



North Carolina League of Municipalities Annual Report



Table of Contents

Board of Directors

Letter

Forging Ahead

Vision 2030

Legislative Advocacy

Thought Leadership

Risk Management Services: We're Here

Judicial Advocacy

CityVision 2016

Town Hall Day 2017

Membership Services

Here We Grow

NC Mayors Association

Grassroots Engagement

Audited Financial Statement



Board of Directors

President

Mayor Bob Matheny,
Zebulon

Vice President

Mayor Pro Tem Michael Lazzara,
Jacksonville

MEMBERS

League District 1: Mayor Roland Vaughan, Edenton
League District 2: Council Member William Pitt, Washington
League District 3: Council Member Earl Sheridan, Wilmington
League District 4: Mayor Gloristine Brown, Bethel
League District 5: Mayor Pro Tem Lamont Wiggins, Rocky Mount
League District 6: Council Member Liz Johnson, Morrisville
League District 7: Mayor David McNeill, Southern Pines
League District 8: Mayor Jim Taylor, Matthews
League District 9: Council Member Denise Adams, Winston-Salem
League District 10: Council Member Ben Willis, Lenoir
League District 11: Mayor Pro Tem Dennis Bailey, Shelby
League District 12: Mayor Bob Scott, Franklin

LARGE CITY SEATS

Council Member Ed Driggs, Charlotte
Mayor Pro Tem Cora Cole-McFadden, Durham
Mayor Nat Robertson, Fayetteville
Mayor Nancy Vaughan, Greensboro
Mayor Pro Tem Kay Crowder, Raleigh
Council Member Derwin Montgomery, Winston-Salem

PRESIDENT APPOINTMENTS

Mayor Chuck Allen, Goldsboro
Mayor Pro Tem Doris Loomis, Biltmore Forest
Mayor Chris Rey, Spring Lake
Mayor Lewis Weatherspoon, Angier

AT LARGE/ELECTED OFFICIALS TERM

Mayor Terry Mann, Whiteville
Council Member Jennifer Parsley, Concord
Mayor Allen Thomas, Greenville

AT LARGE/MANAGERS

Alison Alexander, Manager, Laurel Park
Rich Olson, Manager, Elizabeth City
Roger Stancil, Manager, Chapel Hill

AT LARGE/MUNICIPAL CLERK

Melissa Adams, Clerk, Hope Mills

AT LARGE/MUNICIPAL ATTORNEY

Patrick Baker, Attorney, Durham

AT LARGE/AFFILIATE ORGANIZATION REPRESENTATIVES

Benson Hoyle, Chief of Police, Cornelius
Michelle Daniels, Fiscal Manager, Raleigh

EXECUTIVE DIRECTOR

Paul Meyer, Executive Director

Dear League Members,

As we look back on the past year, we can feel a new level of pride in the many successes and progress achieved on behalf of municipalities statewide. The North Carolina League of Municipalities is pleased to present the 2016-2017 Annual Report, which serves as a review of the hard work put forth by League members, leaders and staff.

Riding on 2015-2016's momentum, and driven by the League's Vision 2030 plan – of shared goals outlining where North Carolina's cities and towns want to be by the year 2030 – the League continued to lay groundwork to ensure progress in the years ahead:

- We navigated one of the best legislative sessions in a decade, defeating bad bills (including a proposal rejected on the House floor to give the billboard industry damaging authority over local regulation), advancing revenue flexibility, and experiencing great investment in communities via a positive state budget.
- The League participated in court activity and subsequent legislation that ultimately saved public system development fees, or impact fees, that are so vital to the growth of cities and towns.
- The League expanded health insurance offerings, ramped up marketing efforts around those products and continued to offer competitive insurance products for members in all three insurance pools.
- The League's Risk Management Department continued its innovative programming, like the Law Enforcement Risk Management Review that works with police departments to identify and minimize risks while maximizing the potential health and safety of officers and the public. Nine police departments have completed the new program. (Forty departments presently are in the process at various stages.)
- Banner events like the CityVision annual conference and Town Hall Day – the latter falling on the heels of a five-alarm structure fire that displaced the League from its offices this year – were huge successes that empowered cities and towns across the state.
- The League expanded the quality and impact of new or improved communications efforts, like the bimonthly Southern City magazine; the economic development storytelling website Here We Grow; and the biweekly podcast Municipal Equation, which captures timely conversations about issues facing cities and towns.
- Outreach and training for League members remains a priority, with grassroots staff making roughly 100 visits to organize and advance advocacy efforts and partnerships, while members had numerous training opportunities at League events.

Thank you to all of our League members for your contributions and hard work making 2016-2017 such a standout success for cities and towns.



Mayor Bob Matheny
President



Paul Meyer
Executive Director

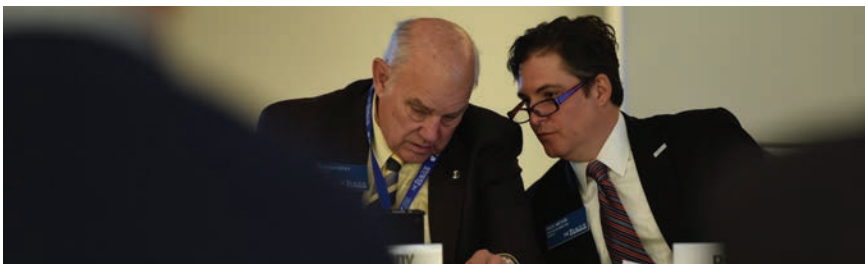
Forging Ahead

The 2016-17 year will long be noted in the history of an organization that has had a long and distinguished history. In part, the reason for the noteworthiness of the past year for the North Carolina League of Municipalities is due to the downtown Raleigh fire that forced the League from its longtime home in the Coates Local Government Complex and Reynolds Building along Jones and Dawson streets. More important, though, is how the fire and dislocation failed to slow NCLM's mission and momentum.

Even as League staff worked from home, or in temporary quarters, NCLM continued to make substantial internal changes to enhance services to its membership while also enjoying the most successful legislative session in many years. The League continued to expand offerings to members designed to help address crucial issues facing them and their residents. Three years after helping cities and towns with the formation of Vision 2030, a strategic plan designed to prepare for that future, the League was putting that plan in action, come fire, wind or rain.

Internally, a reorganization that began in 2015 continued with a revamped Business and Membership Development Services Department. An internal strategic plan was finalized, and several new members of senior management hired. Changes also were finalized to the NCLM Board of Directors, in an attempt to make the board more representative of membership. The League Board of Directors and Risk Management Services Board of Trustees also reached new agreements to ensure that fiduciary responsibilities are being met by both boards and that League departments work in concert to promote insurance products and other services.

Externally, the year's legislative session saw the League's government affairs, grassroots and communications team work to achieve a number of successes that included the defeat of harmful billboard legislation and the authorization of development impact fees that had been imperiled by an earlier court decision. To a large degree, the individual policy successes were the result of several years of work by the organization to better position itself politically and publicly promote the common ground between local and state policymakers on issues like economic development, job growth and infrastructure investments.



As a part of that effort, the League continued to expand its Here We Grow campaign promoting local investments that grow the economy, including the use of a digital ad campaign to bring greater awareness to the effort. The establishment of the N.C. Mayors Association affiliate, open to all North Carolina mayors, also promised to further political effectiveness on issues important to cities and towns. Those issues of municipal interest were also the subject of a number of forums and webinars organized and hosted by League staff on topics that included infrastructure and the implementation of new wireless technology and its effects on municipalities.

The League's Risk Management Services, with the help of communications staff, embarked on a new marketing campaign to promote a range of offerings by the Health Benefits Trust. That occurred as the program gained additional membership and additional lives covered, and the Property and Liability program also saw expansion with six new members joining. The year also saw the continued expansion of services to risk pool members designed to lessen liability and make employees and residents safer, including a new Law Enforcement Risk Review Process.

Against the backdrop of change and adaptation, the League enjoyed a successful annual conference, CityVision 2016, held in Raleigh, which saw the strongest attendance in several years. And less than two weeks after the downtown fire, League staff was able to host the 2017 Town Hall Day in which 650 municipal officials attended to advocate before state legislators on behalf of cities and towns.



Vision 2030

After developing a member-driven vision of where cities and towns should be by the year 2030, and following last year's creation of five "strategic pillars" to guide the League's work internally as a transformative and empowering organization, NCLM and its members are embarking on a path to build partnerships, manage growth and achieve economic success.

Over the past year, the League's staff and members addressed each of Vision 2030's operating principles and held firm to its implementation checklist. To the end of seeing municipal governments exercising greater control over their revenues and funding strategies, staff and members worked in concert with lawmakers to move a local sales tax proposal to the farthest point in memory. Cities and towns demonstrated their economic development and quality-of-life prowess through Here We Grow (the economic development storytelling campaign at herewegrownnc.org). Members exercised their growing knowledge of, and in some cases led the way nationally, in "smart city" technology practices. And they shared ideas for navigating new challenges through a number of League efforts and communication formats, including forums, webinars and episodes of the League's podcast.

Additionally, the League as an organization is forming partnerships to bring members new value at no cost to them, like with the American Red Cross Ready Rating program that will afford municipalities a priceless boost in disaster preparedness. It's been a great year for Vision 2030 action, and there's plenty more in the works.

Six Operating Principles

By 2030:

1. Municipal governments exercise greater control over their revenues, structures, and functions.
2. Municipalities demonstrate the value they add to the community's quality of life.
3. Technology is widely used for service delivery, citizen engagement, and economic development.
4. Municipalities widely practice productive partnerships with counties, other governments, and the private sector.
5. Urban and rural municipalities routinely work together for economic success.
6. Municipalities are able to quickly adapt to cultural and demographic changes in their communities.

Implementation

To get us started in serving cities and towns at a level and in a way to enable them to achieve Vision 2030, our organization must be prepared to:

- Operate a state of the art communication machine and information dispatch service
- Develop a strong, diverse, and well organized political network – including citizens
- Grow and advance municipal leaders from all across North Carolina
- Provide a new array of cost-saving, municipal-specific services
- Serve as a trusted ally and provider of expert technical assistance
- Convene units of government and the private sector, to tackle tough issues



The 2017 “long” legislative session was arguably the best in a decade for North Carolina’s cities and towns, even as it followed the complicated dynamics of 2016’s so-called “Bathroom Bill” and tendrils effects on local policy. With the hard work of League staff and members, in concerted communications and individual events like Town Hall Day, which brought hundreds of municipal officials to the General Assembly, municipalities emphasized a key mission of economic development and job creation. And that, coupled with communicating the unique needs of individual cities and towns, led to the passage of numerous positive bills and the defeat of harmful proposals, leading to a hugely successful session.

One of the most potent moments for the League this year occurred on the House floor, when lawmakers issued a rare defeat – and by a wide margin – of a bill to grant the billboard industry damaging authority over local regulation of the placement, size and height of the signs. The floor debate over the bill saw a number of legislators defend the concept of local control, and how an industry’s authority to usurp it could harm the development visions of local residents. Meanwhile, as cities and towns worked to keep up with development and growth demands, a revenue flexibility bill enjoyed strong support in the General Assembly, even winning a nearly unanimous “aye” vote from a key committee. The state budget, too, shined on municipalities with investments in downtowns, the creation of a new local infrastructure assistance fund, and more.

The League also was instrumental in guarding against the potential negative effects of other bills, like an industry-backed measure concerning small cell wireless facilities and local regulation. League staff engaged in extensive negotiations to ensure that cities would retain oversight over matters of concern such as public safety, space between facilities, aesthetics and appearance, utility undergrounding policies and historic districts. The League also negotiated other terms more favorable to cities than in the filed version of the bill.

While Town Hall Day (held in March) helped set the legislative tone for cities and towns, ongoing communication throughout the year by phone, email and in-person visits with lawmakers elevated municipal priorities through to the long session's adjournment in June.

Other items that made 2016-2017 legislative activity a win for municipalities:

- Clear authority established for municipalities to charge development-related capacity fees going forward (following court action that jeopardized those fees) and limited liability for municipalities with existing fees.
- Continuation of Powell Bill transportation funding.
- Relief for many communities struggling from Hurricane Matthew's devastation.
- The elimination of a proposal to move future local government employees from a defined benefit pension plan to a defined contribution plan.
- Limits on a House proposal to give complete property tax exemption to disabled veterans and the spouses of surviving emergency personnel who had died in the line of duty, with no state appropriation to hold local governments harmless from the revenue loss. It was altered to cap the exemption at \$100,000 and not taken up in the Senate.
- Passage of legislation to help combat the opioid epidemic by, among other things, clearing the way for local law enforcement agencies to distribute an opioid antagonist to those at-risk of an overdose and granting them immunity from civil and criminal liability.
- The passage of legislation to allow new occupancy taxes for some cities and towns.



367 BILLS TRACKED OVER
LEGISLATIVE LONG SESSION
69 DEEMED "CRITICAL"
5 ADVOCACY GOALS ACHIEVED
OR PARTIALLY ACHIEVED

Thought Leadership

To become a transformative organization that helps North Carolina cities and towns achieve their vision of the future, the League adopted five “planning pillars” to guide that process, including goals of reaching and empower North Carolina citizens and improving the organization’s political positioning. With that in mind, League staff embarked on several efforts over the past year to demonstrate its place as a thought leader on public policy that affects North Carolina cities and towns.

Whether individual forums, regional meetings or webinars, NCLM hosted a range of events that helped to educate members and non-members alike on crucial issues facing North Carolina, while driving public debate on these issues in ways that highlighted municipal interests.

At a forum early in the fiscal year, law enforcement leaders, members of the N.C. Legislative Black Caucus and NCLM representatives met to discuss best practices in law enforcement training and examine potential solutions that might strengthen trust between police and the communities they serve. More than 100 law enforcement officials from across North Carolina -- including police chiefs, sheriffs, leadership from the State Highway Patrol and state Department of Public Safety, and the state Department of Justice – attended. An Infrastructure Symposium also helped to bring more than 100 municipal officials to Raleigh to discuss transportation, evolving stormwater controls, smart cities technology and green approaches to municipal services.

And League staff hosted several meetings around the state and webinars to discuss new wireless technology and how it would affect North Carolina cities and towns. Other seminars and webinars held by NCLM covered drone regulation and use by local governments, a court decision and legislative changes affecting development impact fees, and outdoor lighting policy.

With a new year looming, the League was committed to explore new ways to further the organization’s role as a thought leader in North Carolina.



**WE'RE HERE
FOR YOU!**

Risk Management Services

For more than 30 years, the League has been dedicated to providing insurance and risk management solutions for member cities and towns. Our Risk Management Services Division manages the League's three self-funded insurance pools, the Workers' Compensation Trust, Property and Casualty Trust, and the Health Benefits Trust. We're here to assist members with claims and coverage questions, and we're also here to help members learn how to prevent claims and reduce their risk exposures.

Over the past year, the League's commitment to risk management has been evident in members' participation in League-provided safety training. Insurance pool members participated in more than 11,600 online training courses via the League's NC Risk Online University. Likewise, field staff provided more than 880 consultations to more than 350 member communities across North Carolina. These consulting activities included onsite hazard assessments, accident reviews, risk management, regional safety training, and more than 200 human resources and employment liability consultations.

The League's Police Chiefs' Advisory Committee continued to work with RMS staff to enhance programming under the League's Shield Services, our suite of risk management opportunities focused on helping law enforcement agencies reduce their risk exposures. We provided specialized in-person police trainings on use of force, constitutional law, and police driver training. Further, the requests for the League's intensive law enforcement risk review continued to grow with 39 police departments participating. The Workers' Compensation Trust provided \$100,000 in grant funds to assist members with the purchase of police body armor.

The Health Benefits Trust launched a new awareness campaign this year to share more information about the League's coverage options and generally educate members about the complicated world of health insurance. Articles that take a closer look at the questions municipal employees have related to self-insuring, different types of health insurance plans, wellness programming and more go out each month and complement the meetings and phone calls staff have with members each week. The League's commitment to wellness continued with the availability of \$100,000 in wellness grant funding for members to fund onsite programming, incentives, or other employee wellness initiatives. Our not-a-diet weight loss partner, Naturally Slim, completed its second full year, and members saw the addition of a new wellness partner, TrestleTree, which takes a personalized, case-management approach to tobacco cessation.

Just like we have for more than three decades, the Risk Management Services Department once again proved to be more than insurance for our members – we're here as a true partner working every day to educate and support members and their employees.



Judicial Advocacy

The League filed amicus briefs in four court cases and provided substantial technical assistance in five others, all nine cases affecting important statewide issues for municipalities.

The longest running of these is the *Quality Built Homes v. Town of Carthage* case, the continuing saga of water and sewer impact fees. The Supreme Court first ruled in August of 2016, finding no statutory authority for municipalities to charge impact fees to cover the future costs of expansion, and the case was remanded to the Court of Appeals to address the statute of limitations on refunds and related issues. In December 2016, the Court of Appeals rejected arguments of estoppel and determined that the limitations period would be 10 years. The town appealed to the Supreme Court, where the case is now pending once again. The League's Property and Liability insurance pool has been providing the defense for the town and for that reason the League did not participate as amicus in the case. However, the League has provided continuing and extensive technical assistance to counsel for the town and for a representative group of individual cities and towns.

The League filed an amicus brief in *Meinck v. City of Gastonia*, now pending before the N.C. Supreme Court. The city leased a downtown building to a nonprofit arts program as part of its downtown revitalization efforts. In a suit over an injury on the property, the Court of Appeals ruled that the leasing arrangement made the activity proprietary--even though it operated at a loss for the city--and therefore not subject to a governmental immunity defense. The League filed jointly with the N.C. Association of Defense Attorneys in support of the city's position.

Surgical Care Affiliates v. N.C. Industrial Commission involved a challenge to the fee schedule for health care procedures under workers' compensation. Because the result would directly affect costs in the League's workers' compensation insurance pool, the pool joined a coalition of concerned employer groups as a named amicus. The Court of Appeals ruled in favor of the coalition's position in November.



Other cases in which the League participated as amicus included *Wray v. City of Greensboro*, in which the city applied its adopted policy for the defense of employees and refused to reimburse a former police chief for his costs in lawsuits brought by other police officers. At issue was whether the case should have been dismissed on the basis of governmental immunity. The N.C. Supreme Court ruled against dismissal in August, finding that the chief had made a breach of contract claim based on his employment agreement, and the case was remanded for trial on the contract claim.

The League filed an amicus brief jointly with the Association of County Commissioners, the School Boards Association, and the Association of Self-Insurers in *Wilkes v. City of Greenville*, a case involving workers' compensation and a presumption of compensability for injuries, such as mental health issues, that arise at a later time than the injuries that the employer has agreed are compensable. The N.C. Supreme Court upheld use of the presumption in June; immediately thereafter the League and a coalition of employer groups successfully sought legislation to address ongoing concerns with the presumption.

The technical assistance program offered by the League's legal team provides municipal counsel with help on positioning cases for better success in a number of ways. This may include legal research, review of the record, formulation and drafting of arguments, editing of briefs and motions, and moot court sessions to prepare counsel for appellate oral argument. This year, four moot courts were provided. In addition to Carthage, two other cases in which the League provided technical assistance are now pending before the state Supreme Court: *Tully v. City of Wilmington*, a challenge by an unsuccessful applicant for a police department promotion that resulted in a troubling Court of Appeals decision identifying a new constitutional claim; and *Wilkie v. City of Boiling Spring Lakes*, involving an inverse condemnation claim for flooding. The League also provided technical assistance to amicus International Municipal Lawyers Association in a case pending before the U.S. Supreme Court – *City of Greensboro v. BNT Ad Agency*, involving a racial discrimination claim based on the denial of a city economic development loan; and in a case that has not yet reached the appellate stage – *Kozel v. City of Greenville*, a constitutional challenge to the city's red light camera program.



4 AMICUS BRIEFS FILED
5 INSTANCES OF CASE TECHNICAL
ASSISTANCE
4 MOOT COURTS FOR CASE
PREPARATION

City Vision 2016

When the League dubbed CityVision 2016 with the thematic add-on “Accelerate!,” it turned out to be appropriate. This year’s annual conference, held in Raleigh from Oct. 23-25, was fast-paced, with a new programming format that covered a lot of ground and provided all conference attendees with a taste of each topic before allowing them to choose which breakout sessions to attend.

In all, nearly 1,000 people attended this year’s event, and the League saw more than a 10 percent increase in the number of municipal officials attending over the previous year. Those municipal officials represented 175 municipalities.

The Accelerate! theme grew out of the League’s Vision 2030 strategic visioning process, which began in 2014 and is now focused on achieving the goals set through that process. As a result, programming was tied to those goals and to begin to help cities and towns reach them. That programming included speakers focused on discovering meaningful ways to bring new business and economic development opportunities to individual municipalities, responding to demographic and cultural changes, and turning them into an advantage, and demonstrating the value that each city and town provides to its residents through citizen engagement.

For the first time ever, the League’s Advocacy Goals Conference was incorporated into the annual conference, leading to more participation by more cities and towns in the setting of policy goals for the 2017-18 legislative biennium.



Town Hall Day 2017

It's fair to say that Town Hall Day 2017 – the League's biggest annual legislative advocacy event – was unlike any in its history. For one, it saw the most attendance signups in memory – with a whopping 34 percent increase over the previous year. That meant North Carolina's cities and towns struck a new chord in their communication with legislators at the General Assembly.

But there was more. Just two weeks prior, a massive structure fire displaced the League from its offices, forcing fast-paced adjustments to keep Town Hall Day alive. "There were literally still fires burning in the parking lot that (next) morning when we arrived," League Executive Director Paul Meyer told the Town Hall Day crowd. But, he emphasized, "Creating positive outcomes for you all is why we're here, and we'll continue to do that."



The morning of Town Hall Day, North Carolinians read a thought-piece by Zebulon Mayor and then-League President Bob Matheny in the News & Observer on municipalities' indispensable role in the state's prosperity and the importance of preserving the local resources that empower it. The day's programming also included high-tier speakers, including House Rules Chairman David Lewis and Senate Majority Leader Harry Brown. State Treasurer Dale Folwell also gave remarks and joined a panel on resources and intergovernmental teamwork with fellow state agency leaders. "We would not have a strong North Carolina without strong cities, and I've always been an advocate for the cities," said Folwell.



Membership Services

Over the course of the past year, the Business and Membership Services Department enhanced member benefits in many ways. Field and home office staff were added; a new Director of Business and Membership Development was hired; a fourth field consultant, who serves eastern North Carolina, and a business strategist to assist in affiliate relationships, vendor services, training and education became a part of the team. Further, the staff was reorganized into four territories – with a field consultant, risk control manager, and claims and underwriting staff assigned to each territory. This new model is designed to give NCLM members frequent and consistent access to support, and allow the organization to better serve member needs.

The department continued to refine and enhance the League's Preferred Partners program, adding three new organizations to the program: NLC HomeServe Program, which offers low cost service warranties to cover home utility repairs; Enterprise Fleet Management, offering a full review of fleet operations and the only provider to lease police vehicles; and Envirolink, a full-service utility management company that specializes in providing water, wastewater and public works services. And the department continued to look at opportunities that provide value to members and fill any service or infrastructure gaps they have. To that end, NCLM entered into a new partnership with the American Red Cross to promote and provide disaster preparedness strategies and tools to members.

The department again played a key role in City Vision 2016, held in Raleigh in October, to much success. And the League's Spring Tour, covering 12 cities and towns across the state in April and May, offered members a review of a range of League services and offerings, from insurance to advocacy.





BUILDING NORTH CAROLINA One Hometown at a Time

After its launch in the previous year, the League saw its Here We Grow campaign pay dividends with local leaders and state policymakers, making the strong connection between municipal investments and economic growth.

The campaign is rooted in the idea that North Carolina's economic strength lies in the diversity of its towns and cities – a diversity that is the direct result of allowing residents to pursue their own unique visions and allowing municipalities to make investments that improve residents' quality of life. Also at its heart: Allowing and encouraging cities and towns to tell their own stories. The Here We Grow website, a crowd-sourced website that allows municipal officials to post their own stories of economic growth and local investment on the site, now has roughly 60 of those stories on the site. The site also contains presentation materials designed to help individual towns and cities to promote those stories, as well as social media buttons to do the same.

In the spring, in the lead up to Town Hall Day, the League embarked on a targeted digital media advertising campaign to bring public attention to the economic development efforts of cities and towns. And on Town Hall Day itself, League members who had participated in the campaign were provided with customized handouts generated from the website and its presentation templates to present to legislators or others.

Less than two years old, Here We Grow will itself continue to grow in the coming year, with new plans to further the campaign and take promotion of municipal efforts to grow jobs and the economy even further.





Mayors from across the state have banded together this year to form the new N.C. Mayors Association (NCMA), with an eleven-member board of directors and an affiliate agreement with the League. The group will work together on timely and critical issues facing cities and towns of all sizes.

Wake Forest Mayor Vivian Jones is leading the group as chair of the board, which has approved bylaws and now held an initial, successful meeting. Before the group's inception, there was no broadly inclusive statewide platform for mayors. "The North Carolina Mayors Association will offer a tremendous opportunity for N.C. mayors to network and learn from each other," said Mayor Jones, who has held her title in Wake Forest since 2001 and was a member of the League Board of Directors from 2006-10.

"Good government happens when we all work together and mayors can be the influence to make that occur," she continued. "I know all who serve in this new organization will do a great job and bring their own unique perspectives to our discussions." The formation of the group and its appointment of leaders received healthy media attention following the League's efforts to notify the media regarding the new group. Focus on training, leadership and best practices are just some of the to-do items on the group's agenda. It is anticipated that the N.C. Mayors Association will help elevate issues important to cities and towns over the next year and well into the future.

Grassroots Engagement

Grassroots engagement encouraged significant and active communication between local officials and legislators through a variety of means over the past year. This active grassroots engagement resulted in several favorable outcomes for cities and towns. The grassroots staff made over 800 direct calls and contacts with League members. These calls and contacts ranged from informing members about pending legislation and asking them to reach out to their General Assembly members to inviting them to League-sponsored events to encouraging their involvement in other League activities.

Based on issues tracked and those issues that led to grassroots activity, a conservative estimate of 200 League members took action and offered feedback from legislator meetings and discussions during the legislative long-session. Staff coordinated multiple lobby day events throughout the legislative long-session for League members and affiliate organizations, held four webinars to inform League advocates about bill specifics impacting municipalities, developed and hosted in-person workshops on infrastructure, CDBG Disaster Recovery and drone technology for League members. Grassroots staff also made more than 40 visits to cities and towns across the state.



Statement of Net Position

June 30, 2017

Current assets

Operating assets:

Unrestricted cash and cash equivalents	\$ 12,597,509
Restricted cash and cash equivalents	65,458
Accounts receivable	2,662,706
RMS receivable	195,180
Accrued interest receivable	33,331
Prepaid expenses and other	96,654

Total operating assets	15,750,898
------------------------	------------

Investments:

Bonds, at fair value	5,570,387
Common and preferred stocks, at fair value	10,627,476
Other investments, at fair value	292,260

Total investments	16,490,123
-------------------	------------

Total current assets	32,241,021
----------------------	------------

Non-current assets

Pension asset, net	—
Capital assets, net	3,581,836
Total non-current assets	3,581,836
Total assets	35,822,857

Deferred outflows of resources:

Contributions to pension current fiscal year	1,980,816
--	-----------

Total assets and deferred outflows of resources	\$ 37,803,673
---	---------------

Liabilities and net position

Current liabilities:

Accounts payable	\$1,707,124
Accrued vacation expense	772,235
Service fees received in advance	12,025
Convention fees received in advance	139,105
Cafeteria plan received in advance	25,266
RMS payable	807,644
Accrued salaries	12,895

Total current liabilities	3,476,294
---------------------------	-----------

Statement of Net Position
June 30, 2017
(continued)

Non-current liabilities:	
Other postemployment benefit liabilities	4,019,052
Other non-current liabilities	<u>1,021</u>
Total non-current liabilities	<u>4,020,073</u>
 Total liabilities	 <u>7,496,367</u>
 Deferred inflows of resources & pension liability:	
Contributions subsequent to the measurement date	\$118,717
Pension liability	<u>2,143,771</u>
	2,262,488
 Net position:	
Unrestricted	24,462,982
Net investment in capital assets	<u>3,581,836</u>
Total net position	<u>28,044,818</u>
 Total liabilities, deferred inflows, and net position	 <u><u>\$37,803,673</u></u>

Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2017

Operating revenues

Service fees	\$ 3,657,119
Contract services	28,879
Administrative fees from insurance funds	3,357,056
Rent and other reimbursements	81,044
Convention and conferences	494,419
Advertising and publication sales	69,877
Risk management services	5,951,834
Other – miscellaneous revenue	781,928
Total operating revenues	<u>14,422,156</u>

Operating expenses

Personnel services	4,504,198
Travel and training	106,349
Office operations	337,153
Professional services	706,588
Quorum Center operations	12,763
LGC Building operations	42,739
Wilson Building operations	9,270
Reynolds Building operations	115,644
Conferences and other meetings	461,128
Southern City and League Letter	77,288
Risk management services	5,951,834
Dues and publications	65,909
Miscellaneous expenses	182,323
Total operating expenses	<u>12,573,186</u>

Operating income 1,848,970

Non-operating (loss) income (expenses)

Investment income	361,755
Net gain on sale of capital assets	461,723
Gain on involuntary conversion	3,599,847
Net unrealized and realized gains on investments	935,432
Investment expense	(47,012)
Depreciation expense	(310,384)
Total non-operating (loss) income, net	<u>5,001,361</u>

Change in net position	<u>6,850,331</u>
Net position, beginning of year	<u>22,323,956</u>
GASB No. 74 adjustment	<u>(1,129,469)</u>
Restated net position, beginning of year	<u>21,194,487</u>
Net position, end of year	<u><u>\$ 28,044,818</u></u>

The logo for the NC League of Municipalities. It features the text "NC LEAGUE" in a large, white, serif font. Below "LEAGUE" is the text "OF MUNICIPALITIES" in a smaller, white, sans-serif font. The entire logo is set against a background of overlapping, semi-transparent blue and white geometric shapes that create a dynamic, abstract pattern.

NC LEAGUE OF MUNICIPALITIES

150 Fayetteville Street, Suite 300
Raleigh, NC 27601
Phone: (919) 715-4000

www.nclm.org