activities expenses	<u>99,292,116</u>	<u>98,383,564</u>	<u>105,542,084</u>	<u>102,102,816</u>
Business-type activities:				
Solid waste management	7,510,722	7,595,390	8,348,911	9,576,553
Storm water management	5,939,703	6,022,115	6,943,112	6,718,269
Parking facilities	2,394,835	2,319,874	2,694,467	2,695,420
Golf	1,136,189	1,107,126	1,285,853	1,294,985
Total business-type activities expenses	<u>16,981,449</u>	<u>17,044,505</u>	<u>19,272,343</u>	<u>20,285,227</u>
Total primary government expenses	<u>\$ 116,273,565</u>	<u>\$ 115,428,069</u>	<u>\$ 124,814,427</u>	<u>\$ 122,388,043</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 2,588,922	\$ 2,691,275	\$ 2,928,020	\$ 3,466,422
Public safety	911,408	1,386,725	1,317,184	1,369,009
Transportation	726,216	1,311,696	1,841,929	1,396,371
Economic and physical development	336,894	1,096,703	1,798,487	2,865,612
Environmental protection	6,622	19,429	58,679	18,147
Cultural and recreational	629,547	611,597	669,215	725,220
Operating grants and contributions	8,587,862	7,744,008	9,455,773	9,487,283
Capital grants and contributions	17,861,814	13,272,496	5,868,811	5,392,585
Total governmental activities program revenues	<u>31,649,285</u>	<u>28,133,929</u>	<u>23,938,098</u>	<u>24,720,649</u>
Business-type activities:				
Charges for services:				
Solid waste management	8,163,730	8,113,378	8,272,400	8,385,641
Storm water management	6,775,129	7,114,617	7,815,701	8,372,383
Parking facilities	2,274,661	2,035,573	2,577,363	3,105,607
Golf	1,119,498	1,169,854	1,227,520	1,129,265

TABLE 2

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 19,631,088	\$ 20,942,970	\$ 21,981,320	\$ 24,897,698	\$ 26,388,276	\$ 47,767,484
46,131,851	45,301,661	48,796,835	51,805,339	52,304,423	62,138,353
13,850,270	14,623,301	15,483,263	17,757,240	16,938,651	18,469,985
6,196,637	7,758,498	6,890,269	6,918,462	7,249,221	7,910,229
-	6,229	17,854	-	-	-
9,465,475	9,992,088	10,187,498	11,290,134	11,401,557	11,362,869
1,285,000	1,678,074	1,523,022	2,799,556	1,437,257	1,460,155
8,399,202	7,868,677	8,773,139	7,169,163	7,569,643	7,366,318
<u>104,959,523</u>	<u>108,171,498</u>	<u>113,653,200</u>	<u>122,637,592</u>	<u>123,289,028</u>	<u>156,475,393</u>
10,433,131	9,689,997	8,800,178	8,260,576	8,500,496	8,832,873
6,788,592	7,195,516	6,909,622	7,152,715	7,989,010	7,759,203
2,802,364	3,143,322	2,925,836	2,927,402	4,477,517	3,216,815
<u>1,293,363</u>	<u>1,331,375</u>	<u>1,365,365</u>	<u>1,458,687</u>	<u>1,444,079</u>	<u>1,650,273</u>
<u>21,317,450</u>	<u>21,360,210</u>	<u>20,001,001</u>	<u>19,799,380</u>	<u>22,411,102</u>	<u>21,459,164</u>
<u>\$ 126,276,973</u>	<u>\$ 129,531,708</u>	<u>\$ 133,654,201</u>	<u>\$ 142,436,972</u>	<u>\$ 145,700,130</u>	<u>\$ 177,934,557</u>
\$ 3,961,251	\$ 3,757,329	\$ 1,614,695	\$ 1,424,614	\$ 1,341,845	\$ 1,066,542
1,078,557	991,754	936,090	1,028,767	1,011,421	1,117,151
1,469,697	1,522,176	1,645,916	1,770,500	1,733,382	1,644,353
3,252,606	3,307,837	3,860,193	3,821,324	4,206,857	4,616,434
11,886	10,497	26,446	44,500	95,078	61,956
777,142	858,460	883,347	846,872	857,897	1,073,155
7,113,819	8,368,567	7,553,003	8,803,433	6,479,533	24,933,225
<u>5,128,944</u>	<u>2,260,265</u>	<u>15,403,679</u>	<u>3,779,344</u>	<u>1,253,284</u>	<u>6,463,891</u>
<u>22,793,902</u>	<u>21,076,885</u>	<u>31,923,369</u>	<u>21,519,354</u>	<u>16,979,297</u>	<u>40,976,707</u>
8,433,430	8,803,224	8,996,252	9,168,326	9,245,211	9,329,350
8,810,446	9,441,985	9,928,041	10,678,945	11,517,793	11,837,173
3,156,906	3,253,754	3,399,380	3,367,787	3,408,219	3,551,650
852,982	874,778	1,247,303	1,204,706	1,240,596	1,460,888

CITY OF WILMINGTON, NORTH CAROLINA

Changes in Net Position (Continued)

Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Year			
	2010	2011	2012	2013
Program Revenues (continued)				
Business-type activities (continued):				
Operating grants and contributions	\$ -	\$ -	\$ 72,977	\$ 161,026
Capital grants and contributions	343,665	110,232	451,260	137,394
Total business-type activities program revenues	<u>\$ 18,676,683</u>	<u>\$ 18,543,654</u>	<u>\$ 20,417,221</u>	<u>\$ 21,291,316</u>
Total primary government program revenues	<u>\$ 50,325,968</u>	<u>\$ 46,677,583</u>	<u>\$ 44,355,319</u>	<u>\$ 46,011,965</u>
Net (expense)/revenue				
Governmental activities	\$ (67,642,831)	\$ (70,249,635)	\$ (81,603,986)	\$ (77,382,167)
Business-type activities	<u>1,695,234</u>	<u>1,499,149</u>	<u>1,144,878</u>	<u>1,006,089</u>
Total primary government net expense	<u>\$ (65,947,597)</u>	<u>\$ (68,750,486)</u>	<u>\$ (80,459,108)</u>	<u>\$ (76,376,078)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Ad valorem taxes	\$ 46,827,896	\$ 52,445,946	\$ 52,713,699	\$ 57,152,307
Room occupancy tax	2,087,618	2,274,826	2,470,357	2,582,709
Local option sales tax	13,655,742	14,409,320	16,543,702	17,384,331
Franchise tax	6,480,873	6,303,686	5,993,214	5,985,128
Video programming sales tax	1,519,216	1,470,975	1,425,834	1,404,639
Rental vehicle tax	163,536	190,568	209,722	233,079
Unrestricted grants and contributions	1,209,643	1,539,418	1,778,549	1,804,127
Investment earnings	700,500	385,103	368,432	342,649
Net decrease in fair value of investments	-	-	-	(429,320)
Miscellaneous	906,404	658,109	969,485	612,071
Transfers from (to) other funds	<u>50,000</u>	<u>636,607</u>	<u>(2,640,816)</u>	<u>(729,380)</u>
Total governmental activities	<u>73,601,428</u>	<u>80,314,558</u>	<u>79,832,178</u>	<u>86,342,340</u>
Business-type activities:				
Unrestricted grants and contributions	69,493	69,282	-	-
Investment earnings	187,750	94,772	81,825	85,108
Net decrease in fair value of investments	-	-	-	(117,037)
Miscellaneous	-	-	3,260	-
Transfers from (to) other funds	<u>(50,000)</u>	<u>(636,607)</u>	<u>2,640,816</u>	<u>729,380</u>
Total business-type activities	<u>207,243</u>	<u>(472,553)</u>	<u>2,725,901</u>	<u>697,451</u>
Total primary government	<u>\$ 73,808,671</u>	<u>\$ 79,842,005</u>	<u>\$ 82,558,079</u>	<u>\$ 87,039,791</u>

TABLE 2

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 97,018	\$ 106,836	\$ 73,830	\$ 449,020	\$ 77,899	\$ 93,833
49,500	774,874	405,208	-	1,015,338	121,175
<u>\$ 21,400,282</u>	<u>\$ 23,255,451</u>	<u>\$ 24,050,014</u>	<u>\$ 24,868,784</u>	<u>\$ 26,505,056</u>	<u>\$ 26,394,069</u>
<u>\$ 44,194,184</u>	<u>\$ 44,332,336</u>	<u>\$ 55,973,383</u>	<u>\$ 46,388,138</u>	<u>\$ 43,484,353</u>	<u>\$ 67,370,776</u>
\$ (82,165,621)	\$ (87,094,613)	\$ (81,729,831)	\$ (101,118,238)	\$ (106,309,731)	\$ (115,498,686)
82,832	1,895,241	4,049,013	5,069,404	4,093,954	4,934,905
<u>\$ (82,082,789)</u>	<u>\$ (85,199,372)</u>	<u>\$ (77,680,818)</u>	<u>\$ (96,048,834)</u>	<u>\$ (102,215,777)</u>	<u>\$ (110,563,781)</u>
\$ 58,981,967	\$ 60,524,844	\$ 65,339,216	\$ 66,670,221	\$ 72,729,763	\$ 76,858,987
2,771,391	3,080,208	3,337,377	3,824,615	3,780,078	5,061,597
19,168,840	21,216,765	22,990,436	24,371,379	24,689,205	28,923,348
6,120,923	8,174,142	8,392,055	8,251,577	8,280,297	8,730,544
1,397,010	1,442,808	1,390,363	1,408,749	1,374,281	1,323,879
224,043	267,219	298,745	313,471	296,213	382,984
1,943,781	1,949,695	2,078,287	2,314,364	2,179,507	2,900,175
346,850	263,771	336,799	506,832	1,459,258	2,889,157
-	-	-	-	-	-
589,940	1,794,794	970,198	791,188	783,117	1,353,525
(2,846,136)	(279,647)	(535,736)	(771,186)	(955,300)	(1,151,354)
<u>88,698,609</u>	<u>98,434,599</u>	<u>104,597,740</u>	<u>107,681,210</u>	<u>114,616,419</u>	<u>127,272,842</u>
-	-	-	-	-	-
90,641	69,492	93,856	135,225	334,606	920,501
-	-	-	-	-	-
224,488	1,364,753	200,150	143,503	209,978	184,547
2,846,136	279,647	535,736	771,186	955,300	1,151,354
<u>3,161,265</u>	<u>1,713,892</u>	<u>829,742</u>	<u>1,049,914</u>	<u>1,499,884</u>	<u>2,256,402</u>
<u>\$ 91,859,874</u>	<u>\$ 100,148,491</u>	<u>\$ 105,427,482</u>	<u>\$ 108,731,124</u>	<u>\$ 116,116,303</u>	<u>\$ 129,529,244</u>

(Continued)

CITY OF WILMINGTON, NORTH CAROLINA

Changes in Net Position (Continued)

Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Year			
	2010	2011	2012	2013
Change in Net Position				
Governmental activities (1), (2), (3), (4), (5)	\$ 5,958,597	\$ 10,064,923	\$ (1,771,808)	\$ 8,960,173
Business-type activities (1), (2), (5)	<u>1,902,477</u>	<u>1,026,596</u>	<u>3,870,779</u>	<u>1,703,540</u>
Total primary government	<u>\$ 7,861,074</u>	<u>\$ 11,091,519</u>	<u>\$ 2,098,971</u>	<u>\$ 10,663,713</u>

Notes:

- (1) In fiscal year 2013, pursuant to the implementation of GASB Statement No. 65, previously deferred issuance costs totaling \$2,156,946 were recognized as an adjustment to beginning net position in the current year. Of this amount, \$1,871,568 related to governmental activities and \$285,378 related to business-type activities.
- (2) In fiscal year 2015, pursuant to the implementation of GASB Statement No. 68, the City's proportionate share of the Local Governmental Employees' Retirement System's beginning net pension liability and the effects on net position of contributions made by the City during the measurement period (fiscal year ending June 30, 2014) totaling \$7,120,049 were recognized as an adjustment to beginning net position in the current year. Of this amount, \$6,323,714 related to governmental activities and \$796,335 related to business-type activities.
- (3) In fiscal year 2016, pursuant to the implementation of GASB Statement No. 73, the assets of the Law Enforcement Officers' Special Separation Allowance, formerly presented as a pension trust fund, were recognized in governmental activities as an adjustment to beginning net position in the amount of \$1,100,606.
- (4) In fiscal year 2017, pursuant to the implementation of GASB Statement No. 73, the City's total pension liability of the Law Enforcement Officer's Special Separation Allowance and the effects on net position of benefit payments and administrative expenses paid by the City during the measurement period (calendar year ending December 31, 2016) totaling \$8,498,976 were recognized as an adjustment to beginning net position in the current year.
- (5) In fiscal year 2018, pursuant to the implementation of GASB Statement No. 75, the City's beginning net other postemployment benefits liability totaling \$22,020,798 was recognized as an adjustment to beginning net position in the current year. Of this amount, \$19,941,874 related to governmental activities and \$2,078,924 related to business-type activities.

TABLE 2

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 6,532,988	\$ 11,339,986	\$ 22,867,909	\$ 6,562,972	\$ 8,306,688	\$ 11,774,156
<u>3,244,097</u>	<u>3,609,133</u>	<u>4,878,755</u>	<u>6,119,318</u>	<u>5,593,838</u>	<u>7,191,307</u>
<u>\$ 9,777,085</u>	<u>\$ 14,949,119</u>	<u>\$ 27,746,664</u>	<u>\$ 12,682,290</u>	<u>\$ 13,900,526</u>	<u>\$ 18,965,463</u>

CITY OF WILMINGTON, NORTH CAROLINA

Fund Balances of Governmental Funds

Last Ten Fiscal Years (modified accrual basis of accounting)

	Fiscal Year			
	2010			
General fund				
Reserved	\$ 9,196,737			
Unreserved	<u>16,554,604</u>			
Total general fund	<u>\$ 25,751,341</u>			
All other governmental funds				
Reserved (1)	\$ 89,486,186			
Unreserved (deficit), reported in				
Capital projects funds	(4,434,729)			
Special revenue funds	<u>(1,577,463)</u>			
Total all other governmental funds	<u>\$ 83,473,994</u>			
	2011	2012	2013	2014
General fund				
Nonspendable	\$ 1,655,910	\$ 1,645,226	\$ 1,669,337	\$ 1,562,635
Restricted	10,298,303	10,454,446	11,237,732	11,435,444
Committed (1)	-	-	9,613	42,970
Assigned	1,731,945	1,000,000	1,295,158	1,610,000
Unassigned	<u>17,353,940</u>	<u>23,791,938</u>	<u>29,245,251</u>	<u>31,383,688</u>
Total general fund	<u>\$ 31,040,098</u>	<u>\$ 36,891,610</u>	<u>\$ 43,457,091</u>	<u>\$ 46,034,737</u>
All other governmental funds				
Nonspendable	\$ 11,656	\$ 12,415	\$ 8,102	\$ 16,891
Restricted	66,554,476	52,939,929	49,882,087	39,854,806
Committed	12,186,092	12,167,997	12,732,992	10,659,480
Unassigned deficit	<u>(2,568,803)</u>	<u>(2,143,278)</u>	<u>(7,526,870)</u>	<u>(3,235,662)</u>
Total all other governmental funds	<u>\$ 76,183,421</u>	<u>\$ 62,977,063</u>	<u>\$ 55,096,311</u>	<u>\$ 47,295,515</u>

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

The City made the option to adopt GASB 54 fund balance presentation prospectively.

(1) 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				
2015	2016	2017	2018	2019
\$ 1,538,800	\$ 1,507,848	\$ 1,491,417	\$ 1,335,687	\$ 1,236,657
12,008,976	12,717,909	12,895,809	13,637,741	19,729,125
88,073	1,066,118	1,332,296	1,430,717	1,510,695
2,090,966	6,744,343	8,960,200	3,215,840	4,020,000
<u>39,880,339</u>	<u>39,322,702</u>	<u>34,473,018</u>	<u>36,831,068</u>	<u>31,052,237</u>
<u>\$ 55,607,154</u>	<u>\$ 61,358,920</u>	<u>\$ 59,152,740</u>	<u>\$ 56,451,053</u>	<u>\$ 57,548,714</u>
\$ 13,533	\$ 11,344	\$ 63,349	\$ 77,325	\$ 5,156
40,316,562	41,923,582	51,622,940	63,116,382	43,135,094
19,142,750	17,542,590	20,318,880	26,972,671	42,179,716
<u>(1,451,305)</u>	<u>(686,906)</u>	<u>(721,702)</u>	<u>(2,403,053)</u>	<u>(343,687)</u>
<u>\$ 58,021,540</u>	<u>\$ 58,790,610</u>	<u>\$ 71,283,467</u>	<u>\$ 87,763,325</u>	<u>\$ 84,976,279</u>

CITY OF WILMINGTON, NORTH CAROLINA

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years (modified accrual basis of accounting)

	Fiscal Year			
	2010	2011	2012	2013
Revenues				
Taxes:				
Ad valorem taxes (1)	\$ 46,815,757	\$ 52,304,940	\$ 52,869,871	\$ 57,193,858
Room occupancy tax	2,087,618	2,274,826	2,470,357	2,582,709
Local option sales tax	13,655,742	14,409,320	16,543,702	17,384,331
Franchise tax	6,480,873	6,303,686	5,993,214	5,985,128
Video programming sales tax	1,519,216	1,470,975	1,425,834	1,404,639
Rental vehicle tax	163,536	190,568	209,722	233,079
Unrestricted intergovernmental	973,523	1,340,967	1,585,367	1,627,624
Restricted intergovernmental	17,581,934	16,539,325	17,215,569	17,940,589
Licenses and permits	2,360,546	2,510,282	2,534,736	2,808,334
Sales and services	2,013,273	3,409,479	4,888,935	5,358,905
Fines and forfeits	60,202	106,791	175,075	142,141
Investment earnings	632,785	351,602	334,754	286,621
Net decrease in fair value of investments	-	-	-	(384,493)
Donations	245,372	438,751	278,042	623,174
Miscellaneous	1,585,967	1,464,191	1,699,959	1,432,588
Total revenues	<u>96,176,344</u>	<u>103,115,703</u>	<u>108,225,137</u>	<u>114,619,227</u>
Expenditures				
General government	16,724,587	16,972,610	19,378,427	17,345,766
Public safety	39,865,899	38,386,732	43,736,654	41,719,713
Transportation	17,143,064	15,463,714	15,706,490	18,240,703
Economic and physical development	21,098,597	9,376,853	5,222,736	4,846,784
Environmental protection	-	500	-	-
Cultural and recreational	16,787,662	12,923,013	9,829,260	9,536,408
Transit system	1,522,702	1,427,915	1,242,136	1,296,849
Debt service				
Principal retirement	9,811,333	10,434,615	10,529,457	12,531,308
Interest and other charges	9,244,469	9,857,124	10,211,066	9,256,345
Total expenditures	<u>132,198,313</u>	<u>114,843,076</u>	<u>115,856,226</u>	<u>114,773,876</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(36,021,969)</u>	<u>(11,727,373)</u>	<u>(7,631,089)</u>	<u>(154,649)</u>

TABLE 4

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 59,403,121	\$ 60,530,615	\$ 65,195,129	\$ 66,565,824	\$ 72,719,264	\$ 76,893,451
2,771,391	3,080,208	3,337,377	3,824,615	3,780,078	5,061,597
19,168,840	21,216,765	22,990,436	24,371,379	24,689,205	28,923,348
6,120,923	8,174,142	8,392,055	8,251,577	8,280,297	8,730,544
1,397,010	1,442,808	1,390,363	1,408,749	1,374,281	1,323,879
224,043	267,219	298,745	313,471	296,213	382,984
1,771,881	1,782,895	1,917,812	2,036,486	2,030,182	2,745,750
13,062,264	12,852,324	9,294,002	9,599,088	6,873,658	25,634,324
3,092,735	2,962,469	739,925	691,594	666,089	778,125
5,394,557	6,119,686	6,310,273	6,311,529	7,317,144	7,588,543
253,712	206,164	208,172	170,291	183,557	134,763
337,943	237,956	306,476	462,236	1,325,685	2,723,319
-	-	-	-	-	-
74,273	374,911	2,850,402	321,736	57,285	173,792
1,510,756	2,232,889	1,897,323	1,931,162	1,829,057	2,167,679
<u>114,583,449</u>	<u>121,481,051</u>	<u>125,128,490</u>	<u>126,259,737</u>	<u>131,421,995</u>	<u>163,262,098</u>
21,834,095	19,231,860	21,022,781	23,550,837	25,031,197	47,976,747
42,382,161	46,861,709	48,728,194	50,644,028	51,920,607	61,347,469
17,109,467	15,486,218	16,259,346	18,541,367	19,894,256	17,063,854
4,705,182	6,401,630	5,821,479	7,640,212	6,058,398	7,436,076
-	30,000	-	-	-	-
10,484,545	10,390,225	9,387,653	9,958,608	10,567,078	12,257,425
1,285,000	1,678,074	1,523,022	1,379,556	1,437,257	1,460,155
12,915,558	12,183,558	9,865,621	8,710,370	10,248,620	8,623,090
8,893,071	8,348,321	9,142,250	7,079,902	7,354,834	7,549,609
<u>119,609,079</u>	<u>120,611,595</u>	<u>121,750,346</u>	<u>127,504,880</u>	<u>132,512,247</u>	<u>163,714,425</u>
<u>(5,025,630)</u>	<u>869,456</u>	<u>3,378,144</u>	<u>(1,245,143)</u>	<u>(1,090,252)</u>	<u>(452,327)</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			
	2010	2011	2012	2013
Other financing sources (uses)				
Transfers from other funds	\$ 14,648,058	\$ 13,781,205	\$ 13,688,174	\$ 12,440,785
Transfers to other funds	(14,598,058)	(13,136,626)	(14,171,174)	(13,672,844)
Issuance of bonds	-	-	-	-
Issuance of refunding bonds	-	8,660,000	-	-
Issuance of installment obligations	23,870,000	3,120,000	-	-
Issuance of refunding installment obligations	8,910,000	-	24,673,750	-
Issuance of other long-term obligations	5,065,807	-	-	-
Premium on bonds	-	366,839	-	-
Premium on refunding bonds	-	130,992	-	-
Premium on refunding installment obligations	-	-	3,044,534	-
Premium on installment obligations	177,422	-	-	-
Premium on other long-term obligations	411,685	-	-	-
Discount on installment obligations	-	-	-	-
Payment to redeem outstanding bonds	-	(3,206,125)	-	-
Payment to refunded bond escrow agent	-	-	-	-
Payment to refunded installment obligation escrow agent	-	-	-	-
Payment to refund outstanding installment obligations	(8,832,450)	-	(12,976,827)	-
Payment to defeased other long-term obligation escrow agent	-	-	-	-
Payment to refund outstanding other long-term obligations	-	-	(14,022,484)	-
Total other financing sources (uses)	<u>29,652,464</u>	<u>9,716,285</u>	<u>235,973</u>	<u>(1,232,059)</u>
Net change in fund balances (2)	<u>\$ (6,369,505)</u>	<u>\$ (2,011,088)</u>	<u>\$ (7,395,116)</u>	<u>\$ (1,386,708)</u>
Debt service as a percentage of noncapital expenditures	19.3%	20.9%	20.2%	21.7%

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					
2014	2015	2016	2017	2018	2019
\$ 23,093,276	\$ 14,766,335	\$ 16,159,158	\$ 23,004,926	\$ 26,812,830	\$ 46,630,514
(26,419,412)	(15,524,249)	(17,178,498)	(24,141,773)	(28,102,056)	(47,844,139)
3,050,000	-	2,925,000	-	15,300,000	-
-	-	6,650,000	-	-	-
-	18,562,657	-	11,835,000	-	-
-	23,195,000	48,940,000	-	-	-
-	-	-	-	-	-
59,359	-	50,259	-	956,434	-
-	-	1,286,956	-	-	-
-	2,400,578	5,942,920	-	-	-
-	1,230,241	-	735,310	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	(7,831,032)	-	-	-
-	-	(54,381,288)	-	-	-
-	(25,267,632)	-	-	-	-
-	-	(605,613)	-	-	-
-	-	-	-	-	-
(216,777)	19,362,930	1,957,862	11,433,463	14,967,208	(1,213,625)
<u>\$ (5,242,407)</u>	<u>\$ 20,232,386</u>	<u>\$ 5,336,006</u>	<u>\$ 10,188,320</u>	<u>\$ 13,876,956</u>	<u>\$ (1,665,952)</u>
21.1%	19.0%	16.9%	13.7%	14.9%	11.1%

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
2010	\$ 12,471,675,092	\$ 1,440,865,238	\$ 149,960,983	\$ 14,062,501,313	\$ 0.3325	100 %
2011	12,565,723,884	1,385,359,953	141,944,441	14,093,028,278	0.3700	100
2012	12,639,603,074	1,464,781,289	143,265,912	14,247,650,275	0.3700	100
2013	11,125,165,816	1,485,306,622	145,138,176	12,755,610,614 (1)	0.4500	100
2014	11,226,688,818	1,802,866,972 (2)	137,249,826	13,166,805,616	0.4500	100
2015	11,361,218,431	1,660,382,686	130,003,476	13,151,604,593	0.4600	100
2016	11,586,636,726	1,690,135,456	162,132,117	13,438,904,299	0.4850	100
2017	11,740,731,169	1,789,601,995	157,903,065	13,688,236,229	0.4850	100
2018	12,863,094,528	1,913,844,363	163,430,006	14,940,368,897	0.4834	100
2019	13,115,266,637	1,999,764,065	164,418,917	15,279,449,619	0.4984	100

Source: New Hanover County Tax Office

Notes: (1) Property in New Hanover County is appraised at least once every eight years on average as required by state law. Property is assessed at 100 percent of value. Tax rates are per \$100 of assessed value.

(2) Includes three months of additional motor vehicle valuation, a one time amount of \$268,152,046, due to the transition to the State's Tax and Tag Program.

TABLE 6

CITY OF WILMINGTON, NORTH CAROLINA

Property Tax Rates - Direct and Overlapping Governments
(Per \$100 of Assessed Value)

Last Ten Fiscal Years

Fiscal Year Ended	City of Wilmington				New Hanover County Overlapping Rates	Total Direct & Overlapping Rates
	General	Debt Service	Capital Projects	Total Direct Rate		
2010	\$ 0.3325	\$ -	\$ -	\$ 0.3325	\$ 0.4525	\$ 0.7850
2011	0.3700	-	-	0.3700	0.4655	0.8355
2012	0.3700	-	-	0.3700	0.4655	0.8355
2013	0.4000	0.0453 ⁽¹⁾	0.0047 ⁽¹⁾	0.4500	0.5540	1.0040
2014	0.4000	0.0453	0.0047	0.4500	0.5540	1.0040
2015	0.4100	0.0453	0.0047	0.4600	0.5540	1.0140
2016	0.4150	0.0613	0.0087	0.4850	0.5740	1.0590
2017	0.4150	0.0613	0.0087	0.4850	0.6230	1.1080
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

Source: New Hanover County Tax Office

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

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

TABLE 7

CITY OF WILMINGTON, NORTH CAROLINA

Top Ten Taxpayers

Current Year and Nine Years Ago

Taxpayer	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Corning Inc.	\$ 248,052,813	1	1.62 %	\$ 192,535,316	1	1.37 %
Bedrock Holdings LLC	100,518,300	2	0.66	-		-
River Ventures LLC	74,933,400	3	0.49	33,496,976	7	0.24
Mayfaire Town Center LP	69,755,785	4	0.46	34,739,297	5	0.25
RSE Independence LLC (mall)	63,255,800	5	0.41	50,436,737	3	0.36
Duke Energy Progress	60,980,812	6	0.40	61,247,884	2	0.44
Alcami	50,138,764	7	0.33	-		-
Wilmington Independent Living LLC	45,908,445	8	0.30	-		-
Carolina Bay Properties of Wilm LLC	40,967,828	9	0.27	-		-
RPP Holdings LLC	38,310,000	10	0.25	-		-
BellSouth Tel Co.	-		-	47,460,093	4	0.34
NNP IV Cape Fear River LLC	-		-	33,672,953	6	0.24
GS II University Centre LLC	-		-	33,061,926	8	0.24
Mayfaire Spe/B LLC	-		-	31,466,430	9	0.22
Avalon Apartments LLC	-		-	29,725,985	10	0.21
	<u>\$ 792,821,947</u>		<u>5.19 %</u>	<u>\$ 547,843,597</u>		<u>3.91 %</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
2010	\$ 46,849,408	\$ 46,128,218	98.46 %	\$ 607,167	\$ 46,735,385	99.76 %
2011	52,346,928	51,575,699	98.53	639,420	52,215,119	99.75
2012	52,949,958	52,020,321	98.24	774,416	52,794,737	99.71
2013	57,290,274	56,262,465	98.21	822,884	57,085,349	99.64
2014	59,345,505	58,401,236	98.41	679,327	59,080,563	99.55
2015	60,699,959	59,873,924	98.64	549,455	60,423,379	99.54
2016	65,268,084	64,538,131	98.88	408,950	64,947,081	99.51
2017	66,617,502	65,992,717	99.06	301,510	66,294,227	99.51
2018	72,487,354	71,879,009	99.16	246,576	72,125,585	99.50
2019	76,556,885	75,989,085	99.26	-	75,989,085	99.26

Source: New Hanover County Tax Office

TABLE 9

CITY OF WILMINGTON, NORTH CAROLINA

Ratio of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities				Total Primary Government	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾
	General Obligation Bonds	Installment Obligations	Other Long-term Obligations	General Obligation Bonds	Revenue Bonds	Installment Obligations	Other Long-term Obligations			
2010	\$ 33,865,000	\$ 148,531,397	\$ 34,624,824	-	\$ 13,065,000	\$ 8,373,603	\$ -	\$ 238,459,824	6.65 %	2,333
2011	37,890,000	144,412,828	32,079,818	-	12,625,000	7,892,172	-	234,899,818	6.09	2,198
2012	33,565,000	152,918,750	15,312,750	-	12,160,000	6,971,250	-	220,927,750	5.43	2,039
2013	28,990,000	145,715,500	14,559,692	-	11,680,000	6,509,500	3,365,817	210,820,509	4.95	1,922
2014	27,240,000	138,353,000	13,806,634	-	11,180,000	6,077,000	3,010,000	199,666,634	4.46	1,786
2015	22,850,000	148,985,157	15,916,641	-	24,365,000	7,789,843	570,000	220,476,641	4.78	1,936
2016 ⁽³⁾	24,828,722	141,258,327 ⁽²⁾	15,271,432	-	25,243,186	7,517,779	380,000	214,499,446	4.39	1,857
2017 ⁽³⁾	22,591,838	147,708,866	14,127,200	-	24,477,513	6,518,375	190,000	215,613,792	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	N/A	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	N/A	1,838

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

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

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

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

TABLE 10

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⁾
2010	\$ 33,865,000	0.24 %	\$ 331
2011	37,890,000	0.27	355
2012	33,565,000	0.24	310
2013	28,990,000	0.23	264
2014	27,240,000	0.21	244
2015	22,850,000	0.17	201
2016 ⁽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

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.

TABLE 11

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

As of June 30, 2019

Jurisdiction	Debt Outstanding	Estimated Percentage Applicable ⁽¹⁾	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes:			
New Hanover County	\$ 419,336,727	44.22 %	\$ 185,430,701
City of Wilmington direct debt			<u>169,276,071</u> ⁽²⁾
Total direct and overlapping debt			<u>\$ 354,706,772</u>

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

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

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

(2) The City's direct debt includes outstanding other long-term obligations payable by interlocal agreement to New Hanover County that represent a portion of general obligation bonds issued by the County for park development on the City's behalf. To avoid duplication of these obligations on this overlapping presentation, the City's direct debt has been reduced by \$10,614,881, the amount of the City's obligation to the County at June 30, 2019, net of related premiums.

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CITY OF WILMINGTON, NORTH CAROLINA

Legal Debt Margin Information

Last Ten Fiscal Years

	Fiscal Year			
	2010	2011	2012	2013
Debt limit	\$1,125,000,105	\$1,127,442,262	\$ 1,139,812,022	\$ 1,020,448,849
Total net debt applicable to debt limit	<u>211,184,824</u>	<u>211,089,818</u>	<u>200,567,750</u>	<u>193,885,509</u>
Legal debt margin	<u>\$ 913,815,281</u>	<u>\$ 916,352,444</u>	<u>\$ 939,244,272</u>	<u>\$ 826,563,340</u>
Total net debt applicable to the debt limit as a percentage of the debt limit	18.77%	18.72%	17.60%	19.00%
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)	17.25%	17.28%	16.24%	17.58%

Legal Debt Margin Calculation for Fiscal Year 2019

Total assessed valuation at June 30, 2019	<u>\$ 15,279,449,619</u>
Debt limit: 8% of total assessed value	\$ 1,222,355,970
Amount of debt applicable to debt limit:	
General obligation bonds	\$ 31,915,000
Authorized but unissued general obligation bonds	59,165,000
Other debt (excluding revenue bonds)	<u>153,828,646</u>
Gross debt	244,908,646
Less deductions allowed by law:	
Authorized but unissued general obligation bonds	<u>59,165,000</u>
Total net debt applicable to debt limit	<u>185,743,646</u>
Legal debt margin	<u>\$ 1,036,612,324</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					
2014	2015	2016	2017	2018	2019
\$1,053,344,449	\$1,052,128,367	\$1,075,112,344	\$1,095,058,898	\$1,195,229,512	\$1,222,355,970
<u>186,131,634</u>	<u>196,111,641</u>	<u>173,712,584</u>	<u>175,309,527</u>	<u>181,546,469</u>	<u>185,743,646</u>
<u>\$ 867,212,815</u>	<u>\$ 856,016,726</u>	<u>\$ 901,399,760</u>	<u>\$ 919,749,371</u>	<u>\$1,013,683,043</u>	<u>\$1,036,612,324</u>
17.67%	18.64%	16.16%	16.01%	15.19%	15.20%
16.38%	17.44%	N/A	N/A	N/A	N/A

TABLE 13

CITY OF WILMINGTON, NORTH CAROLINA

Pledged-Revenue Coverage

Last Ten Fiscal Years

Fiscal Year Ended June 30	Storm Water Fee Revenue Bonds					
	Gross Revenues ⁽¹⁾	Less Operating Expenses ⁽²⁾	Net Available Revenue	Debt Service ⁽³⁾		Coverage
				Principal	Interest	
2010	\$ 6,899,956	\$ 4,690,638	\$ 2,209,318	\$ 440,000	\$ 611,594	2.10
2011	7,172,876	4,778,757	2,394,119	465,000	592,894	2.26
2012	7,862,372	5,708,977	2,153,395	480,000	573,131	2.04
2013	8,356,458	5,440,283	2,916,175	500,000	552,731	2.77
2014	8,925,596	5,389,963	3,535,633	520,000	531,481	3.36
2015	9,547,999	5,724,310	3,823,689	705,000	939,663	2.32
2016	10,073,409	5,349,878	4,723,531	750,000	972,666	2.74
2017	10,875,222	5,278,373	5,596,849	775,000	946,619	3.25
2018	11,851,414	5,944,984	5,906,430	810,000	917,294	3.42
2019	12,548,121	5,746,174	6,801,947	840,000	887,509	3.94

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.

TABLE 14

CITY OF WILMINGTON, NORTH CAROLINA

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year Ended June 30	Population ⁽¹⁾	Personal Income (amounts expressed in thousands)	Per Capita Income ⁽²⁾	Median Age ⁽³⁾	School Enrollment ⁽⁴⁾	Unemployment Ratio ⁽⁵⁾
2010	102,207	\$ 3,585,933	\$ 35,085	38.5	12,388	8.7 %
2011	106,882	3,859,295	36,108	37.3	12,360	9.1
2012	108,337	4,069,029	37,559	37.5	12,169	8.0
2013	109,689	4,260,979	38,846	37.8	12,518	7.3
2014	111,773	4,479,415	40,076	37.9	12,630	5.5
2015	113,910	4,611,874	40,487	37.9	12,725	5.5
2016	115,498	4,881,176	42,262	38.1	12,771	5.1
2017	117,255	5,186,892	44,236	38.2	12,824	4.4
2018	121,150	N/A	N/A	38.5	12,364	4.1
2019	121,910	N/A	N/A	38.6	12,220	4.2

Sources and notes:

- (1) Office of State Budget and Management's certified municipal estimates.
- (2) United States Bureau of Economic Analysis.
- (3) Office of State Budget and Management, Median age statistics are for New Hanover County as a whole, which includes the City of Wilmington.
- (4) New Hanover County Public Schools.
- (5) North Carolina Employment Security Commission (LAUS). City of Wilmington.

TABLE 15

CITY OF WILMINGTON, NORTH CAROLINA

Principal Employers

Current Year and Nine Years Ago

Employer	2019			2010		
	Employees	Rank	Percentage of Total County Employment (1)	Employees	Rank	Percentage of Total County Employment (1)
New Hanover Health Network*	7,138	1	5.90 %	4,890	1	4.68 %
New Hanover County Schools**	3,776	2	3.12	4,130	2	3.95
University of North Carolina (Wilmington)*	2,024	3	1.67	1,810	4	1.73
General Electric Nuclear Fuel/Aircraft***	1,788	4	1.48	3,000	3	2.87
New Hanover County**	1,787	5	1.48	1,670	6	1.60
Pharmaceutical Products Development*	1,500	6	1.24	1,800	5	1.72
Verizon Wireless*	1,167	7	0.97	1,200	8	1.15
Cape Fear Community College*	1,125	8	0.93	1,260	7	1.21
City of Wilmington*	1,079	9	0.89	1,075	9	1.03
Wal-mart**	1,065	10	0.88			-
Corning, Inc*	-		-	1,000	10	0.96
Total	22,449		18.57 %	21,835		20.91 %

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government	146	146	145	146	147	160	163	170	172	176
Public Safety										
Police										
Sworn personnel	249	250	250	266	266	273	273	278	278	281
Civilians	57	56	56	58	59	63	73	76	78	78
Fire										
Sworn personnel	212	210	210	210	210	210	208	211	210	207
Civilians	8	10	10	10	10	10	11	13	13	13
Code enforcement	9	8	8	8	8	5	5	6	6	6
Transportation	54	54	54	56	57	58	58	58	59	60
Economic and Physical Development	9	9	8	8	8	8	8	8	8	8
Cultural and Recreational	75	75	74	74	74	75	88	92	93	100
Solid Waste	92	88	88	83	83	83	83	75	75	75
Storm Water Management	59	59	59	60	60	60	60	60	60	60
Parking Facilities	2	2	2	2	2	2	2	2	2	2
Golf Course	9	9	11	11	11	11	14	13	13	13
Total	981	976	975	992	995	1,018	1,046	1,062	1,067	1,079

(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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police										
Calls dispatched	170,552	182,124	177,042	173,980	176,195	178,865	200,474	185,576	186,668	178,039
Part I crimes	6,902	6,146	6,556	6,094	6,024	5,880	5,840 (1)	4,985	4,674	4,188
Fire										
Actual fires	547	557	517	497	492	453	492	485	494	511
Fire department responses	9,404	9,750	10,574	10,548	12,386	12,545	13,310	14,025	13,482	14,047
Fire inspections completed	4,996	5,776	4,786	4,680	5,964	5,082	4,400	5,336	4,855	5,079
Streets and Sidewalks Maintenance										
Miles of streets resurfaced	4	2	4	8	22	11	15	11	16	9
Solid Waste										
Tons of residential refuse	24,505	28,834	23,808	22,475	22,120	22,661	22,955	24,265	27,030	28,999
Tons of recyclables	5,402	5,253	5,643	6,109	5,853	6,096	7,059	6,998	7,232	7,573
Storm Water										
Number of customers	29,212	29,218	29,208	29,238	29,354	29,378	31,273	36,890	37,633	37,859
ERUs	89,357	92,174	92,027	92,113	92,345	92,650	92,650	94,577	95,193	95,462
Golf Course										
Total number of regular rounds	49,621	48,514	49,866	45,460	32,605 (2)	26,126 (2)	34,678	34,642	35,849	41,406

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		
	2010	2011	2012
Police			
Stations / facilities	2	2	2
Patrol units	282	285	271
Fire			
Fire stations	11	11	11
Transportation			
Streets (miles)	393	397	398
Streetlights (2)	511	569	548
Cultural and Recreational			
Parks	36	36	36
Parks acreage	412	412	412
Trail miles	13	14	19
Athletic and recreation facilities	14	15	16
Athletic and recreation facilities acreage	292	295	323
Solid Waste			
Collection trucks	50	50	54
Storm Water			
Storm sewers (miles)	447	451	452
Parking			
Parking Decks	2	3	3
Fleet			
Vehicles (excluding patrol units)	282	269	247

Source: Various City departments.

Notes: No capital assets indicators are available for the general government function.

- (1) Beginning in fiscal year 2014, the City's estimated storm sewer miles is derived from geographic information system mapping of its storm water infrastructure inventory. In prior years, this estimate was derived by the approximate mileage of City maintained streets.
- (2) The number of streetlights does not include leased streetlights which are owned and maintained by Duke Energy Progress.

TABLE 18

Fiscal Year						
2013	2014	2015	2016	2017	2018	2019
2	2	2	2	2	2	2
270	283	285	271	286	311	328
11	11	11	10	10	10	9
398	399	399	400	403	404	406
686	688	690	716	740	761	763
37	39	39	39	39	39	40
414	421	421	421	421	421	421
23	23	27	27	27	27	29
16	16	16	16	16	16	16
323	323	323	323	323	323	323
52	56	46	46	46	47	47
452	509 (1)	509	526	528	529	530
4	4	4	4	4	3	3
226	242	237	215	215	226	239

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COMPLIANCE SECTION TAB (FRONT)

COMPLIANCE SECTION TAB (BACK)

**Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance With *Government Auditing Standards***

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of City of Wilmington, North Carolina (the City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise City of Wilmington's basic financial statements, and have issued our report thereon dated December 30, 2019.

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

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of This Report

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

RSM US LLP

Wilmington, North Carolina
December 30, 2019

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

Independent Auditor's Report

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

Report on Compliance for each Major Federal Program

We have audited City of Wilmington, North Carolina's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on the City's major federal programs for the year ended June 30, 2019. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The City's basic financial statements include the operations of Cape Fear Public Transportation Authority, a discretely presented component unit of the City, which received \$7,777,218 in federal awards during the year ended June 30, 2019. Our audit, described below, does not include the operations of Cape Fear Public Transportation Authority because this component unit separately engaged us to perform an audit in accordance with the Uniform Guidance and the State Single Audit Implementation Act.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

Opinion on each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

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

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

RSM US LLP

Wilmington, North Carolina
December 30, 2019

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

Independent Auditor's Report

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

Report on Compliance for the Major State Program

We have audited City of Wilmington, North Carolina's (the City) compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on the City's major state program for the year ended June 30, 2019. The City's major state program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The City's basic financial statements include the operations of Cape Fear Public Transportation Authority, a discretely presented component unit of the City, which received \$1,404,216 in State awards during the year ended June 30, 2019. Our audit, described below, did not include the operations of Cape Fear Public Transportation Authority because this component unit separately engaged us to perform an audit in accordance with the Uniform Guidance and the State Single Audit Implementation Act.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City's major state program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Government Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, Uniform Guidance and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major state program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

Opinion on the Major State Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state program for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

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

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

RSM US LLP

Wilmington, North Carolina
December 30, 2019

City of Wilmington, North Carolina

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019**

I - Summary of Auditor's Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None Reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None Reported

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

Unmodified

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

_____ Yes X No

City of Wilmington, North Carolina

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2019

I - Summary of Auditor's Results (Continued)

CFDA Number(s)	Name of Federal Program or Cluster
14.239 97.036	HOME Investment Partnerships Program Public Assistance Grant

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

\$ 750,000

Auditee qualified as low-risk auditee?

☒ Yes ☐ No

State Awards

Internal control over the major State program:

Material weakness(es) identified?

☐ Yes ☒ No

Significant deficiency(ies) identified?

☐ Yes ☒ 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 ☒ No

Identification of major State program:

97.036

Disaster Grants - Public Assistance
(Presidentially Declared Disasters)

City of Wilmington, North Carolina

**Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2019**

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, 2019**

No corrective action plan is required for the current year.



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**City of Wilmington, North Carolina
Status of Prior Year Audit Findings
For the Year Ended June 30, 2019**

FY 2018 Finding 2018-001

Significant Deficiency and Noncompliance

Corrective Action Taken: The City of Wilmington has taken the following steps to correct the findings identified in the FY 2018 report:

- The overdrawn federal funds were wired to HUD on December 11, 2018.
- The entries made in IDIS to reflect the repayment was completed on December 18, 2018.
- The response to the HUD finding and the policy adopted by City Council were forwarded to HUD on July 16, 2019.
- The documentation supporting the journal entry the City made on City books on December 27, 2018 along with City Council action from December 4, 2018 were sent to HUD on August 20, 2019.

The City has also developed a form indicating a review from management has been completed on the calculation for administrative use of federal funds to ensure the 20% limit is not exceeded by origin year. This review is completed prior to the draw of administrative funds in IDIS for the last quarter in the financial fiscal year.

CITY OF WILMINGTON, NORTH CAROLINA

Schedule of Expenditures of Federal and State Awards

Year Ended June 30, 2019

Grantor/Pass-through Grantor/Program Title	Federal CFDA or State DOT Number	Grant Award Number	WBS Number	Federal Expenditures	State Expenditures	Pass-Through to Subrecipient	Local Expenditures
Federal Awards:							
<u>U.S. Department of Housing and Urban Development</u>							
Office of Community Planning & Development:							
Direct Programs:							
Community Development Block Grants:							
Community Development Block Grants	14.218	B-06-MC-370010	-	\$ 7,913	\$ -	\$ -	\$ -
Community Development Block Grants	14.218	B-09-MC-370010	-	16,618	-	-	-
Community Development Block Grants	14.218	B-11-MC-370010	-	1,818	-	-	-
Community Development Block Grants	14.218	B-15-MC-370010	-	48,095	-	-	-
Community Development Block Grants	14.218	B-16-MC-370010	-	65,972	-	-	-
Community Development Block Grants	14.218	B-17-MC-370010	-	298,883	-	71,109	-
Community Development Block Grants	14.218	B-18-MC-370010	-	974,561	-	174,469	7,714
Total Community Development Block Grants				1,413,860	-	245,578	7,714
Home Investment Partnerships Program:							
Home Investment Partnerships Program	14.239	M-16-MC-37-0207	-	57,804	-	57,804	-
Home Investment Partnerships Program	14.239	M-17-MC-37-0207	-	394,547	-	294,935	39,791
Home Investment Partnerships Program	14.239	M-18-MC-37-0207	-	399,001	-	-	332,786
Total Home Investment Partnerships Program				851,352	-	352,739	372,577
Total U.S. Department of Housing and Urban Development				2,265,212	-	598,317	380,291
<u>U.S. Department of Transportation</u>							
Federal Transit Administration:							
Pass-through N.C. Department of Transportation:							
Metropolitan Transportation Planning:							
Transportation Planning	20.505	19-08-016	36230.27.18.6	63,523	-	56,000	6,988
Transportation Planning	20.505	19-08-016	36230.27.18.6	-	7,939	-	954
Total Metropolitan Transportation Planning				63,523	7,939	56,000	7,942

See Notes to Schedule of Expenditures
of Federal and State Awards

CITY OF WILMINGTON, NORTH CAROLINA

Schedule of Expenditures of Federal and State Awards (Continued)

Year Ended June 30, 2019

Grantor/Pass-through Grantor/Program Title	Federal CFDA or State DOT Number	Grant Award Number	WBS Number	Federal Expenditures	State Expenditures	Pass-Through to Subrecipient	Local Expenditures
Federal Awards (continued):							
Federal Highway Administration:							
Pass-through N.C. Department of Transportation:							
Highway Planning and Construction Cluster:							
Cross City Trail	20.205	U-5534 B	44096.1.3; 2.3; 3.3	\$ 389,983	\$ -	\$ -	\$ 105,760
Wrightsville/Greenville Improvement	20.205	U-5534 C	44096.1.F4; 2.F4; .3.F4	-	40	-	-
Hooker Road Multiuse Path	20.205	U-5534 G	44096.1.F8; .2.F8; .3.F8	-	86	-	-
Hinton Avenue Multiuse Path	20.205	U-5534 H	44096.1.F9; .2.F9; .3.F9	-	86	-	-
Holly Tree / College Crosswalk	20.205	U-5534 Q	44096.1.F18; .2.F18; .3.F18	315	-	-	-
5th Avenue & Wooster	20.205	U-5527 B	50077.1.F3; .2.F3; .3.F3	359	-	-	68
Shipyard Bus Pullout	20.205	U-5534 N	44096.1.F15; .2.F15; .3.F15	628	-	-	78
Signal Pre-empt Emergency Vehicle	20.205	U-5534 T	44096.1.22; .3.22	56,134	-	-	8,944
Transportation Planning	20.205	7500022251	48269.1.14	256,756	-	-	64,189
Transportation Planning	20.205	7500022251	48275.1.7	354,017	-	-	88,504
Total Highway Planning and Construction Cluster				<u>1,058,192</u>	<u>212</u>	<u>-</u>	<u>267,543</u>
National Highway Traffic Safety Administration:							
Pass-through Governor's Highway Safety Program:							
National Priority Safety Programs							
Regional Crime Laboratory	20.616	M5BAC-18-15-04	-	<u>33,665</u>	<u>-</u>	<u>-</u>	<u>-</u>
State & Community Hwy Safety							
Regional Crime Laboratory	20.600	AL-19-02-05	-	<u>74,190</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Transportation				<u>1,229,570</u>	<u>8,151</u>	<u>56,000</u>	<u>275,485</u>

CITY OF WILMINGTON, NORTH CAROLINA

Schedule of Expenditures of Federal and State Awards (Continued)

Year Ended June 30, 2019

Grantor/Pass-through Grantor/Program Title	Federal CFDA or State DOT Number	Grant Award Number	WBS Number	Federal Expenditures	State Expenditures	Pass-Through to Subrecipient	Local Expenditures
Federal Awards (continued):							
<u>U.S. Department of Justice</u>							
Bureau of Justice Affairs:							
Direct Programs:							
Criminal and Juvenile Justice and Mental Health Collaboration Program:							
Reentry Systems of Effective Treatment (RESET)	16.745	2016-MO-BX-0029	-	\$ 64,744	\$ -	\$ 64,744	\$ -
Criminal Division:							
Equitable Sharing Program-Federal Forfeiture	16.922	-	-	172,310	-	-	-
Total U.S. Department of Justice				237,054	-	64,744	-
<u>U.S. Department of Homeland Security</u>							
Pass-through N.C. Department of Public Safety:							
Public Assistance Grant	97.036	FEMA-4393-DR-NC	-	13,131,730	4,377,243	-	-
Public Assistance Grant	97.036	FEMA-4393-DR-NC	-	25,356	8,452	-	-
Public Assistance Grant	97.036	FEMA-4393-DR-NC	-	14,965	4,988	-	-
Public Assistance Grant	97.036	FEMA-4393-DR-NC	-	63,988	21,329	-	-
Public Assistance Grant	97.036	FEMA-4393-DR-NC	-	18,805	6,268	-	-
Total U.S. Department of Homeland Security				13,254,844	4,418,280	-	-
Total Federal Awards				16,986,680	4,426,431	719,061	655,776

CITY OF WILMINGTON, NORTH CAROLINA

Schedule of Expenditures of Federal and State Awards (Continued)

Year Ended June 30, 2019

Grantor/Pass-through Grantor/Program Title	Federal CFDA or State DOT Number	Grant Award Number	WBS Number	Federal Expenditures	State Expenditures	Pass-Through to Subrecipient	Local Expenditures
State Awards:							
<u>N.C. Department of Environment and Natural Resources</u>							
N.C. Parks & Rec Trust Fund							
Empie Tennis Complex	-	873	-	\$ -	\$ 4,418	\$ -	\$ 4,418
Park Avenue Multiuse Path	-	5588	-	-	143,396	-	143,396
Total N.C. Parks & Rec Trust Fund				-	147,814	-	147,814
Division of Environmental Assistance & Outreach							
Community Waste Reduction / Recycling	-	7599	-	-	29,841	-	5,968
Total N.C. Department of Environment and Natural Resources				-	177,655	-	153,782
<u>N.C. Department of Public Safety</u>							
OPIOID Pilot Project	-	OPIOIDPRJ2017-2019	-	-	218,203	218,203	-
<u>N.C. Department of Transportation</u>							
Powell Bill Funds	DOT - 4	Agmt 6136	32570	-	2,993,405	-	6,812
Municipal Agreement - Schedules C and D	-	-	36247.3.3	-	426,449	-	-
Transit Development Program	DOT - 11	19-RS-126	36225.7.9.1	-	45,139	-	45,140
Economic Development Agreement	-	Agmt 4693	42534	-	2,034	-	-
Resurfacing Agreement	-	Agmt 5204	3CR.20651.162	-	25	-	-
Small Construction Agreement	-	Agmt 5416	44342	-	83	-	-
Small Construction Agreement	-	Agmt 4197	43819	-	67,622	-	-
Total N.C. Department of Transportation				-	3,534,757	-	51,952
Total State Awards				-	3,930,615	218,203	205,734
Total Federal and State Awards				\$ 16,986,680	\$ 8,357,046	\$ 937,264	\$ 861,510

See Notes to Schedule of Expenditures
of Federal and State Awards

CITY OF WILMINGTON, NORTH CAROLINA

Notes to Schedule of Expenditures of Federal and State Awards

Year Ended June 30, 2019

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, 2019:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount</u>
Community Development Block Grants	14.218	\$ 245,578
Home Investment Partnerships Program	14.239	\$ 352,739
Criminal & Juvenile Justice & Mental Health	16.745	\$ 64,744
Transportation Planning	20.505	\$ 56,000
OPIOID Pilot Project	-	\$ 218,203

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.