



Comprehensive Annual Financial Report

**New Hanover County, North Carolina
For The Fiscal Year Ended June 30, 2019**

**Jonathan Barfield, Jr., Chairman
Board of Commissioners**

**Chris Coudriet
County Manager**

**Lisa H. Wurtzbacher, CPA
Chief Financial Officer**

**Prepared by
New Hanover County Finance Department
www.nhcgov.com**



NEW HANOVER COUNTY, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019

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Our Vision for New Hanover County

A vibrant, prosperous, diverse coastal community, committed to building a sustainable future for generations to come.

Mission Statement

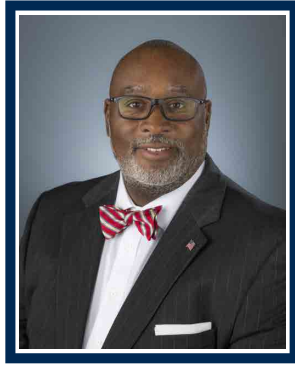
New Hanover County is committed to progressive public policy, superior service, courteous contact, judicious exercise of authority, and sound fiscal management to meet the needs and concerns of our citizens today and tomorrow.

Shared Values

Professionalism – Integrity – Innovation – Stewardship – Accountability

The New Hanover County
Board of Commissioners
June 2019

BOARD OF COMMISSIONERS



Jonathan Barfield, Jr.
Chairman



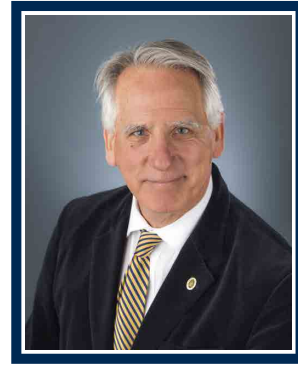
Julia Olson-Boseman
Vice-Chairwoman



Patricia Kusek
Commissioner



Woody White
Commissioner



Rob Zapple
Commissioner

OTHER ELECTED OFFICIALS



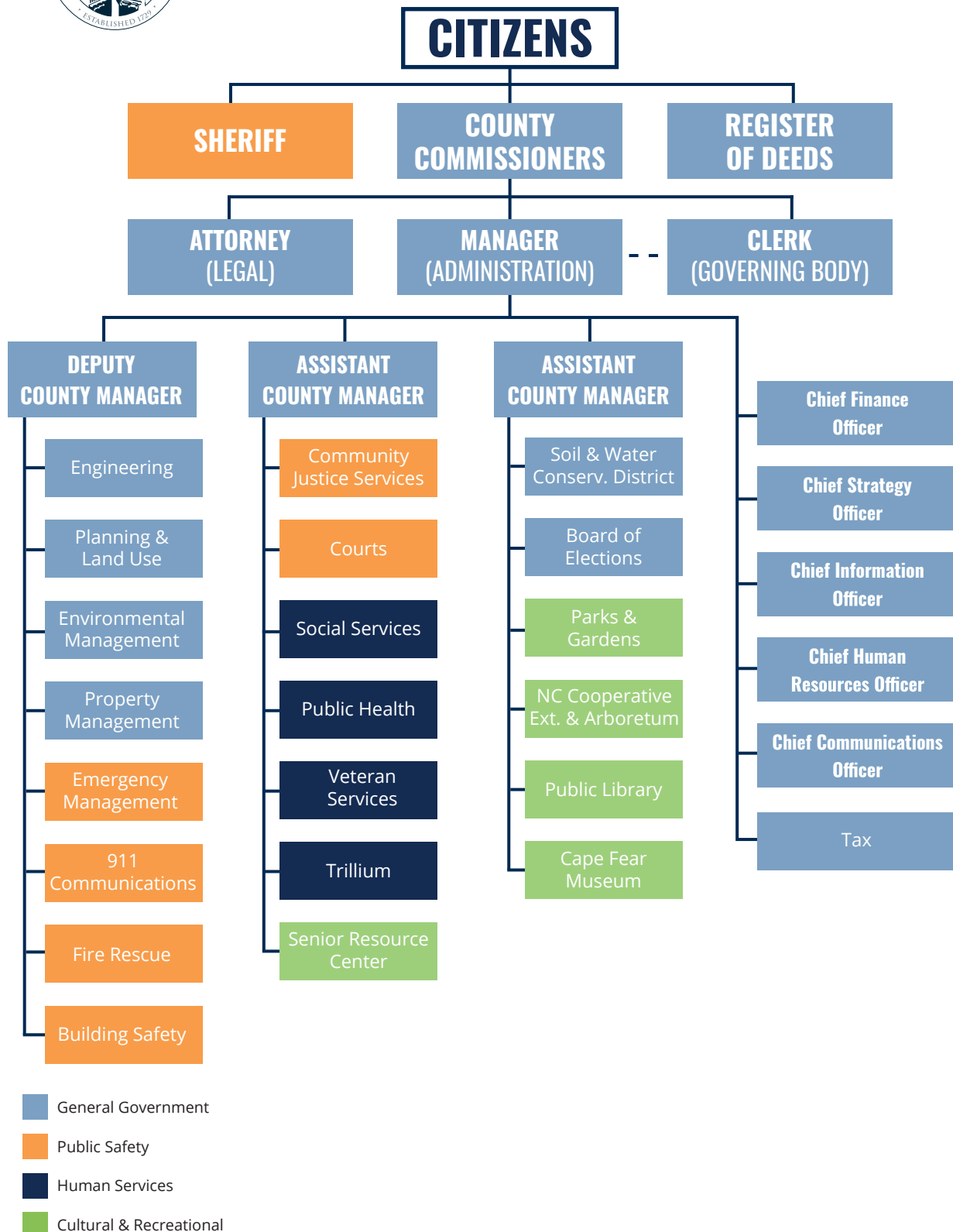
Ed McMahon
Sheriff



Tammy Beasley
Register of Deeds



NEW HANOVER COUNTY ORGANIZATIONAL CHART





NEW HANOVER COUNTY

FINANCE

230 Government Center Drive, Suite 165, Wilmington, NC 28403

P: (910) 798-7187 | F: (910) 798-7806 | NHCgov.com

Lisa Wurtzbacher, Chief Financial Officer

November 26, 2019

Honorable Chairman, Members of the Board of Commissioners, New Hanover County Manager, and Residents of the County of New Hanover, North Carolina

We are pleased to present the Comprehensive Annual Financial Report (CAFR) on the operations of New Hanover County for the fiscal year ended June 30, 2019.

Laws of the State of North Carolina, along with policies of the North Carolina Local Government, require that all local governments in the State publish a comprehensive set of financial statements annually. The financial statements included in this report conform to generally accepted accounting principles as promulgated by the Government Accounting Standards Board (GASB).

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rest with the County. We believe that the data, as presented, is accurate in all material respects; that its presentation fairly shows the financial position and the results of the County's operations as measured by the financial activity of its various funds; and that the included disclosures will provide the reader with an understanding of the County's financial affairs.

Cherry Bekaert LLP, a firm of licensed certified public accountants, has audited the County's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2019, are free of material misstatement. The independent audit concluded that the County's financial statements for the fiscal year June 30, 2019 are fairly presented in conformity with GAAP.

Generally accepted accounting principles require 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 with it. The County's MD&A can be found immediately following the report of the independent auditors.

In addition to the funds of the County, the government-wide financial statements include the discrete presentation of four legally separate entities: The New Hanover County Airport Authority, New Hanover Regional Medical Center, New Hanover County Alcohol Beverage Control Board and the New Hanover County Tourism Development Authority.

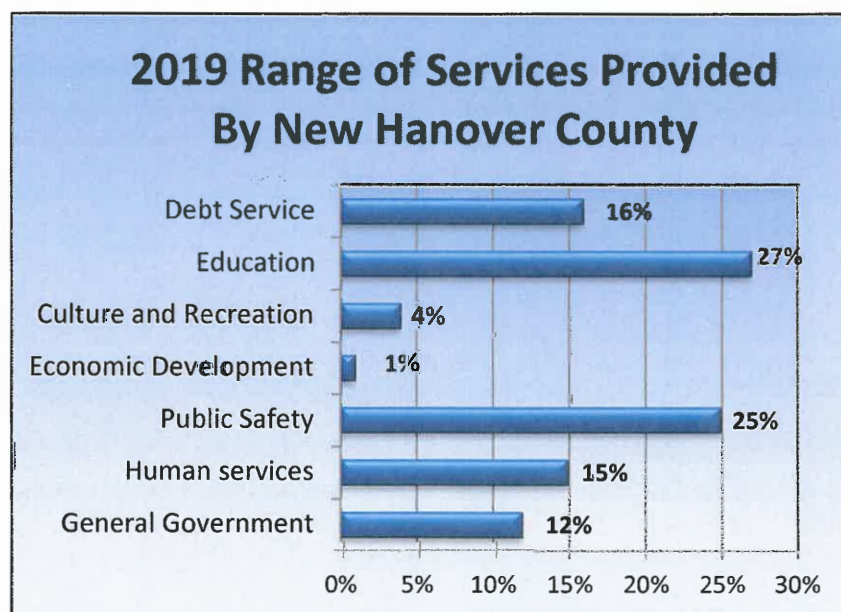
PROFILE OF THE COUNTY OF NEW HANOVER



New Hanover County, established in 1729, is located in the tidewater section of Southeastern North Carolina. It is set between the Atlantic Ocean and the Cape Fear River. The surrounding terrain is low lying, with an average elevation of less than 40 feet and the highest elevation approximately 75 feet above sea level. The County is the second smallest in the state with land area totaling approximately 192 square miles, and is the 3rd most densely populated county in the State with a population of around 237,689. The City of Wilmington, the County seat and the largest city, is centrally located in the County. Other incorporated municipalities in the County are Wrightsville Beach, Carolina Beach and Kure Beach.



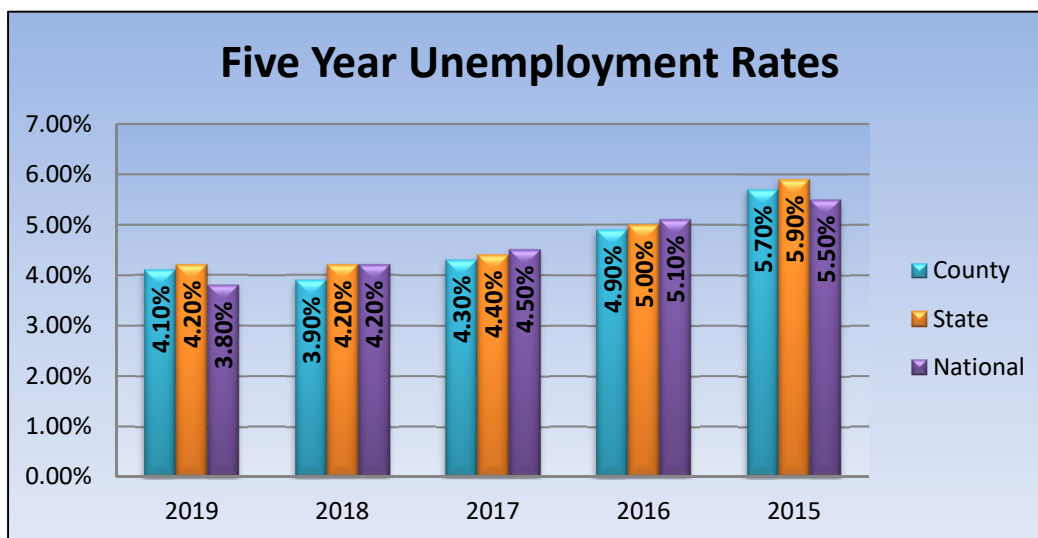
The County utilizes a County Manager form of government with five Commissioners who serve four year staggered terms. The Chairman is elected by the Commissioners each year for a one-year term. The County Manager, County Attorney, and the Clerk to the Board are appointed by, and serve at the pleasure of the County Commissioners. Commissioners hold policy-making and legislative authority. They are also responsible for adopting the annual budget. The County Manager is the chief executive officer and prepares and recommends the annual budget in addition to being responsible for implementing policies, managing daily operations and appointing the department heads.



The County provides its citizens with a wide range of services including human services, public safety, economic and physical development, and culture and recreation. However, the majority of the annual budget consists of education, public safety, debt service and human services. The County also extends financial support to certain agencies and commissions to assist their efforts in serving citizens.

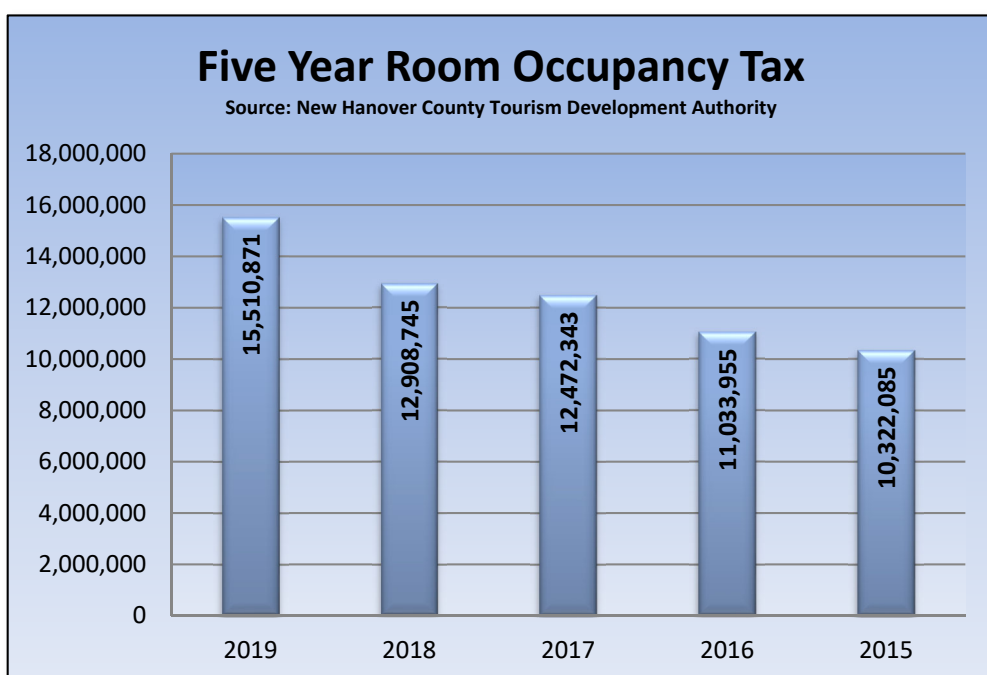
ECONOMIC CONDITION AND OUTLOOK

The County continues to experience growth in fiscal year 2019 and area employment has continued to expand with the increase in population. New Hanover County's unemployment rate continues to be lower than the states rate.



The housing market continues to experience steady growth which is reflective of the area's continued popularity. The average home sales price in June of 2019 in New Hanover County was \$328,900 which is an increase of 12 percent from June 2018. At the same time, the median days on market dropped by 12 days to 18 days.

Tourism in the area has demonstrated a steady recovery since 2010 and continues to be a bright spot in our local economy. When tourism is strong, local jobs are created and our citizens enjoy a better quality of life. Room occupancy tax collected in 2019 exceeded \$15 million and is directly attributable to the increase in tourism. The room occupancy tax provides funding to promote our area, funding for the Wilmington Convention Center, and funding for coastal storm damage reduction projects which are vital for our county's beaches.



New Hanover County maintains a diverse taxpayer base, with its top ten taxpayers representing only 4.33 percent of its total base. This diversity is one of the many reasons the County has remained strong, financially, throughout the fluctuating economy.

Top Ten Taxpayers			Percentage of Total County Taxable Assessed Value
Taxpayer	Taxable Assessed Value	Rank	
Duke Energy Progress	\$497,511,820	1	1.44%
Corning Inc.	\$248,052,813	2	0.72%
General Electric Company	\$232,000,207	3	0.67%
Bedrock Holdings II LLC	\$119,888,800	4	0.35%
Fortron Industries LLC	\$90,579,882	5	0.26%
River Ventures	\$74,933,400	6	0.22%
Mayfaire Town Center	\$69,755,785	7	0.20%
GF Management Company	\$69,499,633	8	0.20%
Global Nuclear Fuel Americas	\$51,728,288	9	0.15%
Bellsouth	\$41,392,252	10	0.12%
Total	1,495,342,880		4.33%
Source: New Hanover County Tax Department			

The County also continues to attract a diverse base of employers, including healthcare, manufacturing, pharmaceutical, education, business services, and film. The County's top ten employers make up only 20.96 percent of the total employment within the County. In CNBC's 2019 annual survey of America's Top States for Business, North Carolina ranks third out of all 50 states and first in economy. In the categories of access to capital, workforce and technology & innovation, North Carolina ranked in the top 10.

Top Ten Employers	2019		
	Number of Employees	Rank	Percentage of Total County Employment
Employer			
New Hanover Regional Medical Center	7,138	1	5.86%
New Hanover County Board of Education	4,240	2	3.48%
General Electric Company	2,800	3	2.30%
Walmart Stores, Inc.	2,414	4	1.98%
University of NC at Wilmington	2,024	5	1.66%
New Hanover County Government	1,813	6	1.49%
PPD, Inc	1,500	7	1.23%
Duke Energy Progress	1,375	8	1.13%
Verizon Wireless	1,167	9	0.96%
City of Wilmington	1,077	10	0.88%
			20.96%
Source: Greater Wilmington Business Journal 2019 Book on Business			

Healthcare

New Hanover Regional Medical Center (NHRMC) is a level-two trauma center for the region and a not-for-profit health system. NHRMC and its affiliates include three hospital campuses and a total of 855 licensed beds. With approximately 7,000 employees, 740 physicians on staff, and 700 volunteers, NHRMC is the primary referral hospital in the region with specialty centers in cardiac, cancer, obstetrics, trauma, vascular surgery, intensive care, rehabilitation, and psychiatry. They offer education and screening programs to the community to help citizens take better care of their health and live healthier lives. NHRMC is also a teaching hospital and has been successfully teaching UNC medical students for decades.



New Hanover Regional Medical Center employs more than 7,100 people making it the largest employer in New Hanover County. Its network includes the Betty H. Cameron Women's and Children's Hospital, the Glen Meade Center for Women's Health, Zimmer Cancer Center, NHRMC Orthopedic Hospital, NHRMC Rehabilitation Hospital, and Behavioral Health Hospital. NHRMC also has an Emergency Department-North, two Urgent Care Centers, an affiliation agreement with Pender Memorial Hospital, and many additional medical offices throughout the area and the surrounding counties. In 2019, New Hanover Regional Medical Center ranked 10th in *U.S. News & World Report's* "Best Hospitals in North Carolina". Forbes magazine, in both 2018 and 2019 ranked NHRMC as one of "America's Best Large Employers".

Wilmington Health provides comprehensive care in multiple medical specialties. They have been committed to the care and health of the community since 1971. Wilmington Health is structured as a multi-specialty clinic with primary care providers integrated into the system. In this way, Wilmington Health is able to provide a comprehensive and coordinated approach to the care of all its patients. Wilmington Health is headquartered in the county and has more than 20 affiliated offices.

Education

The County is home to the University of North Carolina Wilmington (UNCW). The school offers 55 bachelor's degrees, 36 master's degrees and 4 doctoral degrees. In Fall 2019, there were nearly 17,500 students enrolled in undergraduate and graduate degree programs.

U.S. News & World Report's ranked UNCW 92nd overall in their list of "Top 100 Public National Universities" for 2019. UNCW was also featured in the 2019 Fiske Guide to Colleges which showcases the "best and most interesting" schools and was one of only four UNC Systems institutions included on the list. Additionally, Kiplinger's recently moved UNCW up 30 places, to 32nd on its list of "Best Public College Values 2019."



Cape Fear Community College (CFCC) located in historic downtown Wilmington, is a major economic development partner in southeastern North Carolina with over 23,000 students enrolling in classes every year. CFCC offers over 60 technical degree programs in a wide range of areas which offer hands-on training, and its college transfer program allows students to earn the first two years of a bachelor's degree. Graduates can then transfer to most four-year colleges or universities in North Carolina. In addition, CFCC offers customized employee training opportunities for businesses and industries planning to expand or relocate to the area.

Manufacturing and Pharmaceutical

General Electric ("GE") is a longtime corporate resident of New Hanover County. GE Aviation manufactures jet engine parts that are used on commercial and military aircraft built by Boeing, Airbus and other airframe manufacturers. GE Hitachi Nuclear Energy (GEH) is a world-leading provider of advanced reactors and nuclear services. Global Nuclear Fuels Americas, another GE venture, combines the design, manufacturing and marketing operations to manufacture light-water nuclear reactor fuel.

Corning is one of the world's leading innovators in materials science, with a 166-year track record of life-changing inventions. Corning applies its unparalleled expertise in glass science, ceramics science, and optical physics, along with its deep manufacturing and engineering capabilities, to develop products that transform industries and enhance people's lives. Corning, which is consistently ranked as one of the world's "most innovative industrial materials company" by the Patent Board, opened the first optical fiber manufacturing facility in Wilmington in 1979 and now employs over 1,000 people locally.

Pharmaceutical Product Development, Inc. (PPD) is a leading global contract research organization that provides drug discovery, development, lifecycle management, and laboratory services. PPD's clients and partners include pharmaceutical, biotechnology, medical device, and academic and governmental organizations. PPD applies innovative technologies, therapeutic expertise and a commitment to quality to help clients and partners accelerate the delivery of safe and effective therapeutics and maximize the returns on their R&D investments. PPD maintains its worldwide headquarters in Wilmington's downtown area.

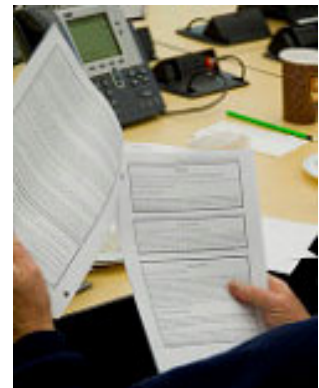
Business Services and Film

Live Oak Bank is a nationwide financial services company that specializes in financing for specific independent businesses like veterinaries, funeral homes, agriculture, pharmacy, healthcare and others. Although its headquarters are in Wilmington, it does not use branches, rather it receives payments and originates all loans entirely online. Since it was founded in 2007, Live Oak Bank, which now has over 500 employees, continues to grow. They are currently constructing an expansion that will more than double its footprint, allowing room for an additional 400 employees. Live Oak Bank is one of the country's top originators of small business loans mainly due to its use of technology and innovative software programs. It was named to Fortune's 100 Fastest-Growing Companies list, ranking 36th.



In an effort to improve traditional commercial lending processes, nCino, which was started in 2012 from within Live Oak Bank, developed an in-house software program to help manage their loans and operations. The nCino Bank Operating System is a single, comprehensive and secure cloud-based solution that streamlines customer and employee interactions, and increases the bank's transparency, efficiency and profitability while ensuring regulatory compliance. Once the demand for this technology increased, nCino became its own separate company and began providing this service to other financial institutions. NCino is headquartered in Wilmington. It has also been named the No. 1 "Best Place to Work in financial Technology" by American Banker.

CastleBranch is one of the largest background screening and compliance management companies in the nation with over 400 employees. CastleBranch provides organizations of all sizes, including nearly two-thirds of the colleges and universities across the United States, with industry leading employment screening products and services. Their wide range of comprehensive solutions include background screening, immunization record tracking, document management and drug testing. CastleBranch, conducts more than 3.7 million background checks and is accredited through the Professional Background Screeners Association (PBSA). Less than five percent of screening providers hold this accreditation.



EUE/Screen Gems Studios



New Hanover County is home to EUE/Screen Gems Studios, a 50-acre facility, comprised of 10 sound stages and more than 150,000 square feet of shooting space. Since 1985, more than 400 projects consisting of movies, commercials and television series have been filmed here. Recent films and television shows include "Halloween Kills", "Reprisal", "Iron Man 3" and "We're the Millers". Fox Television's "Sleepy Hollow", History Channel's "Six" and TNT's "Good Behavior" were also filmed here. The current year's productions represent the latest in what is poised to be the busiest year in local film in nearly half a decade. In addition, EUE/Screen Gems Studios serves as a popular tourist attraction for visitors to the area.

Tourism

According to the “Economic Impact of Travel on North Carolina Counties 2018,” tourism spending by domestic visitors to the state and to New Hanover County continued to see growth. The county saw a 6 percent increase over 2017 expenditures and maintained its rank as eighth in the state for tourism generated revenue. The 2018 study revealed that travel and tourism directly provided more than 6,470 jobs in New Hanover County. New Hanover County has a variety of unique settings for visitors to experience. With many events throughout the year, such as the Azalea Festival, Cucalorus Film Festival and Riverfest along with free concerts at the waterfront and fireworks at the beach, visitors enjoy an extensive list of things to do within the county. In 2019, the Today Show featured Wilmington in their selection of “5 Summer Travel Destinations the Whole Family Will Enjoy.” The AARP Travel Center recognized Wilmington as a “Top Ten Vacation Destination for Single Travelers 45+.”



Beaches



The County spans from the historic downtown river district to three exquisite island beaches. The County’s beaches provide miles of unspoiled beauty with a unique combination of barrier islands and inland waterways. Wrightsville Beach offers many watersports and is known for surfing and standup paddleboard competitions. Carolina Beach has live music and events and a vintage boardwalk. Kure Beach has an oceanfront park and is home to the oldest fishing pier on the Atlantic coast. These three beaches offer plenty of things to see and do which makes them one of the area’s most popular tourist attractions.

Historic Downtown

The historic waterfront of downtown Wilmington offers enjoyment for visitors with a vast array of unique stores, restaurants and other venues. Walk along the waterfront Riverwalk, a long wooden walkway that follows the Cape Fear River for 1.8 miles to find more than 200 shops, cafes and nightlife. In 2014, the City of Wilmington won “Best American Riverfront” in USA Today’s “10 Best” contest for the Nation’s Best Riverwalk.

Just across the river from the waterfront visitors will see the USS North Carolina. Open to the public, 9 levels of the battleship are available for touring year round. This National Historic Landmark brings in over 300,000 visitors a year.

Live performances are also an entertainment option at either Thalian Hall or the Wilson Center. Thalian Hall, one of the oldest theatres in the United States, has more than 85,000 people attending over 250 shows, events, and films that ranged from music to ballet to theatre. With two tiers each of balconies and opera boxes and over 1,500 seats, the Wilson Center, which opened in 2015, provides performances of Broadway productions, concerts and other local, regional and national events.

Library



With 4 locations throughout New Hanover County, the Library's commitment to citizens and visitors is to provide an exciting destination where people gather, ideas flourish, and the information and technology resources needed for community to prosper are made freely available. When the Main Library opened its Story Park, it extended the library experience outdoors as it features hands-on learning for all ages with four demonstration gardens, giant musical instruments, a Story Walk, and a life-sized chess and checker board. The new Pine Valley branch officially opened its doors in May 2019. This new location was necessary as the Myrtle Grove branch had outgrown its current space as a result of

the population nearly doubling since the library first opened its doors. The expanded facility has 19,000 square feet of space for learning resources, library programs and services, community meetings and parking.

Museums

The Cape Fear Museum of History and Science is the oldest history museum in North Carolina having first opened in 1898 and New Hanover County has served as the sole administrator of the Museum since 1977. The Museum is able to serve the community by offering over 56,000 items to help educate its guests. In 2019, the Museum was designated as a Smithsonian Affiliate. This program establishes long-term relationships with museums, education institutions and cultural organizations to facilitate the loan of Smithsonian artifacts and traveling exhibitions, as well as develop innovative educational collaborations locally and nationally. It is one of just seven affiliates in the state of North Carolina.



The museum's community park is designed to provide fun, educational, family-friendly and inspiring ways to explore and enjoy nature. Visitors can learn more about native and adaptive plants, and historical objects and images by exploring gardens and engaging with hands-on exhibits or participating in educational programs.

In addition to the Cape Fear Museum, there are several other museums that provide great educational experiences for both our residents and visitors alike. The Children's Museum of Wilmington is a 17,000 square foot facility that features various exhibits, an outdoor courtyard, a secret garden, and gift store. This museum offers something for children of all ages and interests through its hands-on approach. The Cameron Art Museum is a 40,000 square foot facility on a 9.3-acre woodland park known as Pyramid Park. The Cameron Art Museum is committed to arts education and presents exhibits and public programs of both historical and contemporary significance. The North Carolina Aquarium at Fort Fisher connects visitors with the wonders of nature and aquatic wildlife and is dedicated to inspiring appreciation and conservation for aquatic environments in North Carolina as well as around the world. In 2019, it was voted one of the nation's 10 best aquariums in a USA Today Readers' Choice poll.

Parks and Gardens



New Hanover County is also home to many beautiful parks and gardens. The Parks and Gardens division maintains and operates over 25 parks and athletic facilities and over 2,900 acres of green space including sporting areas, boat ramps, fishing areas, public spaces, walking trails and non-park county owned properties. Included in this system is Airlie Gardens, a historic landmark that encompasses 67 acres of southern landscaping featuring azaleas, camellias, and the historic 471-year-old Airlie Oak and the world renowned Minnie Evans' tribute garden.

In 2018, the County, in partnership with the City of Wilmington, purchased 14 acres of land and built Echo Farms Park. This has helped maintain green space in the community. Improvements to the land and current amenities will include walking trails, improved clay tennis courts, and pool amenities and are expected to be fully complete by 2023.

Many additions and improvements have also been made in recent years to further encourage active lifestyles. In addition, existing athletic facilities continue to be improved with enhanced lighting, drainage and converting fields to be multi-purpose to allow for a variety of sporting activities.

Convention Center



The Wilmington Convention Center is the largest convention center on the NC Coast with 107,000 square feet, which has the capability to accommodate 2,000 guests. The Convention Center features 5,784 square feet of meeting space, a 12,000 square foot Grand Ballroom and its own 578 space public parking deck. Additionally, an outdoor Event Lawn with scenic views overlooking the Cape Fear River is ideal for ceremonies, receptions and gatherings. The Center is LEED certified, meaning it is a "green" or environmentally-friendly building.

Transportation

New Hanover County's transportation infrastructure has an incredibly positive effect on the local economy due to its access by highway, rail, seaport, and air. This creates an optimal business climate for businesses looking to relocate in the area.

The Road System

The County is served by Interstate 40, the third longest major west–east Interstate Highway in the United States. In addition, Interstate 140, and U.S. highways 17, 74, 76, 117, and 421 connect New Hanover County to all major cities in the area.

Port of Wilmington



The Port of Wilmington, owned and operated by the North Carolina State Ports Authority, is strategically located on the U.S. East Coast. It is one of two international deepwater ports located in North Carolina, which link the state's consumers, business and industry to world markets. The port maintains cutting-edge services customized to meet supply chain and logistics needs. New Hanover County is home to one of the few South Atlantic ports with readily available berths and storage areas for containers and cargo. The Wilmington Terminal is designated as a Foreign Trade Zone. The port's 42-foot navigational channel, along with other infrastructure improvements, provides capacity to process the world's largest class of ships. North Carolina's port system combines modern facilities and abundant capacity with the commitment to excel in service to their customers, without taxpayer monies.

The Port of Wilmington Cold Storage, owned by USA InvestCo, assists local producers and farmers in exporting their products more efficiently and cost effectively. InvestCo partnered with the Port Authority and other NC Government Agencies to build the first and only cold storage facility on the port. This facility is a 101,000 square foot refrigerated warehouse used to maintain a specific temperature for the storage of harvested and perishable goods allowing companies to distribute their inventory locally, nationally and globally.

In spite of the ups and downs of traffic in recent years, overall port traffic has grown 2.9 percent between fiscal years 2015 and 2019. This growth should continue as the ongoing infrastructure improvement projects continue, which include new cranes, berth renovations and container yard expansion.

The Rail System

CSX Corporation is one of the nation's leading transportation suppliers. The company's rail business provides rail-based transportation services including traditional rail service and the transport of intermodal containers and trailers. They serve major markets in the eastern United States and have access to over 70 ocean, river and lake port terminals along the Atlantic and Gulf Coast. Overall, the CSX transportation network serves about 21,000 route miles in 23 states, District of Columbia, and Canada.

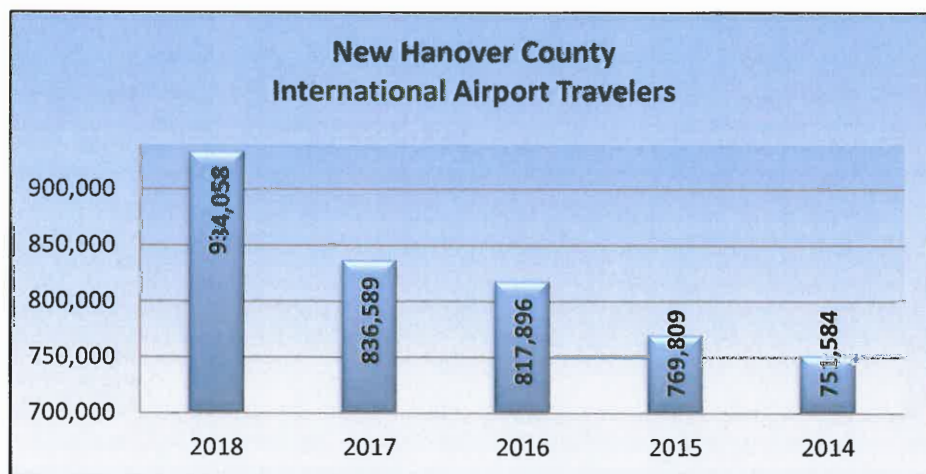


New Hanover County International Airport

New Hanover County International Airport also known as Wilmington International Airport (ILM) is one of the most dynamic, hospitable, progressive international airports in the Carolinas. It accommodates both private and commercial flights. Through the Airport's three major carriers, (United, American Airlines and Delta) travelers can access 8 nonstop destinations, 7 hubs, 6 international gateways and 310 destinations with just one stop.



The airport is in the midst of a major expansion project with the first of three phases complete. This phase upgraded utilities and expanded systems to better handle checked baggage. The second phase is currently underway and will add room to the terminal allowing for additional ticketing and office space for the airlines. The third and final phase involves expanding the concourse area and number of gates from five to nine. Additional concessions and seating will be included in this final phase. The entire expansion project is expected to be complete in 2021.



Located midway on the East Coast, over 900,000 travelers passed through the airport last year, making it the fifth largest airport in the state. TSA Pre-Check is also provided to allow for a more pleasant travel experience.



Bicycling

Bicycling in the Cape Fear Region has become very popular among residents and visitors. New Hanover County has made a significant effort to accommodate this healthy alternative form of travel. The Greenway Plan continues to be implemented throughout New Hanover County with the completion of the Middle Sound Greenway trail. The future plans are to continue to provide trail and sidewalk links to connect residents with community facilities and basic goods and services that leverage the existing bicycle and pedestrian infrastructure.

MAJOR INITIATIVE

Public Health and Department of Social Services Building

An agreement with New Hanover Regional Medical Center to purchase the county's Health Department property was finalized and the funds from the sale will allow the construction of a new health and human services building. This will bring both the county's Health Department and the Department of Social Services together in one location and will improve efficiencies and enhance the customer experience. Construction of the four story, 96,103 square feet facility was completed in 2019.

Strategic Plan Report and Plan Update

New Hanover County Board of County Commissioners adopted its FY2018-2023 strategic plan in January 2018 which will guide the work of the County for the next five years. In that plan, new strategic objectives, outcomes and targets were identified for the following areas:

- Superior Public Health and Public Safety
- Superior Education and Workforce
- Intelligent Growth and Economic Development

As the underlying foundation, good governance, including effective county management and strong financial performance, was identified.

FINANCIAL POLICIES

Internal Control

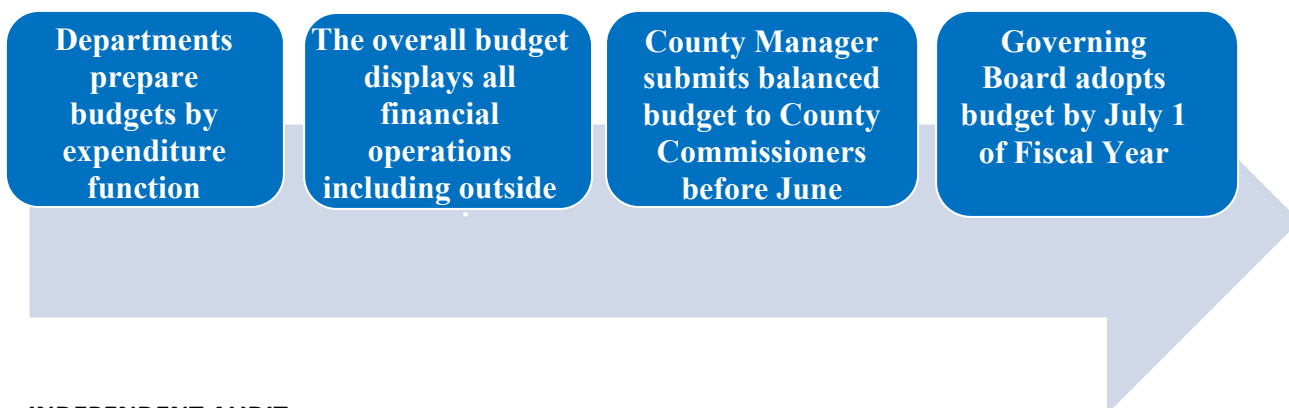
In developing and evaluating the County's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: the safeguarding of assets against loss from unauthorized use or disposition; and second the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: the cost of a control should not exceed the benefits likely to be derived; and second the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. We believe that the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Bond Credit Rating

New Hanover County has the highest rating by Standard and Poor's and Moody's Investor Services for its general obligation bonds. We are one of only a few counties in the nation to achieve a Triple A rating from two of the major rating agencies.

Budgetary Process

The annual budget serves as the base for the County's financial planning and control. Budgets are developed on a departmental basis by expenditure function within a fund. The budgets display all of the County's financial operations including funding for various agencies outside of County organizational structure. The County Manager submits the annual balanced budget to the Board of Commissioners before June each year. In accordance with North Carolina Statutes, the governing board shall adopt a budget no later than July 1. The annual budget is adopted on the modified accrual basis of accounting, and is an integral part of the County's accounting system and daily operations.



INDEPENDENT AUDIT

North Carolina General Statutes require an annual independent audit of all local government units in the State. Cherry Bekaert LLP, a firm of independent certified public accountants, has audited the financial records of the County and their opinion has been included in this report. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County are free of material misstatement. Their audit was made in accordance with generally accepted auditing standards and, included examining on a test basis, evidence supporting the amounts and disclosures in the basic financial statements as well as assessing the accounting principles used and significant estimates made by management. Their opinion concluded that the accompanying financial statements for fiscal year ended June 30, 2019 have been prepared in conformity with generally accepted accounting principles and supported the issuance of an unmodified opinion.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to New Hanover County for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2018. This was the thirty-eighth consecutive year that the County has achieved this prestigious award.



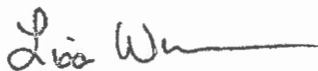
In addition, New Hanover County received the GFOA's Distinguished Budget Presentation Award for its annual budget document for Fiscal Year 2018-2019. This marks the twenty-eighth consecutive fiscal year the County has received this companion award. This award is the highest form of recognition in governmental budgeting. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide and as a communication tool.

ACKNOWLEDGEMENTS

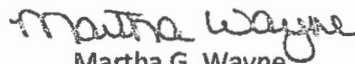
The preparation of this report would not be possible without the efforts of the entire staff of the Finance Department. We would like to recognize the dedicated members of the Finance Department for their ongoing work as well as their specific efforts in the preparation of this 2019 CAFR.

We would also like to recognize the cooperation of each department as we work together to serve all the citizens of New Hanover County. Additional thanks are due to the County Manager's Office and the Board of Commissioners for their continued guidance and support in planning and conducting the County's financial operations.

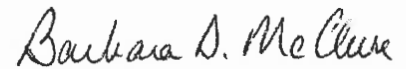
Respectfully submitted,



Lisa H. Wurtzbacher
Chief Financial
Officer



Martha G. Wayne
Deputy Chief Financial
Officer



Barbara D. McClure
Deputy Chief Financial
Officer



Government Finance Officers Association

**Certificate of
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Reporting**

Presented to

**New Hanover County
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

Report of Independent Auditor

To the Board of County Commissioners
New Hanover County, North Carolina
Wilmington, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of New Hanover County, North Carolina (the "County") as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the County'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 did not audit the financial statements of The Airlie Gardens Foundation, Inc., a blended component unit, which represents 27.45%, 36.12%, and 10.17% of the assets, fund balance, and revenues, respectively, of the County's non-major governmental funds. We also did not audit the financial statements of the Public Health Foundation of New Hanover County, Inc., a blended component unit, which represents .12%, .16%, and 0% of the assets, fund balance, and revenues, respectively, of the County's non-major governmental funds. We also did not audit the financial statements of the Parks Conservancy of New Hanover County, a blended component unit, which represents .28%, .38%, and .12% of the assets, fund balance, and revenues, respectively, of the County's non-major governmental funds.

We also did not audit the financial statements of the New Hanover Regional Medical Center ("Medical Center"), New Hanover County ABC Board ("ABC Board"), or Industrial Facilities and Pollution Control Financing Authority ("Industrial Authority"), all discretely presented component units as described in our report on the County's financial statements. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for are based solely on the reports of other auditors. We did audit the financial statements of the New Hanover County Airport Authority ("Airport Authority") and the New Hanover County Tourism Development Authority ("TDA"), both discretely presented component units as described in our report on the County's financial statements. We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of The Airlie Gardens Foundation, Inc., Public Health Foundation of New Hanover County, Inc., the Parks Conservancy of New Hanover County, the Medical Center, the ABC Board, the Industrial Authority, and TDA were not audited in accordance with *Government Auditing Standards*.

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 County'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 County'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 opinion.

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2019, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and the Room Occupancy Tax 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 the Management's Discussion and Analysis and the Required Supplementary Information as listed in the Table of Contents 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.

Supplemental and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements as a whole. The Introductory Section, Combining and Individual Fund Statements and Schedules, and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining and Individual Fund Statements and Schedules 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 and Schedules are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The Introductory and the Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2019 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 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 County's internal control over financial reporting and compliance.

A handwritten signature in dark ink that reads "Cheryl Bekaert LLP". The signature is written in a cursive, flowing style.

Raleigh, North Carolina
November 26, 2019

Management's Discussion and Analysis

As management of New Hanover County, we offer readers of New Hanover County's financial statements this narrative overview and analysis of the financial activities of New Hanover County 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 transmittal letter and the County's financial statements, which follow this narrative.

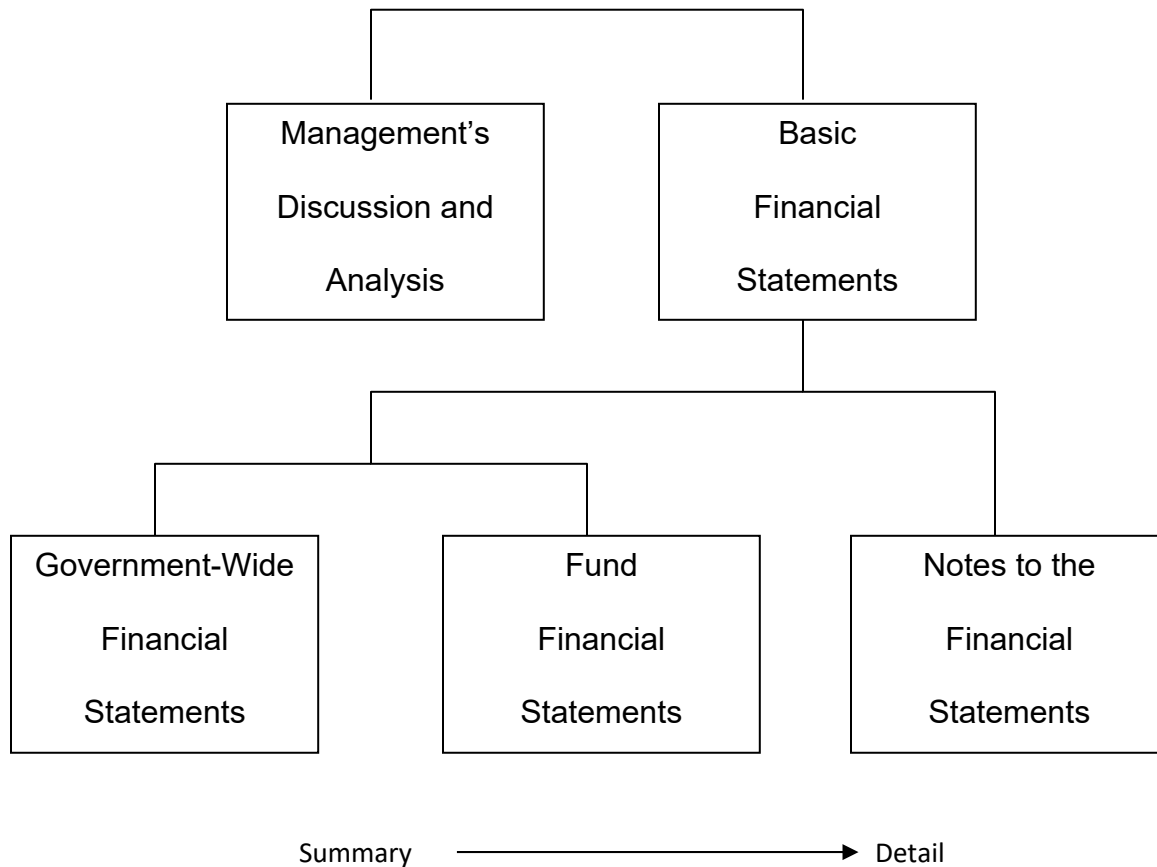
Financial Highlights

- The government's total net position decreased by \$20,310,883 primarily due to additional expenses incurred as a result of hurricane Florence making landfall in the County during the fiscal year ended June 30, 2019. As of June 30, 2019, expenses related to hurricane Florence totaled approximately \$26.1 million and the County had received reimbursements totaling approximately \$10.6 from FEMA or insurance.
- The liabilities and deferred inflows of resources of New Hanover County (primary government) exceeded its assets and deferred outflows of resources at the close of the fiscal year by \$369,156,588 (*net deficiency*).
- As of the close of the current fiscal year, New Hanover County's governmental funds reported combined ending fund balances of \$210,486,002 an increase of \$22,138,051 from the prior year. Approximately 71.2 percent of this total amount, or \$149,854,989 is restricted or unspendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$52,656,637 or 17.0 percent of total General Fund expenses and financing uses for the fiscal year.
- New Hanover County maintained its bond rating of Aaa with Moody's Investor Service and bond rating of AAA from Standard and Poor's Corporation.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to New Hanover County's basic financial statements. The County'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 County 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 New Hanover County.

Required Components of Annual Financial Report



Basic Financial Statements

The first two statements (Exhibits A and B) in the basic financial statements are the **Government-Wide Financial Statements**. They provide both short and long-term information about the County's financial status.

The next statements (Exhibits C through K) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County'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) certain budgetary comparison statements, 3) the proprietary fund statements, and 4) the fiduciary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the County's non-major governmental funds and internal service funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

Following the notes is the required supplemental information. This section contains funding information about the County's pension plan.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the County'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 County's financial status as a whole.

The two government-wide statements report the County's net position and how it has changed. Net position represents the difference between the County's total assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County'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 County's basic services, such as public safety, parks and recreation, and general administration. Property taxes and federal and state grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. This includes environmental management services offered by New Hanover County.

The final category is component units. New Hanover Regional Medical Center is a public, not-for-profit corporation providing healthcare to the citizens of the County and southeastern North Carolina. The hospital facilities are leased from the County for a period of 30 years. The County appoints the Board of Trustees for the hospital and has issued revenue bonds on its behalf. The New Hanover County Airport Authority is a legally separate entity. The County appoints the members of the board and leases the facility to the Airport Authority for \$1 per year. The lease is for a period of 30 years. Although legally separate from the County, the ABC Board is important to the County because the County exercises control over the Board by appointing its members, and because the Board is required to distribute its profits to the County. The New Hanover County Tourism Development Authority is a legally separate entity. The County appoints 10 of the members of the Authority's governing board.

The government-wide financial statements are on Exhibits A and B of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the County'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. New Hanover County, 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 County's budget ordinance. All of the funds of New Hanover County 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 County’s basic services are accounted for in governmental funds. 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 current financial resources 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 County’s programs. The relationship between governmental 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.

New Hanover County adopts an annual budget for its General Fund, as required by the North Carolina General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County 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 – New Hanover County has one type of proprietary fund. Enterprise Funds are used to report the environmental management operations presented as business-type activities in the government-wide financial statements. Only the environmental management operations are reflected in both the Enterprise Fund statements and the business-type activities in the Statement of Net Position and the Statement of Activities.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. New Hanover County’s four fiduciary funds are agency funds.

Notes to the Financial Statements – The notes provide additional information that is essential to a fully understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements follow the basic financial statements in this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning New Hanover County’s progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found following the Financial Statements and Notes to the Financial Statements of this report.

**Government-Wide Financial Analysis
New Hanover County's Net Position
Figure 2**

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 260,862,791	\$ 239,989,879	\$ 22,663,544	\$ 21,381,201	\$ 283,526,335	\$ 261,371,080
Capital assets	183,594,032	163,408,501	28,835,550	25,246,648	212,429,582	188,655,149
Total assets	<u>444,456,823</u>	<u>403,398,380</u>	<u>51,499,094</u>	<u>46,627,849</u>	<u>495,955,917</u>	<u>450,026,229</u>
Deferred outflows of resources	<u>93,879,509</u>	<u>58,674,768</u>	<u>1,510,323</u>	<u>744,967</u>	<u>95,389,832</u>	<u>59,419,735</u>
Long-term liabilities						
outstanding	792,165,637	726,769,810	26,213,720	20,198,280	818,379,357	746,968,090
Other liabilities	81,437,300	70,791,001	1,818,230	1,421,171	83,255,530	72,212,172
Total liabilities	<u>873,602,937</u>	<u>797,560,811</u>	<u>28,031,950</u>	<u>21,619,451</u>	<u>901,634,887</u>	<u>819,180,262</u>
Deferred inflows of resources	<u>57,761,966</u>	<u>38,458,932</u>	<u>1,105,484</u>	<u>652,475</u>	<u>58,867,450</u>	<u>39,111,407</u>
Net position (deficit):						
Net investment in capital assets	95,283,987	78,746,968	28,719,346	25,073,835	124,003,333	103,820,803
Restricted	149,743,427	91,533,445	-	-	149,743,427	91,533,445
Unrestricted	(638,055,985)	(544,227,008)	(4,847,363)	27,055	(642,903,348)	(544,199,953)
Total net position	<u>\$ (393,028,571)</u>	<u>\$ (373,946,595)</u>	<u>\$ 23,871,983</u>	<u>\$ 25,100,890</u>	<u>\$ (369,156,588)</u>	<u>\$ (348,845,705)</u>

As noted earlier, net position may serve, over time, as one useful indicator of a government's financial condition. The liabilities and deferred inflows of resources of New Hanover County exceeded its assets and deferred outflows of resources by \$369,156,588 as of June 30, 2019. As of June 30, 2018, the liabilities and deferred inflows of resources of New Hanover County exceeded assets and deferred outflows of resources by \$348,845,705. The County's net position decreased by \$20,310,883 for the fiscal year ended June 30, 2019. Comparatively, the County's net position increased \$12,332,922 in 2018 excluding a restatement of \$242,789,966 as a result in a change in accounting principle. Net position is reported in three categories: Net investment in capital assets of \$124.0 million; Restricted net position of \$149.7 million; and Unrestricted net position (deficit) of \$(642.9) million.

The net investment in capital assets category is defined as the County's investment in County owned capital assets (e.g. land, buildings, automotive equipment, office and other equipment) net of accumulated depreciation, less any related debt still outstanding that was issued to acquire those items (reduced by any unspent capital fund debt proceeds). This category totals \$124.0 million at June 30, 2019. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its 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.

Another category of net position is restricted net position totaling \$149.7 million at June 30, 2019. This represents resources that are subject to external restrictions on how they may be used.

The final category of net position is unrestricted net position. This balance may be used to meet the government's ongoing obligations to citizens and creditors. Unrestricted net position (deficit) totaled \$(642.9) million at June 30, 2019. This deficit is primarily the result of the situation described in the following paragraphs.

As with many counties in the State of North Carolina, the County's deficit in unrestricted net position is due primarily to the portion of the County's outstanding debt incurred for use by the New Hanover County Board of Education and Cape Fear Community College (the "schools") to construct, renovate, and equip schools. Under North Carolina law, the County is responsible for providing capital funding for the schools. The County has chosen to meet its legal obligation to provide the schools capital funding by using a mixture of County funds and general obligation debt. The assets funded by the County, however, are owned and utilized by the schools. Since the County, as the issuing government, acquires no capital assets, the County has incurred a liability without a corresponding increase in capital assets. At the end of the fiscal year, approximately \$219.0 million of the outstanding debt on the County's financial statements was related to assets included in the public schools' financial statements and \$114.9 million related to assets included in the community college financial statements – a total of \$333.9 million. However, since the majority of this schools related debt is general obligation debt, it is collateralized by the full faith, credit, and taxing power of the County. Accordingly, the County is authorized and required by State law to levy ad valorem taxes, without limit as to rate or amount, as may be necessary to pay the debt service on its general obligation bonds. Principal and interest requirements will be provided by an appropriation in the year which they become due.

Hurricane Florence made landfall in New Hanover County during September 2018. As of June 30, 2019, the County had incurred expenses totaling approximately \$26.1 million related to the response and recovery efforts. Of this amount, the County had received approximately \$10.6 in reimbursements through June 30, 2019 from a combination of both FEMA and insurance.

The impact on unrestricted governmental net position of the inclusion of the school system debt without the corresponding assets and additional expenses incurred as a result of response and recovery efforts to hurricane Florence were offset by the following positive factors:

- Continued diligence in the collection of property taxes by maintaining a high collection rate of 99.36 percent.
- Continued low cost of debt due to the County's high bond rating. The County was able to take advantage of these low interest rates in a refinancing of a portion of its general obligation bonds.

New Hanover County's Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 13,786,687	\$ 13,034,710	\$ 19,640,122	\$ 15,694,433	\$ 33,426,809	\$ 28,729,143
Operating grants and contributions	53,120,765	43,863,583	552,533	894,059	53,673,298	44,757,642
Capital grants and contributions	187,470	3,350,799	-	-	187,470	3,350,799
General revenues:						
Property taxes	216,754,433	203,167,790	-	-	216,754,433	203,167,790
Other taxes	81,757,943	83,006,197	-	-	81,757,943	83,006,197
Other	3,956,891	2,660,536	285,490	193,805	4,242,381	2,854,341
	<u>1,734,906</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,734,906</u>	<u>-</u>
Total revenues	<u>371,299,095</u>	<u>349,083,615</u>	<u>20,478,145</u>	<u>16,782,297</u>	<u>391,777,240</u>	<u>365,865,912</u>
Expenses:						
General government	65,355,755	38,930,763	-	-	65,355,755	38,930,763
Human services	37,138,533	58,523,024	-	-	37,138,533	58,523,024
Public safety	90,794,737	78,154,204	-	-	90,794,737	78,154,204
Economic and physical development	5,639,002	14,157,244	-	-	5,639,002	14,157,244
Culture and recreational	15,021,880	15,221,575	-	-	15,021,880	15,221,575
Education	149,024,845	126,671,173	-	-	149,024,845	126,671,173
Interest and fees on long-term debt	12,655,525	11,943,613	-	-	12,655,525	11,943,613
Environmental management	<u>-</u>	<u>-</u>	<u>36,457,846</u>	<u>9,931,394</u>	<u>36,457,846</u>	<u>9,931,394</u>
Total expenses	<u>375,630,277</u>	<u>343,601,596</u>	<u>36,457,846</u>	<u>9,931,394</u>	<u>412,088,123</u>	<u>353,532,990</u>
Increase/decrease in net position before transfers	(4,331,182)	5,482,019	(15,979,701)	6,850,903	(20,310,883)	12,332,922
Transfers	<u>(14,750,794)</u>	<u>-</u>	<u>14,750,794</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	<u>(19,081,976)</u>	<u>5,482,019</u>	<u>(1,228,907)</u>	<u>6,850,903</u>	<u>(20,310,883)</u>	<u>12,332,922</u>
Net position - beginning, previously reported	(373,946,595)	(142,622,599)	25,100,890	24,233,938	(348,845,705)	(118,388,661)
Restatement	<u>-</u>	<u>(236,806,015)</u>	<u>-</u>	<u>(5,983,951)</u>	<u>-</u>	<u>(242,789,966)</u>
Net position - beginning, restated	<u>(373,946,595)</u>	<u>(379,428,614)</u>	<u>25,100,890</u>	<u>18,249,987</u>	<u>(348,845,705)</u>	<u>(361,178,627)</u>
Net position - ending	<u>\$ (393,028,571)</u>	<u>\$ (373,946,595)</u>	<u>\$ 23,871,983</u>	<u>\$ 25,100,890</u>	<u>\$ (369,156,588)</u>	<u>\$ (348,845,705)</u>

Governmental Activities. Governmental activities net position decreased by \$19,081,976, thereby attributing to the overall decline in the net position of New Hanover County. Key elements of this decrease are as follows:

- The County established a living wage of not less than \$31,200 per year for full time employees or \$15 per hour for a part time person working in a job scheduled for the standard 2080 hours.
- The County approved a market adjustment equal to the greater of \$1,000 or 2.0 percent for each full time employee and a merit pool of 1.5 percent to remain competitive in the job market in order to retain and attract the best candidates committed to public service.
- The General Fund transferred approximately \$14.8 million to the Environmental Fund to assist with additional expenses incurred as a result of the large amount of debris from hurricane Florence.

The following items offset a portion of the current year's decrease in net position as represented in the items above:

- Increased sales tax revenue due to the continuing improvement of the economy and an increase in other taxes due to real property transfer taxes which also boasts of an improving economy.
- Assessment in the Room Occupancy Tax fund.
- Increase in operating grants and contributions as a result of funds received from FEMA for reimbursement of hurricane Florence expenses.

Business-Type Activities. Business-type activities net position decreased by \$1,288,907. A key element of this decrease was as follows:

- An increase in operating expenses resulting from hurricane Florence response and recovery efforts. Expenses related to hurricane Florence totaled approximately \$17.8 million through June 30, 2019. The majority of these expenses related to debris removal operations. The General Fund transferred approximately \$14.8 million to the Environmental Fund to assist with payment of hurricane related expenses during June 30, 2019.
- An increase in post-closure costs due to changes in key assumptions in the estimates used. Certain key assumption changes resulted from market conditions.

The following items offset a portion of the current year's decrease in net position as represented in the items above:

- Increase in charges for services totaling approximately \$3.9 million. Immediately after the hurricane, tipping fees were waived for a period of time. In November 2018, the County began collecting tipping fees. The increase in charges for services is mainly the result of the increase in construction activity during the fiscal year ended June 30, 2019.

Financial Analysis of the County's Funds

As noted earlier, New Hanover County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of New Hanover County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing New Hanover County's financing requirements. Specifically, fund balance available for appropriation can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of New Hanover County. At the end of the current fiscal year, New Hanover County's unassigned fund balance in the General Fund was \$52,656,637, while total fund balance was \$97,399,240. 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 and other financing uses. At June 30, 2019, unassigned fund balance for the General Fund represented 17.0 percent of total General Fund expenditures and financing uses. The Governing Body of New Hanover County has determined that the County should maintain an unassigned fund balance in the General Fund of an amount between 18 percent and 21 percent of expenditures and financing uses in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. The Board of County Commissioners were notified the unassigned fund balance did not fall within the range for the fiscal year ended June 30, 2019. The County has two years to restore the amount of the fund balance to the minimum requirements.

Available fund balance differs from the unassigned fund balance in that available fund balance includes the portion of fund balance that is unassigned, assigned, or committed. At the end of the current fiscal year, New Hanover County's fund balance available in the General Fund was \$62,586,460, while total fund balance was \$97,399,240. The County currently has an available fund balance of 20.2 percent of General Fund expenditures and other financing uses, while total fund balance represents 31.4 percent of that same amount.

The Debt Service fund was established to accumulate resources to pay for future debt service of voter approved bonds. At the end of the current fiscal year, fund balance in the fund was \$7,132,135, as compared to \$5,438,631 at June 30, 2018. The increase is a result of timing of debt service payments.

The room occupancy tax special revenue fund is used to account for the room occupancy tax revenues and related expenditures for New Hanover County, Carolina Beach, Kure Beach, Wrightsville Beach, and the City of Wilmington. At the end of the current fiscal year fund balance of the room occupancy tax special revenue fund was \$42,103,590, as compared to \$37,531,452 at June 30, 2018. The majority of this fund balance, approximately 96.6 percent, is restricted for erosion control as required by the act of the North Carolina Legislature. The increase in the fund balance for the room occupancy tax special revenue fund is mainly due to a special assessment.

The \$164 million Cape Fear Community College bond capital project fund is used to account for Cape Fear Community College capital project expenditures funded by \$164 million general obligation bonds. At the end of the current fiscal year, fund balance in this fund was \$1,105,877, as compared to a \$4,362,121 fund balance at June 30, 2018. The decrease in this fund balance is due to capital outlay expenditures.

The \$160 million School Bond capital project fund is used to account for school capital project expenditures funded by \$160 million general obligation bonds. At the end of the current fiscal year, fund balance in this fund was \$43,041,121, as compared to a \$6,568,829 fund balance at June 30, 2018.

The increase in this fund balance is due to the issuance of long-term debt exceeding capital outlay expenditures for the fiscal year.

Public Health and Social Services Facility Capital Project fund is used to account for capital expenditures related to the construction of the new health and human services building, which will house the Health Department and the Department of Social Services. At the end of the current year, the fund balance in this fund was \$6,374,941, as compared to a \$13,835,387 fund balance at June 30, 2018. The decrease in fund balance is due to capital outlay expenditures.

Other nonmajor governmental funds are combined for reporting on Exhibits C and D. At the end of the current fiscal year, fund balance for other governmental funds was \$13,329,098. At June 30, 2018, fund balance for other governmental funds was \$27,240,413. The decrease in fund balance for the other nonmajor governmental funds is mainly due to capital outlay expenditures.

At June 30, 2019, the governmental funds of New Hanover County reported a combined fund balance of \$210,486,002, a 11.75 percent increase over last year. This increase in fund balance is primarily due to the issuance of long-term debt in other governmental funds.

General Fund Budgetary Highlights: During the fiscal year, the County 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 exact 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. Total Amendments to the General Fund increased budgeted revenues by approximately \$35.1 million, due primarily to an increase in intergovernmental revenue mainly the result of anticipated reimbursement from FEMA for hurricane Florence related expenses and an increase to appropriated fund balance.

Amendments to general government activities increased budgeted expenditures by approximately \$35.1 million due primarily to an increase in budgeted public safety expense of approximately \$12.2 million and an increase in budgeted transfers of \$18.8 million both of which mainly result to anticipated expenses related to hurricane Florence. The variances between the final budget and actual revenues and expenditures are noted in Exhibit F.

Proprietary Funds. New Hanover County's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net position (deficit) of the Environmental Management Fund at the end of the fiscal year amounted to \$(4,963,567). The change in total net position for the fiscal year ended June 30, 2019, was \$(1,228,907) for the Environmental Management Fund. This compares to unrestricted net position of \$27,055 in the Environmental Management Fund at June 30, 2018; as well as the change in total net position for the fund for the fiscal year ended June 30, 2018, of \$6,850,903.

Capital Asset and Debt Administration

Capital Assets. New Hanover County's investment in capital assets for its governmental and business-type activities as of June 30, 2019 totals \$212,429,582 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, and vehicles.

New Hanover County's Capital Assets
Figure 4
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 45,924,058	\$ 45,063,171	\$ 2,459,201	\$ 2,459,201	\$ 48,383,259	\$ 47,522,372
Buildings	159,478,844	148,205,420	21,178,626	21,178,626	180,657,470	169,384,046
Other improvements	34,312,359	34,094,328	28,720,841	19,332,408	63,033,200	53,426,736
Equipment and vehicles	70,104,926	65,917,354	16,956,498	16,115,149	87,061,424	82,032,503
Construction in progress	19,637,862	8,109,056	2,775,809	6,919,386	22,413,671	15,028,442
Total before depreciation	329,458,049	301,389,329	72,090,975	66,004,770	401,549,024	367,394,099
Less accumulated depreciation	<u>(145,864,017)</u>	<u>(137,980,828)</u>	<u>(43,255,425)</u>	<u>(40,758,122)</u>	<u>(189,119,442)</u>	<u>(178,738,950)</u>
Total net depreciation	<u>\$ 183,594,032</u>	<u>\$ 163,408,501</u>	<u>\$ 28,835,550</u>	<u>\$ 25,246,648</u>	<u>\$ 212,429,582</u>	<u>\$ 188,655,149</u>

Additional information on the County's capital assets can be found in Note 3, of the Basic Financial Statements.

Long-Term Debt. As of June 30, 2019, the carrying value of New Hanover County's total bonded debt outstanding was \$350,444,997, all of which is debt backed by the full faith and credit of the County.

New Hanover County's Outstanding Debt
Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$ 319,049,997	\$ 274,314,997	\$ -	\$ -	\$ 319,049,997	\$ 274,314,997
Direct placement general obligation bonds	31,395,000	39,875,000	-	-	31,395,000	39,875,000
Direct placement installment debt	68,891,729	73,912,854	114,225	168,342	69,005,954	74,081,196
Unamortized premium and discounts	<u>26,651,515</u>	<u>25,605,186</u>	<u>1,979</u>	<u>4,471</u>	<u>26,653,494</u>	<u>25,609,657</u>
Total long-term debt	<u>\$ 445,988,241</u>	<u>\$ 413,708,037</u>	<u>\$ 116,204</u>	<u>\$ 172,813</u>	<u>\$ 446,104,445</u>	<u>\$ 413,880,850</u>

New Hanover County's total bonded and installment debt increased by \$32,223,595 (0.8 percent) during the past fiscal year due to an increase in general obligation debt. General obligation debt increased approximately \$36,300,000 and installment debt decreased by approximately \$5,100,000.

New Hanover County maintained its bond rating of Aaa from Moody's Investor Service and a bond rating of AAA from Standard and Poor's Corporation. This bond rating is a clear indication of the sound financial condition of New Hanover County. This achievement is a primary factor in keeping interest costs low on the County's outstanding debt.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for New Hanover County is \$2,353,835,768. The County has \$12,760,000 in bonds authorized but unissued at June 30, 2019.

Additional information regarding New Hanover County's long-term debt can be found in Note 3, of this report.

Budget Highlights for the Fiscal Year Ending June 30, 2020

Governmental Activities. The County has approved a \$349.9 million General Fund budget for fiscal year 2019-2020, which represents an increase of 5.1 percent from the fiscal year 2018-2019 adopted budget. The County is expecting to see an increase in sales tax revenue based on the expectation of continued economic recovery.

The Board of County Commissioners approved a tax rate of \$0.5550, with \$0.4903 dedicated to funding operations and \$0.0647 of the rate dedicated to paying voter-approved debt. The portion of the tax rate dedicated to operations is posted in the General Fund, with the remaining portion posted in the Debt Service Fund. This represents no change from the prior year.

The Special Fire District tax rate stayed consistent with the prior year at a rate of \$0.0775 per \$100 of assessed value.

Business-Type Activities. The environmental management fund budget is balanced with a tipping fee of \$48.00 per ton. This represents no change from the previous year.

Requests for Information

This report is designed to provide an overview of the County'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, New Hanover County, 230 Government Center Drive, Suite 165, Wilmington, North Carolina 28403. You can also call (910) 798-7187, visit our website <http://www.nhcgov.com> or email lwurtzbacher@nhcgov.com for more information.

NEW HANOVER COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash, cash equivalents, and investments	\$ 151,646,067	\$ 20,528,389	\$ 172,174,456
Receivables - net of allowances for doubtful accounts	5,799,092	1,712,472	7,511,564
Due from other governments	31,087,590	-	31,087,590
Due from component units	504,049	-	504,049
Due from primary government	-	-	-
Inventory	31,885	-	31,885
Prepays	101,633	-	101,633
Restricted cash, cash equivalents, and investments	50,183,745	422,683	50,606,428
Restricted receivables - net of allowances for doubtful accounts	-	-	-
Net pension asset - RODSPF	435,537	-	435,537
Investment in affiliates	-	-	-
Other long-term assets	21,073,193	-	21,073,193
Capital assets:			
Land and construction in progress	65,561,920	5,235,010	70,796,930
Other capital assets, net of depreciation	118,032,112	23,600,540	141,632,652
Total capital assets	183,594,032	28,835,550	212,429,582
Total assets	444,456,823	51,499,094	495,955,917
Deferred Outflows of Resources	93,879,509	1,510,323	95,389,832
Liabilities:			
Accounts payable and accrued expenses	24,907,194	1,679,524	26,586,718
Accrued interest payable	5,093,089	485	5,093,574
Accrued expenses	-	-	-
Due to component unit	748,738	-	748,738
Due to primary government	-	-	-
Due to affiliates	-	-	-
Advances from grantors	405,956	-	405,956
Prepaid service fees	-	-	-
Long-term liabilities, net of amortized charges, discounts, and premiums:			
Net pension liability - LGERS	33,812,511	657,618	34,470,129
Total pension liability - LEOSSA	11,009,837	-	11,009,837
Total OPEB liability	341,361,210	6,639,116	348,000,326
Due within one year	50,282,323	138,221	50,420,544
Due in more than one year	405,982,079	18,916,986	424,899,065
Total long-term liabilities	456,264,402	19,055,207	475,319,609
Total liabilities	873,602,937	28,031,950	901,634,887
Deferred Inflows of Resources	57,761,966	1,105,484	58,867,450
Net Position (Deficit):			
Net investment in capital assets	95,283,987	28,719,346	124,003,333
Restricted for:			
Passenger facility charges projects	-	-	-
Endowments, specific purpose donations and grants	-	-	-
Capital improvements	-	-	-
Working capital	-	-	-
Promotion, tourism, and Convention Center	-	-	-
Stabilization by State statute	50,571,954	-	50,571,954
Register of Deeds	271,537	-	271,537
General government	184,840	-	184,840
Human services	21,533	-	21,533
Public safety	2,468,288	-	2,468,288
Economic and physical development	47,918,275	-	47,918,275
Culture and recreation	4,768,255	-	4,768,255
Education	43,538,745	-	43,538,745
Unrestricted (deficit)	(638,055,985)	(4,847,363)	(642,903,348)
Total net position (deficit)	\$ (393,028,571)	\$ 23,871,983	\$ (369,156,588)

The accompanying notes are an integral part of the financial statements.

NEW HANOVER COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2019

	Component Units			
	New Hanover County Airport Authority	New Hanover Regional Medical Center	New Hanover County ABC Board	New Hanover County Tourism Development Authority
Assets:				
Cash, cash equivalents, and investments	\$ 25,830,252	\$ 808,502,000	\$ 5,768,084	\$ 4,864,422
Receivables - net of allowances for doubtful accounts	4,126,079	157,691,000	13,385	908,622
Due from other governments	-	-	-	-
Due from component units	-	-	-	-
Due from primary government	-	-	-	748,738
Inventory	-	30,386,000	5,130,672	-
Prepays	419,583	18,003,000	53,887	21,456
Restricted cash, cash equivalents, and investments	15,251,671	18,010,000	-	-
Restricted receivables - net of allowances for doubtful accounts	382,441	1,304,000	-	-
Pension asset	-	-	-	-
Investment in affiliates	-	5,210,000	-	-
Other long-term assets	-	5,462,000	-	-
Capital assets:				
Land and construction in progress	30,894,174	112,620,000	7,499,097	-
Other capital assets, net of depreciation	44,720,315	466,043,000	11,101,812	30,877
Total capital assets	75,614,489	578,663,000	18,600,909	30,877
Total assets	121,624,515	1,623,231,000	29,566,937	6,574,115
Deferred Outflows of Resources	801,195	61,097,000	837,930	-
Liabilities:				
Accounts payable and accrued expenses	3,592,228	155,936,000	2,870,760	228,979
Accrued interest payable	-	7,976,000	-	-
Accrued expenses	-	-	-	-
Due to component unit	-	-	-	-
Due to primary government	-	-	504,049	-
Due to affiliates	-	-	-	-
Advances from grantors	-	-	-	-
Prepaid service fees	-	-	-	-
Long-term liabilities, net of amortized charges, discounts, and premiums:				
Pension liability - LGERS	962,934	53,292,000	970,288	-
Pension liability - LEOSSA	147,030	-	-	-
OPEB liability	307,921	-	1,083,961	-
Due within one year	305,000	18,923,000	-	25,402
Due in more than one year	2,745,000	393,219,000	-	-
Total long-term liabilities	3,050,000	412,142,000	-	25,402
Total liabilities	8,060,113	629,346,000	5,429,058	254,381
Deferred Inflows of Resources	34,907	11,362,000	143,233	-
Net Position (Deficit):				
Net investment in capital assets	72,564,489	177,627,000	18,600,909	30,877
Restricted for:				
Passenger facility charges projects	13,486,853	-	-	-
Endowments, specific purpose donations and grants	-	18,759,000	-	-
Capital improvements	-	-	-	-
Working capital	-	-	1,401,813	-
Promotion, tourism, and Convention Center	-	-	-	2,912,861
Stabilization by State statute	-	-	-	1,658,039
Register of Deeds	-	-	-	-
Register of Deeds	-	-	-	-
Human services	-	-	-	-
Public safety	-	-	-	-
Economic and physical development	-	-	-	-
Culture and recreation	-	-	-	-
Education	-	-	-	-
Unrestricted (deficit)	28,279,348	847,234,000	4,829,854	1,717,957
Total net position (deficit)	\$ 114,330,690	\$ 1,043,620,000	\$ 24,832,576	\$ 6,319,734

The accompanying notes are an integral part of the financial statements.

NEW HANOVER COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE 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	\$ 65,355,755	\$ 3,198,338	\$ 3,657,648	\$ -
Human services	37,138,533	1,035,513	27,004,754	-
Public safety	90,794,737	7,425,802	14,474,868	187,470
Economic and physical development	5,639,002	-	3,500,771	-
Culture and recreation	15,021,880	2,127,034	1,922,009	-
Education	149,024,845	-	2,560,715	-
Interest and fees on long-term debt	12,655,525	-	-	-
Total governmental activities	<u>375,630,277</u>	<u>13,786,687</u>	<u>53,120,765</u>	<u>187,470</u>
Business-type activities:				
Environmental management	36,457,846	19,640,122	552,533	-
Total business-type activities	<u>36,457,846</u>	<u>19,640,122</u>	<u>552,533</u>	<u>-</u>
Total primary government	<u>\$ 412,088,123</u>	<u>\$ 33,426,809</u>	<u>\$ 53,673,298</u>	<u>\$ 187,470</u>
Component Units:				
New Hanover County Airport Authority	\$ 15,251,970	\$ 15,020,860	\$ -	\$ 10,958,881
New Hanover Regional Medical Center	1,252,152,000	1,297,829,000	-	-
New Hanover County ABC Board	35,803,534	36,447,145	-	-
New Hanover County Tourism Development Authority	6,653,285	-	-	-
Total component units	<u>\$ 1,309,860,789</u>	<u>\$ 1,349,297,005</u>	<u>\$ -</u>	<u>\$ 10,958,881</u>

General Revenues:

Property taxes	
Sales taxes	
Room occupancy taxes	
Other taxes	
Net (decrease) in fair value of investments	
Investment earnings	
Miscellaneous	
Total general revenues	
Transfers	
Special item	
Total general revenues and transfers	-
Change in net position	
Net position, beginning	
Net position, ending	

The accompanying notes are an integral part of the financial statements.

NEW HANOVER COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs:	Net (Expense) Revenue and Changes in Net Position						
	Primary Government			Component Units			
	Governmental Activities	Business-Type Activities	Total	New Hanover County Airport Authority	New Hanover Regional Medical Center	New Hanover County ABC Board	New Hanover County Tourism Development Authority
General government	\$ (58,499,769)	\$ -	\$ (58,499,769)	\$ -	\$ -	\$ -	\$ -
Human services	(9,098,266)	-	(9,098,266)	-	-	-	-
Public safety	(68,706,597)	-	(68,706,597)	-	-	-	-
Economic and physical development	(2,138,231)	-	(2,138,231)	-	-	-	-
Culture and recreation	(10,972,837)	-	(10,972,837)	-	-	-	-
	(146,464,130)	-	(146,464,130)	-	-	-	-
	(12,655,525)	-	(12,655,525)	-	-	-	-
	(308,535,355)	-	(308,535,355)	-	-	-	-
Business-type activities:							
Environmental management	-	(16,265,191)	(16,265,191)	-	-	-	-
Total business-type activities	-	(16,265,191)	(16,265,191)	-	-	-	-
	(308,535,355)	(16,265,191)	(324,800,546)	-	-	-	-
Component Units:							
New Hanover County Airport Authority	-	-	-	10,727,771	-	-	-
New Hanover Regional Medical Center	-	-	-	-	45,677,000	-	-
New Hanover County ABC Board	-	-	-	-	-	643,611	-
New Hanover County Tourism Development Authority	-	-	-	-	-	-	(6,653,285)
	-	-	-	10,727,771	45,677,000	643,611	(6,653,285)
	202,347,167	-	202,347,167	-	-	-	-
	81,401,936	-	81,401,936	-	-	-	-
	7,152,943	-	7,152,943	-	-	-	6,392,912
	7,610,330	-	7,610,330	-	-	-	-
	-	-	-	-	23,860,000	-	-
	3,956,891	285,490	4,242,381	649,245	8,064,000	43,496	110,513
	1,734,906	-	1,734,906	-	-	112,533	469,944
	304,204,173	285,490	304,489,663	649,245	31,924,000	156,029	6,973,369
	(14,750,794)	14,750,794	-	-	-	-	-
	-	-	-	-	79,000	-	-
	289,453,379	15,036,284	304,489,663	649,245	32,003,000	156,029	6,973,369
	(19,081,976)	(1,228,907)	(20,310,883)	11,377,016	77,680,000	799,640	320,084
	(373,946,595)	25,100,890	(348,845,705)	102,953,674	965,940,000	24,032,936	5,999,650
	\$ (393,028,571)	\$ 23,871,983	\$ (369,156,588)	\$ 114,330,690	\$ 1,043,620,000	\$ 24,832,576	\$ 6,319,734

The accompanying notes are an integral part of the financial statements.

NEW HANOVER COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

	General	Debt Service	Room Occupancy Tax Special Revenue	\$164 Million CFCC Capital Project	\$160 Million School Bond Capital Project	Public Health and Social Services Facility Capital Project	Other Governmental Funds	Total Governmental Funds
Assets:								
Cash, cash equivalents, and investments	\$ 80,262,003	\$ 2,977,424	\$ 41,875,001	\$ -	\$ -	\$ 10,793,762	\$ 15,737,877	\$ 151,646,067
Receivables - net of allowances for doubtful accounts	28,913,077	4,154,711	1,246,018	-	608,253	-	1,964,623	36,886,682
Receivables - interfund loans	3,094,731	-	-	-	-	-	-	3,094,731
Due from component units	504,049	-	-	-	-	-	-	504,049
Inventory	9,929	-	-	-	-	-	21,956	31,885
Prepays	85,674	-	-	-	-	-	15,959	101,633
Restricted cash, cash equivalents, and investments	-	-	-	1,738,187	48,212,663	-	232,895	50,183,745
Total assets	<u>\$ 112,869,463</u>	<u>\$ 7,132,135</u>	<u>\$ 43,121,019</u>	<u>\$ 1,738,187</u>	<u>\$ 48,820,916</u>	<u>\$ 10,793,762</u>	<u>\$ 17,973,310</u>	<u>\$ 242,448,792</u>
Liabilities and Fund Balances:								
Liabilities:								
Accounts payable and accrued liabilities	\$ 12,665,021	\$ -	\$ -	\$ 632,310	\$ 5,779,795	\$ 4,418,821	\$ 1,411,247	\$ 24,907,194
Interfund loans	-	-	-	-	-	-	3,094,731	3,094,731
Due to component unit	-	-	748,738	-	-	-	-	748,738
Advances from grantors	405,956	-	-	-	-	-	-	405,956
Total liabilities	<u>13,070,977</u>	<u>-</u>	<u>748,738</u>	<u>632,310</u>	<u>5,779,795</u>	<u>4,418,821</u>	<u>4,505,978</u>	<u>29,156,619</u>
Deferred Inflows of Resources	2,399,246	-	268,691	-	-	-	138,234	2,806,171
Fund balances:								
Non-spendable:								
Inventory	9,929	-	-	-	-	-	-	9,929
Prepays	85,674	-	-	-	-	-	15,959	101,633
Restricted:								
Stabilization for State statute	34,445,640	4,154,711	1,420,496	-	608,253	6,413,993	3,528,861	50,571,954
Restricted - all other	271,537	-	40,683,094	1,105,877	42,432,868	-	14,678,097	99,171,473
Committed	3,391,592	-	-	-	-	-	37,734	3,429,326
Assigned	6,538,231	5,184,948	-	-	-	-	85,207	11,808,386
Unassigned	52,656,637	(2,207,524)	-	-	-	(39,052)	(5,016,760)	45,393,301
Total fund balances	<u>97,399,240</u>	<u>7,132,135</u>	<u>42,103,590</u>	<u>1,105,877</u>	<u>43,041,121</u>	<u>6,374,941</u>	<u>13,329,098</u>	<u>210,486,002</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 112,869,463</u>	<u>\$ 7,132,135</u>	<u>\$ 43,121,019</u>	<u>\$ 1,738,187</u>	<u>\$ 48,820,916</u>	<u>\$ 10,793,762</u>	<u>\$ 17,973,310</u>	
Amounts reported in the governmental activities in the Statements of Net Position (Exhibit A) are different because:								
Charges related to refunding bond issue.								14,813,681
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.								183,594,032
Net pension asset - RODSPF								435,537
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position.								30,615,738
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.								21,073,193
Net pension liability - LGERS								(33,812,511)
Total pension liability - LEOSSA								(11,009,837)
Total OPEB liability								(341,361,210)
Liabilities for earned, but deferred inflow of resources								2,418,997
Pension related deferrals - LGERS & LEOSSA								(3,549,639)
Deferrals related to OPEB								(5,375,063)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.								(461,357,491)
Net position of governmental activities								<u>\$ (393,028,571)</u>

The accompanying notes are an integral part of the financial statements.

NEW HANOVER COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	General	Debt Service	Room Occupancy Tax Special Revenue	\$164 Million CFCC Capital Project	\$160 Million School Bond Capital Project	Public Health and Social Services Facility Capital Project	Other Governmental Funds	Total Governmental Funds
Revenues:								
Taxes	\$ 237,061,787	\$ 36,749,283	\$ 7,152,943	\$ -	\$ -	\$ -	\$ 14,296,821	\$ 295,260,834
Intergovernmental revenues	44,923,524	3,952,257	3,290,000	-	-	-	3,071,519	55,237,300
Special assessments	-	-	3,526,540	-	-	-	-	3,526,540
Charges for services	11,878,928	-	-	-	-	-	1,907,759	13,786,687
Contributions	-	-	-	-	-	257,407	-	257,407
Investment earnings	1,990,874	9,349	665,851	67,021	944,667	-	279,129	3,956,891
Miscellaneous	722,342	-	-	-	-	-	54,169	776,511
Total revenues	<u>296,577,455</u>	<u>40,710,889</u>	<u>14,635,334</u>	<u>67,021</u>	<u>944,667</u>	<u>257,407</u>	<u>19,609,397</u>	<u>372,802,170</u>
Expenditures:								
Current:								
General government	44,044,846	-	-	-	-	-	-	44,044,846
Human services	51,412,360	-	-	-	-	-	-	51,412,360
Public safety	73,763,958	-	-	-	-	-	13,143,587	86,907,545
Economic and physical development	1,789,784	-	3,558,196	-	-	-	-	5,347,980
Culture and recreation	13,085,516	-	-	-	-	-	1,603,544	14,689,060
Education - community college and schools	10,852,593	-	-	-	-	-	-	10,852,593
Education - public schools	82,521,692	-	-	-	-	-	-	82,521,692
Capital outlay	-	-	-	3,323,265	35,483,848	14,934,853	14,079,547	67,821,513
Debt service:								
Principal - bonds	-	29,715,000	-	-	-	-	-	29,715,000
Interest and fees	-	13,474,353	-	-	-	-	-	13,474,353
Installment debt payments	-	10,551,936	-	-	-	-	1,355,603	11,907,539
Bond issuance costs	-	-	-	-	158,177	-	-	158,177
Total expenditures	<u>277,470,749</u>	<u>53,741,289</u>	<u>3,558,196</u>	<u>3,323,265</u>	<u>35,642,025</u>	<u>14,934,853</u>	<u>30,182,281</u>	<u>418,852,658</u>
Revenues over (under) expenditures	<u>19,106,706</u>	<u>(13,030,400)</u>	<u>11,077,138</u>	<u>(3,256,244)</u>	<u>(34,697,358)</u>	<u>(14,677,446)</u>	<u>(10,572,884)</u>	<u>(46,050,488)</u>
Other Financing Sources (Uses):								
Sale of capital assets	73,581	-	-	-	-	7,000,000	40,729	7,114,310
Insurance claim proceeds	524,497	-	-	-	-	-	-	524,497
Long-term debt issued	3,177,967	-	-	-	65,970,000	-	952,909	70,100,876
Premium on long-term debt issued	-	-	-	-	5,199,650	-	-	5,199,650
Transfers from other funds	293,435	14,723,904	-	-	-	217,000	9,796,753	25,031,092
Transfers to other funds	<u>(32,983,451)</u>	<u>-</u>	<u>(6,505,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(293,435)</u>	<u>(39,781,886)</u>
Total other financing sources (uses)	<u>(28,913,971)</u>	<u>14,723,904</u>	<u>(6,505,000)</u>	<u>-</u>	<u>71,169,650</u>	<u>7,217,000</u>	<u>10,496,956</u>	<u>68,188,539</u>
Net change in fund balances	<u>(9,807,265)</u>	<u>1,693,504</u>	<u>4,572,138</u>	<u>(3,256,244)</u>	<u>36,472,292</u>	<u>(7,460,446)</u>	<u>(75,928)</u>	<u>22,138,051</u>
Fund Balances:								
Beginning of year - July 1	<u>107,206,505</u>	<u>5,438,631</u>	<u>37,531,452</u>	<u>4,362,121</u>	<u>6,568,829</u>	<u>13,835,387</u>	<u>13,405,026</u>	<u>188,347,951</u>
End of year - June 30	<u>\$ 97,399,240</u>	<u>\$ 7,132,135</u>	<u>\$ 42,103,590</u>	<u>\$ 1,105,877</u>	<u>\$ 43,041,121</u>	<u>\$ 6,374,941</u>	<u>\$ 13,329,098</u>	<u>\$ 210,486,002</u>

The accompanying notes are an integral part of the financial statements.

NEW HANOVER COUNTY, NORTH CAROLINA**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

Amounts reported for governmental activities in the Statement of Activities (Exhibit B) are different because:

Net change in fund balances - total governmental funds	\$ 22,138,051
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those current assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	20,185,529
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	(2,016,687)
Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities	(621,827)
OPEB benefit payments paid and administrative costs made in the current fiscal year are not included on the Statement of Activities	(20,069,364)
Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the funds. Revenue in the fund statements that is repayment of long-term receivables is not recorded as revenue in the Statement of Activities.	(2,559,155)
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 has any effect on net position. This is the amount of the net effect of these differences in the treatment of long-term debt and related items.	(34,534,115)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(1,604,408)</u>
Change in net position of governmental activities	<u><u>\$ (19,081,976)</u></u>

The accompanying notes are an integral part of the financial statements.

NEW HANOVER COUNTY, NORTH CAROLINA

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019**

	General Fund			
	Budgeted Amounts			Variance from Final Budget Over/Under
	Original	Final	Actual	
Revenues:				
Taxes:				
Ad valorem, including interest	\$ 167,132,554	\$ 167,132,554	\$ 170,067,117	\$ 2,934,563
Other	66,992,690	66,992,690	66,994,670	1,980
Total taxes	234,125,244	234,125,244	237,061,787	2,936,543
Intergovernmental revenue	31,885,381	41,022,988	44,923,524	3,900,536
Charges for services	12,194,509	12,254,306	11,878,928	(375,378)
Investment earnings	888,150	888,150	1,985,146	1,096,996
Miscellaneous	1,181,756	1,355,895	722,342	(633,553)
Total revenues	280,275,040	289,646,583	296,571,727	6,925,144
Expenditures:				
Current:				
General government	42,821,153	46,330,647	44,044,846	2,285,801
Human services	55,214,292	55,399,396	51,412,360	3,987,036
Public safety	67,156,226	79,372,600	73,763,958	5,608,642
Economic and physical development	1,869,220	2,170,446	1,789,784	380,662
Culture and recreation	14,186,423	14,214,947	13,085,516	1,129,431
Education - community college	10,852,593	10,852,593	10,852,593	-
Education - public schools	82,521,692	82,521,692	82,521,692	-
Total expenditures	274,621,599	290,862,321	277,470,749	13,391,572
Revenues over (under) expenditures	5,653,441	(1,215,738)	19,100,978	20,316,716
Other Financing Sources (Uses):				
Sale of capital assets	675,000	675,000	73,581	(601,419)
Insurance claims proceeds	20,000	401,226	524,497	123,271
Long term debt issued	3,223,269	3,255,094	3,177,967	(77,127)
Transfers from other funds	900,925	1,025,740	943,435	(82,305)
Transfers to other funds	(18,015,658)	(36,851,438)	(32,983,451)	3,867,987
Appropriated fund balance	7,543,023	32,710,116	-	(32,710,116)
Total other financing sources (uses)	(5,653,441)	1,215,738	(28,263,971)	(29,479,709)
Net change in fund balances	\$ -	\$ -	(9,162,993)	\$ (9,162,993)
Fund Balances:				
Beginning of year - July 1			106,579,027	
End of year - June 30			97,416,034	

A legally budgeted Public Schools fund is consolidated into the General Fund for reporting purposes:

Investment earnings	5,728
Transfer-out to other funds	(650,000)
Fund balance - beginning of year - July 1	627,478
Fund balance - end of year - June 30	(16,794)
End of year - June 30 (Exhibit D)	\$ 97,399,240

The accompanying notes are an integral part of the financial statements.

NEW HANOVER COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ROOM OCCUPANCY TAX FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts			Variance from Final Budget Over/Under
	Original	Final	Actual	
Revenues:				
Room occupancy taxes	\$ 6,182,564	\$ 6,919,950	\$ 7,152,943	\$ 232,993
Special assessments	2,656,750	2,656,750	3,526,540	869,790
Intergovernmental revenue	3,430,000	3,430,000	3,290,000	(140,000)
Investment earnings	-	-	665,851	665,851
Total revenues	<u>12,269,314</u>	<u>13,006,700</u>	<u>14,635,334</u>	<u>1,628,634</u>
Expenditures:				
Current:				
Collection fee to New Hanover County	96,250	96,250	91,750	4,500
Tourism distributions to TDA and municipalities	2,732,378	3,469,764	3,159,795	309,969
Erosion control	<u>2,935,686</u>	<u>3,401,707</u>	<u>306,651</u>	<u>3,095,056</u>
Total expenditures	<u>5,764,314</u>	<u>6,967,721</u>	<u>3,558,196</u>	<u>3,409,525</u>
Revenues over (under) expenditures	<u>6,505,000</u>	<u>6,038,979</u>	<u>11,077,138</u>	<u>5,038,159</u>
Other Financing Sources (Uses):				
Appropriated fund balance	-	466,021	-	(466,021)
Transfers to other funds	<u>(6,505,000)</u>	<u>(6,505,000)</u>	<u>(6,505,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(6,505,000)</u>	<u>(6,038,979)</u>	<u>(6,505,000)</u>	<u>(466,021)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	4,572,138	<u>\$ 4,572,138</u>
Fund Balances:				
Beginning of year - July 1			<u>37,531,452</u>	
End of year - June 30			<u>\$ 42,103,590</u>	

The accompanying notes are an integral part of the financial statements.

NEW HANOVER COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	Environmental Management Fund
Assets:	
Current assets:	
Cash and cash equivalents	\$ 20,528,389
Receivables	<u>1,712,472</u>
Total current assets	<u>22,240,861</u>
Non-current assets:	
Restricted cash and cash equivalents	422,683
Capital assets:	
Land and construction in progress	5,235,010
Other capital assets, net of depreciation	<u>23,600,540</u>
Total non-current assets	<u>29,258,233</u>
Total assets	<u>51,499,094</u>
DEFERRED OUTFLOWS OF RESOURCES	1,510,323
Liabilities:	
Current liabilities:	
Current portion of long-term obligations	138,221
Accounts payable and accrued expenses	<u>1,680,009</u>
Total current liabilities	<u>1,818,230</u>
Non-current liabilities:	
Accrued landfill closure and post-closure care costs	18,758,214
Net pension liability	657,618
Long-term obligations, net of amortized charge, discount, and premiums	158,772
Total OPEB liability	<u>6,639,116</u>
Total non-current liabilities	<u>26,213,720</u>
Total liabilities	<u>28,031,950</u>
DEFERRED INFLOWS OF RESOURCES	1,105,484
Net Position:	
Net investment in capital assets	28,719,346
Unrestricted	<u>(4,847,363)</u>
Total net position	<u>\$ 23,871,983</u>

The accompanying notes are an integral part of the financial statements.

NEW HANOVER COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Environmental Management Fund
Operating Revenues:	
Charges for services	\$ 19,021,647
Other	618,475
Total operating revenues	<u>19,640,122</u>
Operating Expenses:	
Personnel	3,408,146
System maintenance	24,706,977
Landfill post closure	4,856,863
Depreciation	3,241,279
Total operating expenses	<u>36,213,265</u>
Operating income (loss)	<u>(16,573,143)</u>
Non-Operating Revenues (Expenses):	
Investment earnings	285,490
Intergovernmental revenues	552,533
Loss on disposal of capital assets	(239,838)
Interest and fees	(4,743)
Total non-operating revenues (expenses)	<u>593,442</u>
Income (loss) before contributions and transfers	(15,979,701)
Transfers from other funds	<u>14,750,794</u>
Change in net position	(1,228,907)
Net position, beginning	<u>25,100,890</u>
Net position, ending	<u><u>\$ 23,871,983</u></u>

The accompanying notes are an integral part of the financial statements.

NEW HANOVER COUNTY, NORTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Environmental Management Fund
Cash Flows from Operating Activities:	
Cash received from customers	\$ 18,277,978
Cash payments for goods and services and system maintenance	(24,325,102)
Cash paid to employees for services	(2,490,123)
Other operating revenues	618,475
Net cash provided by operating activities	<u>(7,918,772)</u>
Cash Flows from Non-Capital Financing Activities:	
Transfers from other funds	14,750,794
Proceeds from intergovernmental revenue	552,533
Net cash provided by non-capital financing activities	<u>15,303,327</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisitions and construction of capital assets	(7,070,019)
Principal paid on long-term debt	(54,117)
Interest paid on long-term debt	(7,235)
Net cash provided used by capital and related financing activities	<u>(7,131,371)</u>
Cash Flows from Investing Activities:	
Interest on investments	285,490
Net cash provided by investing activities	<u>285,490</u>
Net increase in cash and cash equivalents	538,674
Cash and Cash Equivalents:	
Beginning of year - July 1	20,412,398
End of year - June 30	<u>\$ 20,951,072</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ (16,573,143)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	3,241,279
Landfill closure and post-closure care costs	4,856,863
Changes in assets and liabilities:	
Increase in receivables	(743,669)
Increase in accounts payable and accrued expenses	430,661
Increase in deferred outflows of resources - pensions	(210,934)
Increase in deferred outflows of resources - OPEB	(554,422)
Increase in net pension liability	264,022
Increase in OPEB liability	917,562
Decrease in deferred inflows of resources - pensions	(7,593)
Increase in deferred inflows of resources - OPEB	460,602
Net cash provided by operating activities	<u>\$ (7,918,772)</u>
Cash and cash equivalents	
Unrestricted	\$ 20,528,389
Restricted	422,683
	<u>\$ 20,951,072</u>

The accompanying notes are an integral part of the financial statements.

NEW HANOVER COUNTY, NORTH CAROLINA

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2019

	Agency Funds
Assets:	
Cash and cash equivalents	\$ 10,677,655
Accounts receivable	<u>4,106,211</u>
Total assets	<u><u>14,783,866</u></u>
Liabilities:	
Accounts payable and accrued expenses	1,978,635
Due to other governmental units	3,268,452
Escrow funds and deposits	<u>9,536,779</u>
Total liabilities	<u><u>\$ 14,783,866</u></u>

The accompanying notes are an integral part of the financial statements.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

1. Summary of Significant Accounting Policies

A. Reporting Entity

New Hanover County ("County"), chartered in 1729, is located in the southeastern corner of North Carolina and has a population of approximately 238,000 people. The County utilizes a County Manager form of government with a five-member Board of Commissioners. As required by accounting principles generally accepted in the United States of America ("GAAP"), these financial statements present all the fund types of the County and its component units, legally separate entities for which the County is financially accountable. The Airlie Gardens Foundation, Inc., Public Health Foundation of New Hanover County, Inc., and the Parks Conservancy of New Hanover County exist to provide service or benefit to County departments. These units are presented as special revenue funds of the County's financial statements. The New Hanover County Airport Authority ("Authority"), which has a June 30 year-end, the New Hanover Regional Medical Center ("Medical Center"), which has a September 30 year-end, the New Hanover County ABC Board ("ABC Board"), which has a June 30 year-end, and the New Hanover County Tourism Development Authority ("TDA"), which has a June 30 year-end, are presented as if they are separate proprietary funds of the County (discrete presentation). The Industrial Facilities and Pollution Control Financing Authority ("Industrial Authority") exists to issue and service revenue bond debt of private businesses for economic development purposes. The Industrial Authority has no financial transactions or account balances; therefore, it is not presented in the basic financial statements. The blended presentation method presents component units as a department or unit of the County, and offers no separate presentation as with the discrete method. Each discretely presented component unit is reported in a separate column in the County's government-wide financial statements to emphasize they are legally separate from the County.

Component Unit	Reporting Method	Criteria for Inclusion	Separate Financial Statements
The Airlie Gardens Foundation, Inc.	Blended	Exclusive service or benefit to the primary government. Established on April 8, 1999 as a charitable corporation to establish an endowment and to receive and distribute monies for prospective funding of capital improvements at the County owned Airlie Gardens. The unit also serves in an advisory capacity to the Airlie Gardens' staff and Board of Commissioners in relation to providing advice for operations, policy, capital improvements, and program development.	The Airlie Gardens Foundation, Inc. Wilmington, NC
Public Health Foundation of New Hanover County, Inc.	Blended	Exclusive service or benefit to the primary government. Established on September 20, 2001 solely to provide for the support and benefit of the County's Health Department.	None issued.
Parks Conservancy of New Hanover County	Blended	Exclusive service or benefit to the primary government. Established on May 23, 2013 solely to provide for the support and benefit of the Parks and Gardens Department of New Hanover County.	None issued.
New Hanover County Airport Authority	Discrete	The Authority is governed by a seven-member board that is appointed by the Board of Commissioners. The County's ownership of the underlying real estate and statement of intent to provide financial support to	New Hanover County Airport Authority 1740 Airport Blvd. Wilmington, NC 28405

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

		fund any future operating deficits of the Authority provides a financial burden to the County.	
New Hanover Regional Medical Center	Discrete	The Medical Center is a public, nonprofit corporation which has leased its existing facilities and all future improvements from the County for a period of 30 years from February 15, 1999. The Medical Center's Board of Trustees is appointed by the Board of Commissioners. The County has issued Hospital Revenue Bonds for construction of additions and improvements to the Medical Center and for purchase of equipment.	New Hanover Regional Medical Center PO Box 9000 Wilmington, NC 28402
New Hanover County ABC Board	Discrete	The members of the ABC Board's governing board are appointed by the County Commissioners. The ABC Board is required by State Statute to distribute its surpluses to the General Fund of the County.	New Hanover County ABC Board 523 S. 17 th Street Wilmington, NC 28401
New Hanover County Tourism Development Authority	Discrete	The Tourism Development Authority ("TDA") was established by the Board of Commissioners under the authority of North Carolina State Legislature House Bill 1707 and 1720 approved October 3, 2002. The members of the TDA Board are appointed by the County Commissioners. The TDA receives substantially all of its revenue from an occupancy tax implemented, and revocable, by the County Commissioners.	New Hanover County Tourism Development Authority 505 Nutt Street, Unit A Wilmington, NC 28401
Industrial Facilities and Pollution Control Financing Authority	Discrete	The Authority is governed by a seven-member Board of Commissioners that is appointed by the County Commissioners. The County can remove any commissioner of the Authority with or without cause.	None issued.

The New Hanover Regional Medical Center Foundation, Inc. ("Foundation") is included in the Medical Center's financial statements as a blended component unit. The Foundation is a 501(c)(3) nonprofit organization which was founded by the Medical Center in 1991 to serve solely the Medical Center as a fundraising entity. Carolina Health Care Associates ("CHA") (doing business as NHRMC Physicians Group) is a 501(c)(3) nonprofit organization governed by the Medical Center. The Executive Committee of the Medical Center's Board of Trustees, which includes 8 of the 17 voting members of the Medical Center's full Board of Trustees, serves as the CHA Board, thereby constituting 100% of CHA's Board members. CHA provides an integrated primary and specialty care physician practice network to the Medical Center in the form of physician and nurse practitioner services within the Medical Center's clinical areas and independent official locations. CHA is included in the Medical Center's reporting entity as a discretely presented component unit. Lower Cape Fear Hospice ("LCFH") is an affiliated organization of the Medical Center. The Trustees of the Medical Center appoint 80% of the Board of Directors of LCFH, a nonprofit organization which provides professional care to the terminally ill and support and education to family and community. The organization currently serves 6 counties in southeastern North Carolina and 3 counties in South Carolina. LCFH is included in the Medical Center's reporting entity as a discretely presented component unit. Physician Quality Partners ("PQP") is a Clinically Integrated Network/Accountable Care Organization formed to actively develop clinical initiatives that will improve the quality of health care services and control costs. PQP is included in the Medical Center's financial statements as a discretely presented component unit. Pender Memorial Hospital, Incorporated ("PMH") is an affiliated organization of the Medical Center through a twenty-year operating agreement. The Medical Center is required by the operating

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

agreement to fund any operating deficit of PMH during any fiscal year that the agreement is in effect. PMH is a nonprofit acute care hospital, which provides inpatient, outpatient, and emergency care services to the residents of Pender County and vicinity. PMH is included in the Medical Center's reporting entity as a discretely presented component unit.

B. Basis of Presentation

Government-Wide Statements. The Statement of Net Position and the Statement of Activities display information about the primary government net position (the "County") and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the governmental and business-type activities of the County. 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 revenue for the different business-type activities of the County and for each function of the County'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 County's funds, including its fiduciary funds and blended component units. 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 non-major 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. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The County reports the following major governmental funds:

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

General Fund. This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. For statement presentation in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 54, the Public Schools Fund, which accounts for all transactions relative to public school activity in the County, is consolidated in the General Fund.

Debt Service Fund. This 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.

Room Occupancy Tax Special Revenue. This fund accounts for the collection and disbursement of the room occupancy tax which is a legislatively enacted tax. The tax is used for tourism and erosion control.

\$164 Million Cape Fear Community College Bonds Capital Project. Although the \$164 Million Cape Fear Community College Bonds Capital Project Fund does not meet criteria to be a major fund, the County has determined that the fund is qualitatively material to the users of the financial statements. This fund accounts for all transactions relative to the Cape Fear Community College Capital Projects funded through \$164 million general obligation bonds.

\$160 Million School Bond Capital Project. This fund accounts for all transactions relative to the School Bond Capital Projects funded through \$160 million general obligation bonds.

Public Health and Social Services Facility Capital Project. This fund accounts for transactions related to the construction of a new health and human services building, which will house the Health Department and the Department of Social Services.

Non-major Funds. The County maintains twenty-one non-major funds. Eighteen are legally budgeted funds and three are component unit funds. There are seven non-major special revenue funds: Special Fire District, Local Law Enforcement Block Grant, Emergency Telephone System Grant, Revolving Loan Program, Parks Conservancy of NHC, Airlie Gardens Foundation, Inc., and Public Health Foundation. The County has 14 non-major capital project funds: The Heritage Park Marquis Hills Capital Project, Public School Building Capital Fund Capital Project, Pine Valley Branch Library Capital Project, Controlled Substance Tax Capital Project, Federal Forfeited Property Capital Project, Masons Inlet Relocation Capital Project, Bike/Pedestrian Paths Capital Project, Cobb Annex Repairs Capital Project, 320 Chestnut Street Renovation Capital Project, Capital Improvement Projects Capital Project, Special Fire District Revenue Improvement Projects Capital Project, Special Fire District Revenue Ogden Fire Station Capital Project, Healing Transition Facility Capital Project, and Juvenile Justice Facility Capital Project.

The County reports the following major Enterprise Fund:

Environmental Management Fund. This fund accounts for the Landfill, recycling, and related construction projects.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The County reports the following fiduciary fund type:

Agency Funds. Agency funds are custodial in nature and do not involve the measurement of operating results. Agency Funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: the Room Occupancy Tax Fund, which accounts for the funds collected by the County for various municipalities and special districts within the County but that are not revenues to the County; the Social Services Fund, which accounts for monies deposited with the Department of Social Services for the benefit of certain individuals; the Tax Clearing Fund, which accounts for funds that are billed and collected by the County for various municipalities and special districts within the County but that are not revenues to the County; and the Other Escrows Fund, which accounts for various revenues that the County holds on behalf of various organizations for various functions.

C. Measurement Focus and Basis of Accounting

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

Government-Wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds which have no 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. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, 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, entitlements, 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 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 County 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.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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 long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions 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 County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes 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 all 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 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes collected and certain intergovernmental revenues, such as beer and wine tax, collected and held by the State at year-end on behalf of the County, are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Assets, Liabilities, and Deferred Inflows and Outflows

Cash, Cash Equivalents, Deposits and Investments. All deposits of the County, Authority, Medical Center, ABC Board, and TDA are made in Board-designated official depositories and are secured as required by G.S. 159-31. The County, Authority, Medical Center, ABC Board, and TDA may designate, as an official depository, any bank or savings and loan association whose principal office is located in North Carolina and may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

State law [G.S. 159-30(c)] authorizes the County, Authority, Medical Center, ABC Board, and TDA 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 North Carolina Capital Management Trust ("NCCMT"). Additionally, the Medical Center is authorized to invest in Department of State Treasurer Short Term Investment Fund and Department of State Treasurer Trust Funds – Investment Program – Equity Investment Fund.

The County pools substantially all cash and investments from all funds utilizing a single central depository. Each fund owns a pro rate interest in the depository and investment earnings are allocated based on daily average equity. Therefore, all cash and investments of its enterprise funds are essentially demand deposits and are considered cash and cash equivalents. Equities of funds participating in the depository are included on the Statement of Net Position in "Cash, cash equivalents, and investments" or "Restricted cash, cash equivalents, and investments".

The Authority, ABC Board, and Medical Center consider demand deposits and short-term, highly liquid investments maturing in three months or less from the date of purchase, to be cash and cash equivalents.

The majority of the County, Authority, and ABC Board's investments are carried at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at fair value. The NCCMT-Term Portfolio is a bond fund, has no rating and is measured at fair value. As of June 30, 2019, the 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.

Ad Valorem (Property) Taxes Receivable. In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County 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, penalties and interest do not accrue until the following January 6. These taxes are based on assessed values as of January 1, 2018. As allowed by State law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Restricted Assets. The unexpended debt proceeds of the General Fund and Capital Project Funds are classified as restricted assets within the individual funds because their use is completely restricted to the purpose for which the debt was originally issued. Contributions received by the special revenue funds are classified as restricted assets because the use of the contributions is restricted for the purpose of the funds. The Environment Management Fund has excess funds from the White Goods Tax. These funds are classified as restricted assets because the use of these funds is restricted in accordance with G.S.130A-309.82.

New Hanover County Restricted Cash			
Governmental Activities:			
Parks Conservancy of NHC Special Revenue Fund	Unexpended contributions	\$	50,843
Public Health Foundation Special Revenue Fund	Unexpended contributions		21,533
\$164 Million CFCC Capital Projects Fund	Unexpended debt proceeds		1,738,187
\$160 Million Schools Capital Projects Fund	Unexpended debt proceeds		48,212,663
Cobb Annex Repairs Capital Projects Fund	Unexpended debt proceeds		60,669
320 Chestnut Street Renovation Capital Projects Fund	Unexpended debt proceeds		99,850
Total Governmental Activities			<u>50,183,745</u>
Business-Type Activities:			
Environment Management Fund	Unexpended White Goods Tax		<u>422,683</u>
Total Restricted Cash		\$	<u>50,606,428</u>

Allowances for Doubtful Accounts. All receivables that historically experience uncollectible accounts are shown net of allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

Inventory. Inventories of supplies and parts held at the County's garage ("General Fund") are valued at cost (first-in, first-out method), which approximates market. The Medical Center and the ABC Board are valued at the lower of cost (first-in, first-out method) or market. Inventories are recorded as an asset and are not charged to operations until consumed or sold.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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

Capital Assets. Purchased or constructed capital assets for the County, the Medical Center, and the Authority are reported at cost or estimated historical cost. Donated capital assets received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after July 1, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are recorded at acquisition value.

Minimum capitalization costs of the County are \$5,000 for land, buildings and other improvements, and equipment. All vehicles are capitalized regardless of 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.

Minimum capitalization costs of the Medical Center are capital assets with a cost of \$2,500 or greater and a useful life of at least one year.

Minimum capitalization costs of the Authority are capital assets with an initial, individual cost of more than \$3,000 and an estimated useful life in excess of two years.

Minimum capitalization costs of the TDA are as follows: equipment, \$1,000, an estimated useful life in excess of two years, and all computers are capitalized regardless of cost with the exception of iPads and smaller computer peripheral items.

Legal title to the Medical Center's capital assets is in the name of either New Hanover County or New Hanover Regional Medical Center. Substantially all facilities, equipment, and future improvements are leased from New Hanover County. Legal title to CHA's capital assets is in CHA's name. Legal title to LCFH's capital assets is in LCFH's name. Legal title to PQP's capital assets is in PQP's name. Legal title to PMH's capital assets is in the name of either Pender County or Pender Memorial Hospital, Incorporated. Substantially all of PMH's facilities are leased from Pender County.

The County holds title to certain properties which are reflected as capital assets in the financial statements of the Authority. A lease agreement, executed in 1989 and amended in 2015, for \$1 per year through 2049 between the County and the Authority gives the Authority full use of the facilities. The lease contains certain restrictions including requiring that the facility be used as an airport, and that the Authority carry insurance, maintain the facilities, notify the County prior to disposing of certain assets, and certain other restrictions.

The Authority recorded the historical costs and accumulated depreciation of capital assets included in the lease agreement with the County.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The County holds title to certain New Hanover County Board of Education properties that have not been included in capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education, once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are reflected as capital assets in the financial statements of the New Hanover County Board of Education.

The County and its component units follow the policy of capitalizing interest as a component of the cost of business type activity capital assets constructed for their own use. When the County leases capital assets to a discretely presented component unit for the nominal amounts, the County reports those capital assets and related depreciation in the component unit.

The County evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. A capital asset is generally considered impaired if both (a) the decline in the service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. Impaired capital assets that will no longer be used by the government are reported at the lower of carrying value or fair value. Impairment losses on capital assets that will continue to be used by the government are measured using the method that best reflects the diminished service utility of the capital assets. Any insurance recoveries received as a result of impairment events or changes in circumstances resulting in the impairment of a capital asset are netted against the impairment loss.

Depreciation of all depreciable capital assets is charged as an expense against their operations in the government-wide financial statements and in the proprietary fund financial statements. Accumulated depreciation is reported in the statements of net position. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives of depreciable capital assets of the County are generally as follows:

Buildings	10-40 years
Other improvements	10-40 years
Equipment and vehicles	3-10 years

Depreciable capital assets of the Authority are depreciated over their estimated useful lives on a straight-line basis as follows:

Land improvements	10-20 years
Airfield improvements	10 years
Airfield building	25 years
Building improvements, including parking facilities	5-15 years
Vehicles	5-20 years
Machinery and equipment	5-15 years

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Depreciable capital assets of the Medical Center are depreciated over their estimated useful lives on a straight-line basis as recommended by the America Hospital Association ("AHA"). Core Information Technology Software is depreciated over ten years and other Information Technology Software is depreciated over five years, which may be different than the AHA's recommendation.

Depreciable capital assets of the ABC Board are depreciated over their estimated useful lives on a straight-line basis.

Depreciable capital assets of the TDA are depreciated over their estimated useful lives on a straight-line basis as follows:

Equipment	2-10 years
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Intangible Capital Assets. Intangible capital assets of the Medical Center consist of other intangibles and are recorded net of amortization. Other intangibles are recorded at historical cost and amortized over the estimated life of the expected economic benefit, using the straight-line method. Estimated lives are 5 years.

Medical Insurance. The County is self-insured for group medical insurance. The County's losses are limited under the contract by specific excess loss insurance coverage for claims above specific amounts along with an aggregating specific rider coverage. Provisions for estimated unpaid claims outstanding at June 30, 2019 have been made.

The Medical Center is self-insured for employee medical claims and contracts with a third party to administer the program. The Medical Center's losses are limited under the contract by specific and aggregate stop-loss insurance coverage for claims above specified amounts. The Medical Center is also self-insured for a portion of professional liabilities, workers' compensation, and unemployment benefits. Provisions for estimated unpaid claims outstanding at September 30, 2018 and 2017 have been made. CHA employees are covered under the Medical Center's medical and professional liability plans. CHA is self-insured for unemployment benefits. Provisions for estimated unpaid claims outstanding at September 30, 2018 and 2017 have been made.

Deferred Outflows/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 County has several items that meet this criterion – a charge on refunding, OPEB and pension related deferrals, and contributions made to the OPEB or pension plan in the current fiscal year. In addition to liabilities, the Statement of Net Position 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 County has several items that meet the criterion for this category - prepaid taxes, property taxes receivable, assessment receivable, other receivables, and OPEB and pension related deferrals.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Long-Term Obligations. In the government-wide financial statements and in the proprietary fund types in the financial statements, long-term debt, and other long-term obligations are reported as liabilities on the Statement of Net Position.

In the fund financial statements for governmental fund types, the face amount of debt issued is reported as other financing sources.

Bond Discounts and Premiums. In the government-wide financial statements and proprietary fund financial statements, bond discounts and premiums are deferred and amortized over the life of the bonds using the proportionate-to-stated-interest method. Long-term debt is reported net of the applicable bond premium or discount.

In the governmental fund financial statements, bond premiums and discounts are recognized during the current period. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Compensated Absences. The personal leave policy of the County generally provides for the accumulation of up to forty (40) days earned personal leave with such leave being fully vested when earned. Personal leave earned above the annual provision converts to sick leave. The personal leave policy of the Authority generally provides for the accumulation of time depending on the length of service and job classification. Personal leave may accumulate to a maximum of 480 hours. The Medical Center provides for accumulation of personal leave at varying rates depending on years of service and a maximum carry over amount from one fiscal year to the next which also varies based on years of service. Annually, the Medical Center buys back excess accrued vacation over 480 hours. The ABC Board employees may accumulate up to 120 hours of leave which is based on time of service. The personal leave policy of the TDA generally provides for the accumulation of up to one year's earned personal leave with such leave being fully vested when earned. For the County's government-wide financial statements and proprietary funds, Authority, Medical Center, and TDA, an expense and a liability for compensated absences and the salary-related payments are recorded as the personal leave is earned. Compensated absences are reported in governmental funds only if they matured.

The sick leave policy of the County, the ABC Board, and the Authority generally provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. The sick leave policy of the TDA provides for the accumulation of up to 240 hours of earned sick leave; however, sick leave does not vest. Since the County, the ABC Board, the Authority, and TDA have no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave is reported. The Medical Center did not disclose their policies.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Accounting Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

E. Net Position/Fund Balances

Net Position

Net position in the government-wide and proprietary fund financial statements are classified as follows:

- **Net Investment in Capital Assets** – This component of net position consists of capital assets, including any restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributed to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- **Restricted** – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – This component of net position consists of assets that do not meet the definition of “restricted” or “net invested in capital assets” above.

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:

- **Non-Spendable 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.

Inventory – portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Prepays – portion of fund balance that is not an available resource because it represents the year-end balance of ending prepaid expenses, which are not spendable resources.

- **Restricted Fund Balance** – This classification includes revenue sources that are restricted to specific purposes externally imposed by creditors, grantors, or imposed by law.

Restricted for Stabilization for 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 exceeds the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

Restricted for General Government – portion of fund balance that is restricted by revenue source for renovation and improvements to the Cobb Annex and 320 Chestnut general government facilities in addition to Heritage Park and Marquis Hills.

Restricted for Register of Deeds – portion of fund balance that is restricted by revenue source to pay for the computer equipment and imaging technology for the Register of Deeds office.

Restricted for Human Services – portion of fund balance that is restricted by revenue source for the Public Health Foundation.

Restricted for Public Safety – portion of fund balance that is restricted by revenue source for public safety related activities such as police controlled substance, federal forfeited funds, fire service district tax revenue, emergency telephone system grant funds, and local law enforcement block grant funds.

Restricted for Economic and Physical Development – portion of fund balance that is restricted by revenue source to pay for erosion control expenses from the Room Occupancy tax fund and Masons Inlet Relocation Capital Project.

Restricted for Culture and Recreation – portion of fund balance that is restricted by revenue source for the Parks Conservancy of NHC and Airlie Gardens.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Restricted for Education – portion of fund balance that is restricted by revenue source to support public education with the \$164M bond issuance for the Cape Fear Community College capital projects and the \$160M bond issuance for the school bond capital projects.

Purpose	General Fund	Room Occupancy Fund	\$164M CFCC Capital Project Fund	\$160M School Bond Capital Project Fund	Other Governmental Funds
Restricted, all other:					
Register of Deeds	\$ 271,537	\$ -	\$ -	\$ -	\$ -
General government	-	-	-	-	184,840
Human services	-	-	-	-	21,533
Public safety	-	-	-	-	2,468,288
Economic and physical development	-	40,683,094	-	-	7,235,181
Culture and recreation	-	-	-	-	4,768,255
Education	-	-	1,105,877	42,432,868	-
Total	<u>\$ 271,537</u>	<u>\$ 40,683,094</u>	<u>\$ 1,105,877</u>	<u>\$ 42,432,868</u>	<u>\$ 14,678,097</u>

- Committed Fund Balance** – This classification includes amounts that can be used only for specific purposes determined by a formal action of the government’s highest level of decision-making authority. The Board of Commissioners is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Committed for Public Safety – portion of fund balance budgeted by the Board to be used for the Ogden Fire Station capital project and the Special Fire District Revenue Improvement Projects Capital Project.

Committed for LEO Pension Liability – portion of fund balance budgeted by the Board to be used for the Law Enforcement Officers’ Special Separation Allowance liabilities.

Purpose	General Fund	Other Governmental Funds
Public safety	\$ -	\$ 37,734
LEO pension liability	3,391,592	-
Total	<u>\$ 3,391,592</u>	<u>\$ 37,734</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

- **Assigned Fund Balance** – This classification includes revenue sources that are assigned to a specific purpose internally imposed by the County’s intent to be used for a specific purpose, but are neither restricted nor committed. This portion of fund balance has been budgeted by the Board of Commissioners.

Assigned for Subsequent Year’s Expenditures – portion of fund balance that is appropriated in the next year’s budget that is not already classified in restricted or committed. The governing body approves the appropriations; however, the budget ordinance authorizes the manager and/or budget director, as designee, to modify the appropriations within budget function and fund without limitation and without reporting to the board. Movements between budget functions within the same fund up to \$2,500 must be reported to the budget.

Assigned for Post-Employment Benefits – portion of fund balance that has been budgeted by the Board for payments into the post-employment benefits trust.

Assigned for Capital Improvement Plan – portion of fund balance that has been assigned for the purpose of paying for future capital and capital project needs.

Assigned for Revolving Loans – portion of fund balance that has been budgeted by the Board to fund revolving loans.

Purpose	Other		
	General Fund	Debt Service Fund	Governmental Funds
Subsequent year's expenditures	\$ 2,237,481	\$ 5,184,948	\$ -
Post-employment benefits	4,300,000	-	-
Capital improvement plan	750	-	-
Revolving loans	-	-	85,207
Total	<u>\$ 6,538,231</u>	<u>\$ 5,184,948</u>	<u>\$ 85,207</u>

- **Unassigned Fund Balance** – portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. The general fund can have either a positive or negative fund balance. Other funds can have only a negative unassigned fund balance if expenditures exceed the amounts available in the non-spendable, restricted and committed classifications. These other funds should report a negative unassigned fund balance after all assigned amounts have been eliminated.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The spending practices for programs with multiple revenue sources in New Hanover County guides the Finance Officer to spend funds using the following hierarchy: bond proceeds, federal funds, State funds, local funds, and County funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly, unassigned fund balance. The Finance Officer has the authority to deviate from this practice if it is in the best interest of the County.

The following schedule provides management and citizens with information on the portion of General Fund balance that is available for appropriation:

Total fund balance - General Fund	\$ 97,399,240
Less:	
Inventories	9,929
Prepays	85,674
Stabilization by State statute	34,445,640
Register of Deeds	<u>271,537</u>
Total available fund balance	<u>\$ 62,586,460</u>

The County has also adopted a fund balance policy that requires an available fund balance in the General Fund in an amount no less than 8% of the General Fund expenditures at the end of each fiscal year. It also establishes the goal of maintaining unassigned fund balance in the General Fund in an amount between 18% (approximately two and two-tenths of a month) and 21% (approximately two and a half months) of the General Fund expenditures and outflows at the end of each fiscal year. If the unassigned fund balance level exceeds the 21% ceiling in a given year, the Board of County Commissioners delegates authority to assign the funds for the purpose of paying for future capital and capital project needs.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end.

Encumbrances:	
General Fund	\$ 3,993,160
Room Occupancy Tax	174,478
Special Fire District	88,280
Emergency Telephone System	5,922
Pine Valley Branch Library	30,400
Capital Improvement Projects	590,107
Masons Inlet Relocation	331,960
Health and Human Services Facility	6,413,993
Juvenile Justice Facility	511,186
Bike/Pedestrian Paths	4,703
Special Fire District Ogden Fire Station	<u>1,680</u>
Total encumbrances	<u>\$ 12,145,869</u>

F. Defined Benefit Pension Plans

The County participates in two cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State: the Local Governmental Employees' Retirement System ("LGERS") and the Register of Deeds' Supplemental Pension Fund ("RODSPF") (collectively, the "State-administered defined benefit pension plans"). For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the State-administered defined benefit pension plans and additions to/deductions from the State-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the State-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the State-administered defined benefit pension plans. Investments are reported at fair value.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

G. Reconciliation of Government-Wide and Fund Financial Statements

1. 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 summary reconciliation between total fund balance – governmental funds and net position of governmental activities as reported in the government-wide Statement of Net Position. The net adjustment of (\$603,514,573) consists of several elements as follows:

Deferred charges related to refunding bond issue - included on the government-wide Statement of Net Position but are not current financial resources	\$ 14,813,681
Capital assets used in governmental activities are not financial resources and are, therefore, not reported in the funds (total capital assets on the government-wide Statement of Net Position in governmental activities column)	183,594,032
Net pension asset - RODSPF	435,537
Contributions to the pension plan in the current fiscal year	30,615,738
Other long-term assets are not available to pay for current period expenditures	21,073,193
Liabilities for deferred inflows of resources reported in the fund statements but not for government-wide	2,418,997
Pension related deferrals - LGERS & LEOSSA	(3,549,639)
Deferrals related to OPEB	(5,375,063)
Liabilities that, because they are due and payable in the current period, do not require current resources to pay and are, therefore, recorded in the fund statements:	
Bonds and installment financing	(419,336,726)
Unamortized premiums and discounts	(26,651,515)
Accrued interest payable	(5,093,089)
Compensated absences	(10,201,161)
Total net pension obligation (LEOSSA)	(11,009,837)
Net pension obligation (LGERS)	(33,812,511)
Total OPEB liability	(341,361,210)
Claims and judgments	(75,000)
Total adjustment	<u>\$ (603,514,573)</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

2. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of position.

The governmental fund statement of revenues, expenditures, and changes in fund balances include a summary reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide Statement of Activities. There are several elements of that total adjustment of (\$41,220,029) as follows:

(continued on next page)

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Capital outlay expenditures recorded in the fund statements but capitalized as assets in the Statement of Activities	\$ 29,220,730
Loss on disposal of assets	(95,932)
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the Statement of Activities but not in the fund statement	(8,939,269)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the Statement of Activities - it affects only the government-wide Statement of Net Position	(70,100,876)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	30,615,738
OPEB benefit payments paid and administrative costs made in the current fiscal year are not included on the Statement of Activities	5,638,448
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the Statement of Net Position in the government-wide statements	38,867,001
Changes on unamortized debt discounts and premiums	(1,046,329)
Net amortization of deferred charges related to refunded bond issue	(1,674,956)
Expenses reported in the Statement of Activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements:	
Accrued interest payable	(578,955)
Compensated absences	(1,704,408)
Net pension obligation	(12,713,183)
Total OPEB liability	(25,647,131)
Pension expense	(20,501,752)
Revenues reported in the Statement of Activities that do not provide Revenue in the fund statements that are repayments of long-term receivables are not recorded as a revenue in the Statement of Activities:	
Repayments of long-term receivable	(2,186,471)
Decrease in deferred inflows of resources - special assessments	211,314
Decrease in deferred inflows of resources - miscellaneous revenue	(97,686)
Reversal of deferred inflow of resources - tax revenue - June 30, 2018	(2,499,811)
Recording of deferred inflow of resources - taxes receivable in the fund statements as of June 30, 2019	<u>2,013,499</u>
Total adjustment	<u>\$ (41,220,029)</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

H. Stewardship, Compliance, and Accountability

Budgetary Information. Annual budgets are adopted as required by North Carolina General Statutes. All budgets are prepared using the modified accrual basis of accounting. Budgets are prepared on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds except the capital projects funds, which adopt project ordinances. Proprietary funds are budgeted in the same manner as governmental type funds and, as such, are not budgeted on the accrual basis. The County follows these procedures in establishing the budgetary data reflected in the financial statements:

In the General Fund, department heads are authorized to transfer budgeted line items between appropriation units within their departments if the overall departmental budget remains unchanged. The County Manager is authorized to make transfers between appropriation units within a budget function and to make transfers of up to \$2,500 between budget functions as they appear in the budget ordinance, but he must subsequently report these to the Board of Commissioners. All other funds are not budgeted by function; therefore, the County Manager can authorize transfers within the fund. The Board of Commissioners must approve all other budget transfers before they become valid. The originally adopted annual budget ordinance was increased \$64,957,769 during the fiscal year ended June 30, 2019.

Appropriations under annual budgets lapse at fiscal year-end; whereas, appropriations under project ordinances continue for the project life. The level of control for each legally adopted annual appropriated budget during the year ended June 30, 2019, was as follows:

The Public Health Foundation of New Hanover County, Inc., Parks Conservancy of New Hanover County, and the Airlie Gardens Foundation, Inc. special revenue funds (blended component units), and the Law Enforcement Officers' Pension Trust Fund did not adopt annual appropriated budgets.

Fund	Level
Governmental Funds:	
General	Function
Room Occupancy Tax Special Revenue	Fund
Special Fire District Special Revenue	Fund
Public Schools Special Revenue	Fund
Revolving Loan Program	Fund
Emergency Telephone System Special Revenue	Fund
Local Local Enforcement Block Grant Special Revenue	Fund
Proprietary Fund:	
Environmental Management Operating	Fund

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Deficit Fund Balance of Individual Funds not appropriated in subsequent year's budget ordinance. For the fiscal year ended June 30, 2019, five individual funds had a deficit fund balance. The deficit fund balance in the Bike/Pedestrian Paths Capital Project is a result of timing of grant drawdowns. The deficit in the Healing Transition Facility Capital Project, Juvenile Justice Facility Capital Project, and Capital Improvement Projects Capital Project is a result of timing of borrowing debt proceeds and the deficit in the Pine Valley Library Capital Project is a result of the timing of a sale of property. The deficit funds are as follows:

Deficit Fund Balance	
Fund	Amount
Bike/Pedestrian Paths Capital Project	\$ (379,530)
Healing Transition Facility Capital Project	(241,535)
Juvenile Justice Facility Capital Project	(980,495)
Pine Valley Library Capital Project	(1,149,049)
Capital Improvement Projects Capital Project	(442,490)
	<u>\$ (3,193,099)</u>

2. Detail Notes on All Funds

A. Assets

Cash, Cash Equivalents, Deposits, and Investments

Deposits. All of the County's, Authority's, Medical Center's, ABC Board's and TDA's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's, Authority's, Medical Center's, ABC Board's or TDA's agents in these units' name. Under the Pooling Method, a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer of North Carolina's ("State Treasurer") agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, Authority, Medical Center, ABC Board and TDA, these deposits are considered to be held by their agents in the entities' names. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County, Authority, Medical Center, ABC Board, TDA or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County, Authority, Medical Center, ABC Board, and TDA 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 enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County, Authority, Medical Center, ABC Board, and TDA rely on the State Treasurer to monitor those financial institutions. There is no formal policy regarding custodial credit risk for deposits.

At June 30, 2019, the County's deposits had a carrying amount of \$8,758,130 and a bank balance of \$9,306,270. Of the bank balance, \$1,021,534 was covered by federal depository insurance and \$8,284,736 was covered by collateral held under the Pooling Method.

At June 30, 2019, the Authority's deposits had a carrying amount of \$11,806,363 and a bank balance of \$11,883,898. Of the bank balance, \$500,000 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method.

At September 30, 2018, the Medical Center's deposits had a carrying amount of \$45,375,000 and a bank balance of \$47,495,000. Of the bank balance, \$250,000 per financial institution was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method.

At September 30, 2018, LCFH had cash balances in a financial institution that from time to time have exceeded federal depository insurance coverage. The carrying amount and bank balance were \$5,523,000 and \$5,526,000, respectively. Bank balances in excess of federal depository insurance limits are uninsured and uncollateralized.

At September 30, 2018, CHA had cash balance in a financial institution that from time to time have exceeded federal depository insurance coverage. The carrying amount and bank balance were \$4,083,000 and \$4,200,000, respectively. Bank balances in excess of federal depository insurance limits are uninsured and uncollateralized.

At September 30, 2018, PMH had cash balances in two financial institutions that from time to time have exceeded federal depository insurance coverage. Uninsured amounts are collateralized under the Pooling Method. The carrying amount and bank balance were \$2,658,000 and \$2,815,000, respectively.

At September 30, 2018, PQP had cash balance in a financial institution that from time to time have exceeded federal depository insurance coverage. The carrying amount and bank balance were \$378,000 and \$378,000, respectively. Bank balances in excess of federal depository insurance limits are uninsured and uncollateralized.

At June 30, 2019, the ABC Board's deposits had a carrying amount of \$5,737,384 and a bank balance of \$5,782,999. All of the bank balance was covered by federal depository insurance or collateralized under the pooling method.

At June 30, 2019, the TDA's deposits had a carrying amount of \$607,227 and a bank balance of \$576,893. The entire bank balance was covered by federal depository insurance.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Investments. At June 30, 2019, the County had the following investments and maturities:

Investment Type	Valuation	Fair Value	Less	6 to 12	More
	Measurement Method		Than 6 Months	Months	Than 12 Months
US Treasury	Fair Value-Level 1	\$ 22,849,481	\$ 2,500,000	\$ 13,000,000	\$ 7,500,000
US Government Agencies	Fair Value-Level 2	68,610,215	36,000,000	7,195,000	25,500,000
Commercial Paper	Fair Value-Level 2	10,475,277	10,500,000	-	-
NC Capital Management Trust - Government portfolio	Amortized Cost	110,584,035	-	-	-
NC Capital Management Trust - Term portfolio	Fair Value-Level 1	8,428,494	8,428,494	-	-
Fixed Income Securities - Airlie Foundation			-	-	-
Mutual Funds - Airlie Foundation	Fair Value-Level 1	3,584,406	-	-	-
Money Market	Fair Value-Level 1	84,077	-	-	-
Total		<u>\$ 224,615,985</u>	<u>\$ 57,428,494</u>	<u>\$ 20,195,000</u>	<u>\$ 33,000,000</u>

* As of June 30, 2019, the 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: Using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value of hierarchy: Level 1 are debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2 debt securities valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' benchmark quoted prices.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy limits the County's investment portfolio to maturities of at least 1) 30% maturing within 30 days, 2) 75% maturing within 180 days, and 3) 100% maturing within 3 years. The finance director may, at his/her discretion, allow a variance in the minimum portfolio percentages required to mature within 30 and 180 days if market conditions dictate and adequate cash balances are maintained. The

The Authority's policy is to continuously invest a portion of the portfolio in readily available funds such as a mutual fund or local government investment certified by the Local Government Commission pursuant to G.S. 159-30; currently, The North Carolina Management Capital Management Trust – Government Portfolio.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Credit Risk. The County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations ("NRSROs"); however, the County had no formal policy on managing credit risk. As of June 30, 2019, the County's investments in commercial paper were rated A1 by Standard & Poor's and P1 by Moody's Investors Service. The County's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAA by Standard & Poor's as of June 30, 2019. The County's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended. The County's investments in U.S. Government Agencies and U.S. Treasuries are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

The Authority's policy is to limit investments to the provisions of G.S. 159-30, and restrict the purchase of securities to the highest possible ratings whenever particular types of securities are rated. Currently, the Authority's only investments are in the North Carolina Capital Management Trust – Cash Portfolio and commercial paper, which respectively carried a rating of AAAM and A-1 by Standard and Poor's as of June 30, 2019.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County had no policy on custodial credit risk, but it contracts with the trust department of a financial institution to hold its investments in the County's name.

The Authority's formal policy indicates that the Authority shall utilize a third party custodial agent which shall be a trust department authorized to do trust work in North Carolina who has an account with the Federal Reserve.

Concentration of Credit Risk. The County places a limit of no more than 50% of the investment portfolio may be invested in any one institution. Also, no more than 50% of the investment portfolio may be invested in any one investment vehicle. No investments in the portfolio of the County violate this credit risk concentration. More than 5% of the County's U.S. Government Agencies investments are in Federal Farm Credit Bank, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, and the Federal National Management Association. These investments make up 4.38%, 6.79%, 8.98%, and 9.95% of the County's investments excluding investments with NC Capital Management Trust, respectively.

At June 30, 2019, the Authority's securities issued by JP Morgan, Credit Suisse First Boston, and Toyota represent 30%, 20%, and 20% of the Authority's investment portfolio.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

At September 30, 2018, the Medical Center's investment balance (including \$30,470,000 from Lower Cape Fear Hospice and \$716,771,000 from the Medical Center) consisted of the following:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1 to 5 Years</u>	<u>6 to 10 Years</u>	<u>11 to 20 Years</u>	<u>More Than 20 Years</u>
US Government Treasuries	\$ 30,882,000	\$ -	\$ 26,742,000	\$ -	\$ 4,140,000	\$ -
US Government Agencies	149,869,000	-	17,235,000	753,000	98,661,000	33,220,000
NC Capital Management Trust - Cash Portfolio	144,264,000	-	-	-	-	-
Department of State Treasurer - Short-Term Investment Fund (STI	111,000	-	-	-	-	-
Department of State Treasurer Trust Funds Investment Program - Equity Investment Fund	354,301,000	-	-	-	-	-
Bond Funds	6,263,000	-	-	-	-	-
Mutual Funds	22,146,000	-	-	-	-	-
Commercial Paper	59,818,000	-	-	-	-	-
Total	<u>\$ 767,654,000</u>	<u>\$ -</u>	<u>\$ 43,977,000</u>	<u>\$ 753,000</u>	<u>\$ 102,801,000</u>	<u>\$ 33,220,000</u>

Interest Rate Risk. The Medical Center's investment policy mitigates interest rate risk by providing adequate liquidity for short-term cash needs, and by making longer-term investments only with funds that are not needed for current cash flow purposes. The Medical Center also invests in collateralized mortgage obligations and mortgage backed securities. The value of the securities is based on the cash flows from principal and interest payments due on underlying mortgages. When interest rates decline, prepayments by mortgagees may increase. The resultant reduction in expected total cash flows affects the fair value of these securities and makes the fair values of these securities highly sensitive to changes in interest rates.

LCFH's investment policy mitigates interest rate risk by providing adequate liquidity for short-term cash needs by making longer-term investments only with funds that are not needed for current cash flow purposes. The policy does not formally limit maturities as a means of managing exposure to fair value losses arising from changes in interest rates.

Credit Risk. N.C. Statutes limit the Medical Center's investments to obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of specific U.S. government agencies; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; certain high quality issues of commercial paper and bankers' acceptances; investment in a commingled investment pool established and administered by the North Carolina State Treasurer; certain repurchase agreements with respect to direct obligations of the United States or obligations which are guaranteed by the United States as to principal and interest; and the NCCMT. The Medical Center's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of September 30, 2018.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The Medical Center's investment portfolio holds debentures and mortgage backed securities issued by the Federal National Mortgage Association, the Federal Home Loan Mortgage Corp, Vendee Mortgage Trust, and the Government National Mortgage Association, the Federal Home Loan Mortgage Corp., Vendee Mortgage Trust and the Government National Mortgage Association; debentures issued by the Federal Home Loan Bank and Federal Farm Credit Bank; and certain mutual funds. All are rated Aaa by Moody's Investors Service or backed by the full faith of the U.S. Government, which is rated Aaa, as of September 30, 2018.

Custodial Credit Risk. The Medical Center has no formal custodial credit risk policy in addition to the governing of N.C. Statutes.

Concentration of Credit Risk. The Medical Center's investment policy requires a balance between short/intermediate fixed income investments, broad duration fixed income securities, and investment in a commingled investment pool established and administered by the North Carolina State Treasurer as allowable under N.C. Statutes; however, it places no limit on the amount the Medical Center may invest in any one issuer. As of September 30, 2018, securities issued/backed by Fannie Mae, Freddie Mac, and Ginnie Mae represent 9.6%, 3.4%, and 7.6% of the Medical Center's investment portfolio, respectively.

At June 30, 2019, the TDA had \$4,257,195 invested with the North Carolina Capital Management Trust's Cash Portfolio which carries a credit rating of AAAM by Standard & Poor's. The North Carolina Management Trust's Portfolio is valued using amortized cost, which is NCCMT's share price. The TDA has no policy regarding credit risk.

Cash, cash equivalents, and investments of the County can be summarized as follows as of June 30, 2019:

	<u>Total</u>
Cash on hand and undeposited items	\$ 84,424
Deposits	8,758,130
Investments	<u>224,615,985</u>
Total	<u>\$ 233,458,539</u>
Primary government, unrestricted	\$ 172,174,456
Primary government, restricted	50,606,428
Agency Funds, unrestricted	<u>10,677,655</u>
Total	<u>\$ 233,458,539</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Cash, cash equivalents, and investments of the Authority can be summarized as follows as of June 30, 2019:

	<u>Total</u>
Cash on hand	\$ 1,000
Deposits	11,806,363
Investments in North Carolina Management Trust -	
Cash Portfolio	19,073,089
Commercial Paper	<u>10,201,471</u>
Total	<u><u>\$ 41,081,923</u></u>
Unrestricted	\$ 25,830,252
Restricted	<u>15,251,671</u>
Total	<u><u>\$ 41,081,923</u></u>

Cash, cash equivalents, and investments of the Medical Center can be summarized as follows as of September 30, 2018:

	<u>Total</u>
Cash on hand	\$ 32,000
Deposits	58,826,000
Investments	<u>767,654,000</u>
Total	<u><u>\$ 826,512,000</u></u>
Unrestricted	\$ 808,502,000
Restricted	<u>18,010,000</u>
Total	<u><u>\$ 826,512,000</u></u>

Cash, cash equivalents, and investments of the ABC Board can be summarized as follows as of June 30, 2019:

	<u>Total</u>
Cash on hand	\$ 30,700
Deposits	<u>5,737,384</u>
Total	<u><u>\$ 5,768,084</u></u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Cash, cash equivalents, and investments of the TDA can be summarized as follows as of June 30, 2019:

	<u>Total</u>
Deposits	\$ 607,227
Investments	<u>4,257,195</u>
Total	<u>\$ 4,864,422</u>

Receivables. The County divested its water and sewer assets and operations to Cape Fear Public Utility Authority ("CFPUA") on July 1, 2008. As part of the divestiture, CFPUA assumed all of the County's liabilities including the long-term debt. However, certain term debt issuances of the County were combined between the governmental and business-type activities and, as such, could not be transferred as part of the inter-local agreement. Accordingly, the County is continuing to service the outstanding term debt and has recorded a receivable in its governmental activities in the government-wide statements from CFPUA in the same amount as the outstanding debt issuances which were not legally transferred to CFPUA. These debt balances are now considered governmental activities debt in the government-wide statements. The term and interest rate of the receivable corresponds to the terms and interest rates of the aforementioned debt. The long-term receivable balance from the Authority is \$8,765,000 at June 30, 2019, which is recorded as other long-term receivables of governmental activities on the Statement of Net Position. The related long-term debt balances in the same amount are reported as long-term obligations of governmental activities on the Statement of Net Position at June 30, 2019.

In 2006, the County entered into an agreement with the City of Wilmington in which the County would issue bonds to fund certain City of Wilmington park projects and joint projects between the County and the City of Wilmington. Parks & recreation bonds were issued in 2008 and 2010 for these projects. A portion of these bonds were refunded in 2016 as part of the County's General Obligation Refunding Bonds issued in 2016. Accordingly, the County is servicing the outstanding debt for bonds issued in 2008, 2010, and 2016. The County has recorded a receivable in its governmental activities in the government-wide statements from the City of Wilmington in an amount that represents their portion of the outstanding debt issuances. The term and interest rate of the receivable corresponds to the terms and interest rates of the aforementioned debt. The long-term receivable balance from the City of Wilmington is \$8,855,692 at June 30, 2019, which is recorded as other long-term receivables of governmental activities on the Statement of Net Position. The related long-term debt balances of \$18,634,019, which include the County's portion of the joint projects, are reported as long-term obligations of governmental activities on the Statement of Net Position at June 30, 2019.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

In 2008, the County entered into an agreement with the New Hanover County Airport Authority in which the County would issue bonds to fund certain Airport projects. These bonds were refunded in 2010 as part of the County's Limited obligation bonds issued in 2010. The County also issued Limited Obligation Bonds in 2014 which included amounts to finance a new consolidated car rental facility construction project. Accordingly, the County is servicing the outstanding debt for these bonds. The County has recorded a receivable in its governmental activities in the government-wide statements from the Authority in an amount that represents their portion of the outstanding debt issuances. The term and interest rate of the receivable corresponds to the terms and interest rates of the aforementioned debt. The long-term receivable balance from the Authority is \$3,452,501 at June 30, 2019, which is recorded as other long-term receivables of governmental activities on the Statement of Net Position. The related long-term debt balances, are reported as long-term obligations of governmental activities on the Statement of Net Position at June 30, 2019.

Receivables at the government-wide level of the County are recorded net of allowances for doubtful accounts and are composed of the following major categories at June 30, 2019:

	Property Taxes (Other Sources)	Other Governmental Units	Other Sources	Total
Governmental Activities:				
General:				
Local sales tax	\$ -	\$ 17,287,002	\$ -	\$ 17,287,002
Grants	-	5,544,301	-	5,544,301
Other	2,892,977	1,881,835	1,306,962	6,081,774
Subtotal	2,892,977	24,713,138	1,306,962	28,913,077
Debt Service	-	4,154,711	-	4,154,711
Special Revenue	214,967	923,970	1,384,186	2,523,123
Capital Projects	-	1,295,771	-	1,295,771
Total governmental activities	3,107,944	31,087,590	2,691,148	36,886,682
Business-Type Activities:				
Enterprise	-	34,050	1,678,422	1,712,472
Fiduciary Activities:				
Agency Fund	3,325,423	-	1,079,977	4,405,400
Total	\$ 6,433,367	\$ 31,121,640	\$ 5,449,547	\$ 43,004,554
Primary Government, unrestricted				\$ 38,599,154
Agency Funds, unrestricted				4,106,211
Total				\$ 42,705,365

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Allowances for Doubtful and Uncollectible Accounts. The amounts shown in Exhibit A for receivables of the County are net of the following allowances for doubtful accounts:

Governmental Activities:

Allowance for uncollectible property taxes	\$ 4,771,970
Allowance for other uncollectible receivables	<u>5,608,135</u>
Total governmental activities	<u>\$ 10,380,105</u>

The amount shown in Exhibit A for receivables of the Authority are net of an allowance in the amount of \$50,000 for possible uncollectible accounts.

The amount shown in Exhibit A for receivables of the Medical Center are net of an allowance for uncollectible accounts of \$101,492,000.

Ad Valorem Taxes. The County collects taxes for the four municipalities located within New Hanover County and accounts for these taxes, as a fiduciary responsibility, in the Tax Clearing Agency Fund.

Analysis of Current Tax Levy (for General Fund only):

	Total Property Valuation	Rate per \$100	Levy
2018 Levy - County-wide (1)		\$ 0.5550	\$ 192,376,006
Add: Discoveries and fees			<u>180,627</u>
Subtotal			192,556,633
Less: Abatements and adjustments			<u>302,547</u>
Total adjusted levy	<u>\$ 34,555,093,669</u>		<u>\$ 192,254,086</u>
Collections			<u>\$ 191,022,582</u>

(1) Penalties assessed become a part of the tax levy but have no effect on the property valuation.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Analysis of General Fund property taxes receivable by year:

Tax Year	Taxes Receivable June 30, 2018	2018 Levy Discoveries and Fees	Collections	Abatements and Adjustments	Taxes Receivable June 30, 2019
Prior	\$ 8,087,992	\$ 1,837	\$ 1,122,613	\$ 734,742	\$ 6,232,474
2018	-	192,556,633	191,022,582	302,547	1,231,504
Total	<u>\$ 8,087,992</u>	<u>\$ 192,558,470</u>	<u>\$ 192,145,195</u>	<u>\$ 1,037,289</u>	7,463,978
Less: Allowance for uncollectible property taxes					4,571,001
Net property taxes receivable					<u>\$ 2,892,977</u>

Analysis of Current Tax Levy (for Special Fire District only):

	Total Property Valuation	Rate per \$100	Levy
2018 Levy - County-wide (1)		\$ 0.0775	\$ 10,384,154
Add: Discoveries and fees			<u>30,600</u>
Subtotal			10,414,754
Less: Abatements and adjustments			<u>511</u>
Total adjusted levy	<u>\$ 13,405,932,562</u>		<u>\$ 10,414,243</u>
Collections			<u>\$ 10,346,306</u>

(1) Penalties assessed become a part of the tax levy but have no effect on the assessed valuation.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Analysis of Special Fire District property taxes receivable by year:

Tax Year	Taxes Receivable June 30, 2018	2018 Levy Discoveries and Fees	Collections	Abatements and Adjustments	Taxes Receivable June 30, 2019
Prior	\$ 412,803	\$ -	\$ 64,246	\$ 558	\$ 347,999
2018	-	10,414,754	10,346,306	511	67,937
Total	<u>\$ 412,803</u>	<u>\$ 10,414,754</u>	<u>\$ 10,410,552</u>	<u>\$ 1,069</u>	415,936
Less: Allowance for uncollectible property taxes					<u>200,969</u>
Net property taxes receivable					<u>\$ 214,967</u>

Use-Value Assessment on Certain Lands:

In accordance with North Carolina General Statutes, agriculture, horticulture, and forest land may be taxed at present-use value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years along with accrued interest from the original due date. This tax is immediately due and payable. The following are property taxes that would become due if present use-value eligibility is lost on June 30, 2019. These amounts have not been recorded in the financial statements, since they are not available under the modified accrual basis of accounting.

Year Levied	Contingent - Gain Tax Capture
2015	\$ 796,536
2016	867,603
2017	922,315
2018	865,658
Total	<u>\$ 3,452,112</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Capital Assets. Capital assets activity of the primary government for the year ended June 30, 2019 is as follows:

	<u>Balance July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2019</u>
Governmental Activities:				
Non-Depreciable Capital Assets:				
Land	\$ 45,063,171	\$ 860,887	\$ -	\$ 45,924,058
Construction in progress	<u>8,109,056</u>	<u>25,703,453</u>	<u>14,174,647</u>	<u>19,637,862</u>
Total non-depreciable capital assets	<u>53,172,227</u>	<u>26,564,340</u>	<u>14,174,647</u>	<u>65,561,920</u>
Depreciable Capital Assets:				
Buildings	148,205,420	11,273,424	-	159,478,844
Other improvements	34,094,328	218,031	-	34,312,359
Equipment and vehicles	<u>65,917,354</u>	<u>5,339,584</u>	<u>1,152,012</u>	<u>70,104,926</u>
Total depreciable capital assets	<u>248,217,102</u>	<u>16,831,039</u>	<u>1,152,012</u>	<u>263,896,129</u>
Less Accumulated Depreciation:				
Buildings	60,612,478	3,366,292	-	63,978,770
Other improvements	23,996,382	1,417,265	-	25,413,647
Equipment and vehicles	<u>53,371,968</u>	<u>4,155,712</u>	<u>1,056,080</u>	<u>56,471,600</u>
Total accumulated depreciation	<u>137,980,828</u>	<u>\$ 8,939,269</u>	<u>\$ 1,056,080</u>	<u>145,864,017</u>
Total depreciable capital assets, net	<u>110,236,274</u>			<u>118,032,112</u>
Governmental activities capital assets, net	<u>\$ 163,408,501</u>			<u>\$ 183,594,032</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Business Type Activities:				
Non-Depreciable Capital Assets:				
Land	\$ 2,459,201	\$ -	\$ -	\$ 2,459,201
Construction in progress	6,919,386	5,558,116	9,701,693	2,775,809
Total non-depreciable capital assets	<u>9,378,587</u>	<u>5,558,116</u>	<u>9,701,693</u>	<u>5,235,010</u>
Depreciable Capital Assets:				
Buildings	21,178,626	-	-	21,178,626
Other improvements	19,332,408	9,388,433	-	28,720,841
Equipment and vehicles	<u>16,115,149</u>	<u>1,825,163</u>	<u>983,814</u>	<u>16,956,498</u>
Total depreciable capital assets	<u>56,626,183</u>	<u>11,213,596</u>	<u>983,814</u>	<u>66,855,965</u>
Less Accumulated Depreciation:				
Buildings	15,313,640	452,161	-	15,765,801
Other improvements	18,755,136	1,358,815	-	20,113,951
Equipment and vehicles	<u>6,689,346</u>	<u>1,430,303</u>	<u>743,976</u>	<u>7,375,673</u>
Total accumulated depreciation	<u>40,758,122</u>	<u>\$ 3,241,279</u>	<u>\$ 743,976</u>	<u>43,255,425</u>
Total depreciable capital assets, net	<u>15,868,061</u>			<u>23,600,540</u>
Business-type activities capital assets, net	<u>\$ 25,246,648</u>			<u>\$ 28,835,550</u>

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

Governmental Activities:

General government	\$ 1,615,614
Human services	791,846
Public safety	4,830,458
Culture and recreation	<u>1,701,351</u>
Total depreciation, governmental activities	<u>\$ 8,939,269</u>

Business-Type Activities:

Environmental management	\$ 3,241,279
Total depreciation, business-type activities	<u>\$ 3,241,279</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Capital assets activity for the Authority for the year ended June 30, 2019 is as follows:

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Non-Depreciable Capital Assets:				
Land	\$ 15,386,425	\$ 40,700	\$ -	\$ 15,427,125
Easements	888,167	-	-	888,167
Construction in progress	14,628,533	10,928,301	10,977,952	14,578,882
Total non-depreciable capital assets	<u>30,903,125</u>	<u>10,969,001</u>	<u>10,977,952</u>	<u>30,894,174</u>
Depreciable Capital Assets:				
Land improvements	1,808,135	-	-	1,808,135
Building and improvements - (Airfield and building)	142,330,555	10,721,682	706,326	152,345,911
Vehicles	1,652,230	111,367	53,679	1,709,918
Machinery and equipment	<u>4,419,308</u>	<u>388,763</u>	<u>216,748</u>	<u>4,591,323</u>
Total depreciable capital assets	<u>150,210,228</u>	<u>11,221,812</u>	<u>976,753</u>	<u>160,455,287</u>
Less Accumulated Depreciation:				
Land improvements	412,119	90,338	-	502,457
Building and improvements - (Airfield and building)	104,672,343	7,316,098	698,314	111,290,127
Vehicles	1,068,709	75,172	53,679	1,090,202
Machinery and equipment	<u>2,815,469</u>	<u>253,465</u>	<u>216,748</u>	<u>2,852,186</u>
Total accumulated depreciation	<u>108,968,640</u>	<u>7,735,073</u>	<u>968,741</u>	<u>115,734,972</u>
Total depreciable capital assets, net	<u>41,241,588</u>			<u>44,720,315</u>
Business-type activities capital assets, net	<u>\$ 72,144,713</u>			<u>\$ 75,614,489</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Capital assets activity for the Medical Center for the year ended September 30, 2018 is as follows:

	Balance October 1, 2017	Increases	Decreases	Balance September 30, 2018
Non-Depreciable Capital Assets:				
Land	\$ 22,620,000	\$ 486,000	\$ 49,000	\$ 23,057,000
Construction in progress	45,645,000	101,694,000	57,776,000	89,563,000
Total non-depreciable capital assets	<u>68,265,000</u>	<u>102,180,000</u>	<u>57,825,000</u>	<u>112,620,000</u>
Depreciable Capital Assets:				
Intangible assets	1,000,000	-	1,000,000	-
Buildings and leasehold improvements	620,909,000	33,863,000	25,972,000	628,800,000
Equipment	407,600,000	24,490,000	24,812,000	407,278,000
Total depreciable capital assets	<u>1,029,509,000</u>	<u>58,353,000</u>	<u>51,784,000</u>	<u>1,036,078,000</u>
Less Accumulated Depreciation:				
Intangible assets	917,000	83,000	1,000,000	-
Buildings and leasehold improvements and equipment	561,050,000	55,659,000	46,674,000	570,035,000
Total accumulated depreciation	<u>561,967,000</u>	<u>\$55,742,000</u>	<u>\$47,674,000</u>	<u>570,035,000</u>
Total depreciable capital assets, net	<u>467,542,000</u>			<u>466,043,000</u>
Capital assets, net	<u>\$ 535,807,000</u>			<u>\$ 578,663,000</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Capital assets activity for the ABC Board at June 30, 2019 is as follows:

	Balance			Balance
	July 1, 2018	Increases	Decreases	June 30, 2019
Non-Depreciable Capital Assets:				
Land	\$ 6,230,430	\$ -	\$ -	\$ 6,230,430
Construction in progress	712,017	556,650	-	1,268,667
Total non-depreciable capital assets	<u>6,942,447</u>	<u>556,650</u>	<u>-</u>	<u>7,499,097</u>
Depreciable Capital Assets:				
Buildings and improvements	15,175,844	-	-	15,175,844
Fixtures and equipment	1,157,859	548,386	174,129	1,532,116
Vehicles	261,050	-	-	261,050
Total depreciable capital assets	<u>16,594,753</u>	<u>548,386</u>	<u>174,129</u>	<u>16,969,010</u>
Less: Accumulated depreciation	<u>5,375,540</u>	<u>625,897</u>	<u>134,239</u>	<u>5,867,198</u>
Total depreciable capital assets, net	<u>11,219,213</u>	<u>\$ (77,511)</u>	<u>\$ 39,890</u>	<u>11,101,812</u>
Capital assets, net	<u>\$ 18,161,660</u>			<u>\$ 18,600,909</u>

Capital assets activity for the TDA for the year ended June 30, 2019 is as follows:

	Balance			Balance
	July 1, 2018	Increases	Decreases	June 30, 2019
Depreciable Capital Assets:				
Equipment	\$ 187,529	\$ 8,078	\$ 10,085	\$ 185,522
Total depreciable capital assets	187,529	8,078	10,085	185,522
Less: Accumulated depreciation	<u>145,481</u>	<u>19,249</u>	<u>10,085</u>	<u>154,645</u>
Total depreciable capital assets, net	<u>42,048</u>	<u>(11,171)</u>	<u>-</u>	<u>30,877</u>
Capital assets, net	<u>\$ 42,048</u>	<u>\$ (11,171)</u>	<u>\$ -</u>	<u>\$ 30,877</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

B. Payables

Accounts payable and accrued expenses at the government-wide level at June 30, 2019 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental Activities:			
General	\$ 10,789,183	\$ 1,875,838	\$ 12,665,021
Special revenue	253,448	314,952	568,400
Capital projects	<u>5,501,122</u>	<u>-</u>	<u>11,673,773</u>
Total governmental activities	<u>\$ 16,543,753</u>	<u>\$ 2,190,790</u>	<u>\$ 24,907,194</u>
Business-Type Activities:			
Environmental management	<u>\$ 1,588,305</u>	<u>\$ 91,219</u>	<u>\$ 1,679,524</u>
Total business-type activities	<u>\$ 1,588,305</u>	<u>\$ 91,219</u>	<u>\$ 1,679,524</u>

3. Pension Plan Obligations

The County and its component units participate in the following retirement systems:

A. Local Governmental Employees' Retirement System of North Carolina

Plan Description. The County, Authority and the ABC Board are participating employers in the statewide Local Governmental Employees' Retirement System ("LGERS"), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental 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, or by calling (919) 981-5454 or at www.osc.nc.gov.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County, Authority and ABC Board's contractually required contribution rate for the year ended June 30, 2019, was 8.50% of compensation for law enforcement officers and 7.81%, 7.80%, and 8.05%, respectively, for general employees and firefighters, actuarially determined as an amount, that when combined with employee contributions, are expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County, Authority, and ABC Board were \$7,849,186, \$232,564 and \$236,046, respectively, for the year ended June 30, 2019.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2019, the County, Authority, and ABC Board reported liabilities of \$34,470,129, \$962,934, and \$970,288, respectively, for their proportionate share of the net pension liabilities. The net pension liabilities were measured as of June 30, 2018. The total pension liability used to calculate the net pension liabilities were 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 County, Authority, and ABC Board's proportion of the net pension liabilities were based on a projection of the County, Authority, and ABC Board'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, 2019, the County, Authority, and ABC Board's proportions were 1.453%, 0.041% and 0.0409%, respectively, which were increase/(decreases) of 0.00561%, 0.00105% and 0.0086%, respectively, from their proportions measured as of June 30, 2018.

For the year ended June 30, 2019, the County, Authority, and ABC Board's recognized pension expense of \$9,847,249, \$292,548, and \$53,387, respectively.

At June 30, 2019, the County 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	\$ 5,317,922	\$ 178,443
Changes in assumptions	9,147,042	-
Net difference between projected and actual earnings on pension plan investments	4,731,723	-
Changes in proportion and differences between County contributions and proportionate share of contributions	113,402	280,861
County contributions subsequent to the measurement date	7,849,186	-
Total	<u>\$ 27,159,275</u>	<u>\$ 459,304</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 148,558	\$ 4,985
Changes in assumptions	255,525	-
Net difference between projected and actual earnings on pension plan investments	132,183	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	16,491	-
Authority contributions subsequent to the measurement date	232,564	-
Total	<u>\$ 785,321</u>	<u>\$ 4,985</u>

At June 30, 2019, the ABC Board 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	\$ 149,692	\$ 5,023
Changes in assumptions	257,477	-
Net difference between projected and actual earnings on pension plan investments	133,192	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	30,948	3,438
Board contributions subsequent to the measurement date	236,046	-
Total	<u>\$ 807,355</u>	<u>\$ 8,461</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

\$7,849,186, \$232,564 and \$236,046 reported as deferred outflows of resources related to pensions resulting from County, Authority, and ABC Board contributions, respectively, 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 inflows of resources related to pensions will be recognized in pension expense as follows:

County:

Year ended June 30:

2020	\$ 9,166,889
2021	5,884,741
2022	1,074,483
2023	2,724,672
	<u>\$ 18,850,785</u>

Authority:

Year ended June 30:

2020	\$ 266,753
2021	172,749
2022	31,463
2023	76,807
	<u>\$ 547,772</u>

ABC Board

Year ended June 30:

2020	\$ 269,446
2021	176,431
2022	39,814
2023	77,157
	<u>\$ 562,848</u>

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	3.00%
Salary increases	3.50% to 8.10%, including inflation and productivity factor
Investment rate of return	7.00%, net of pension plan investment expenses, including inflation

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study as of 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 projected across the U.S. Treasury yield curve and market expectations of forward yields 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	29.00%	1.40%
Global Equity	42.00%	5.30%
Real Estate	8.00%	4.30%
Alternatives	8.00%	8.90%
Credit	7.00%	6.00%
Inflation Protection	6.00%	4.00%
Total	100.00%	

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 3.05%. All rates of return and inflation are annualized.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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

Sensitivity of the Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

County:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability (asset)	\$ 82,800,237	\$ 34,470,129	\$ (5,915,265)

Authority:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Authority's proportionate share of the net pension liability (asset)	\$ 2,313,050	\$ 962,934	\$ (165,245)

ABC Board:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
ABC Board's proportionate share of the net pension liability (asset)	\$ 2,330,716	\$ 970,288	\$ (166,507)

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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.

B. Law Enforcement Officers' Special Separation Allowance

Plan Description. The County administers a public employee retirement system ("Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers under the age of 62 who have completed at least 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 0.85% of the annual equivalent to 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.

The Authority administers a public employee retirement system ("The Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the Authority's qualified sworn law enforcement officers. The Separation Allowance is equal to 0.85% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly, Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time County and Authority law enforcement officers are covered by the Separation Allowance. At December 31, 2018, the LEO System's membership consisted of:

	<u>County</u>	<u>Airport</u>
Retirees receiving benefits	22	-
Active plan members	<u>360</u>	<u>9</u>
Total	<u>382</u>	<u>9</u>

A separate report was not issued for either the County or Authority plan.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Summary of Significant Accounting Policies. *Basis of Accounting.* The County and Authority have chosen to fund the 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%
Salary increases	3.50% to 7.35%, including inflation and productivity factor
Discount rate	3.64%

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index.

Mortality rates are based on the RP-2014 mortality tables with adjustments for mortality improvements based on the MP-2015.

Contributions. The County is required by Article 12D of the 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 County's obligations to contribute to the plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$354,684 as benefits came due for the reporting period.

The Authority 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. The Authority paid no benefits for the year ended June 30, 2019, as there were no eligible retirees. The Authority's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2019, the County and Authority reported a total pension liability of \$11,009,837 and \$147,030, respectively. 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 assumption. For the year ended June 30, 2019, the County and Authority recognized pension expense of \$1,058,200 and \$13,733, respectively.

At June 30, 2019, the County 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	\$ 562,443	\$ -
Changes of assumptions	477,790	510,758
County benefit payments and plan administrative expenditures paid subsequent to the measurement date	237,322	-
Total	<u>\$ 1,277,555</u>	<u>\$ 510,758</u>

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,945	\$ 8,718
Changes of assumptions	6,719	5,304
Authority benefit payments and plan administrative expense made subsequent to the measurement date	-	-
Total	<u>\$ 8,664</u>	<u>\$ 14,022</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The County paid \$237,322 in benefit payments subsequent to the measurement date that are reported as deferred outflows of resources related to pensions which will be recognized as a decrease of the total pension liability in the year ended June 30, 2020. There were no amounts reported as deferred outflows of resources related to pension resulting from benefit payments and administrative expenses incurred subsequent to the measurement date for the Authority. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pensions expense as follows:

County:

<u>Year ended June 30:</u>	
2020	\$ 119,475
2021	119,475
2022	119,475
2023	138,426
2024	31,820
Thereafter	804
	<u>\$ 529,475</u>

Authority:

<u>Year ended June 30:</u>	
2020	\$ (1,269)
2021	(1,269)
2022	(1,269)
2023	(1,043)
2024	(441)
Thereafter	(67)
	<u>\$ (5,358)</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Sensitivity of the County's total pension liability to changes in the discount rate. The following presents the County's and Authority's total pension liability calculated using the discount rate of 3.64 percent, as well as what the County'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:

County:

	1% Decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
Total pension liability	\$ 11,998,097	\$ 11,009,837	\$ 10,109,317

Authority:

	1% Decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
Total pension liability	\$ 157,124	\$ 147,030	\$ 137,458

Schedule of changes in total pension liability and law enforcement officers' special separation allowance for the County:

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

Beginning balance of the pension liability as of December 31, 2017	\$ 10,390,651
Service cost	614,883
Interest on the total pension liability	322,043
Difference between expected and actual experience in the measurement of the total pension liability	544,177
Changes of assumptions and other inquiries	(463,105)
Benefit payments	(398,812)
Ending balance of the total pension liability	<u>\$ 11,009,837</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Schedule of changes in total pension liability and law enforcement officers' special separation allowance for the Authority:

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

Beginning balance of the pension liability as of December 31, 2017	\$	135,022
Service cost		10,200
Interest on the total pension liability		4,267
Differences between expected and actual experience in the measurement of total pension liability		2,322
Changes of assumptions and other inputs		(4,781)
Ending balance of the total pension liability	\$	<u>147,030</u>

The plan for the County and Authority currently use 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 as of December 31, 2014.

C. Supplemental Retirement Income Plan of North Carolina

Plan Description. The County and the Authority each contribute to the Supplemental Retirement Income Plan of North Carolina, 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 employees and general employees employed by the County and the Authority. 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.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Funding Policy. Article 12E of G.S. Chapter 143 requires the County and the Authority to contribute an amount equal to 5% of each law enforcement employee's salary, and all amounts contributed are vested immediately. Also, the law enforcement employees and general employees may make voluntary contributions to the plan.

Contributions of the County for the year ended June 30, 2019 were \$3,502,613, which consisted of \$2,053,256 from the County and \$1,449,357 from the law enforcement employees and general employees. Contributions of the Authority for the year ended June 30, 2019 were \$49,276, which consisted of \$25,951 from the Authority and \$23,325 from the law enforcement employees.

The Authority is only required to make contributions of behalf of the law enforcement employees. The Authority has elected to contribute on behalf of employees not engaged in law enforcement at the same rate as for law enforcement employees. Authority contributions on behalf of employees not engaged in law enforcement were \$120,801 for the year ended June 30, 2019. The plan provides for voluntary contributions on the part of all employees. Voluntary contributions by employees not engaged in law enforcement were \$80,194 for the year ended June 30, 2019.

D. Register of Deeds' Supplemental Pension Fund

Plan Description. The County also contributes to the Registers of Deeds' Supplemental Pension Fund ("RODSPF"), a noncontributory cost-sharing multiple-employer, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Governmental Employees' Retirement System ("LGERS") or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 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 Registers of Deeds' Supplemental Pension Fund 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 the Registers of Deeds' Supplemental Pension Fund. 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 or at www.osc.nc.gov.

Benefits Provided. An individual's benefits for the year are calculated as a share of accumulated contributions available for benefits for that year, subject to certain statutory limits. An individual's eligibility is based on at least 10 years of service as a Register of Deeds with the individual's share increasing with years of service. Because of the statutory limits noted above, not all contributions available for benefits are distributed.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$21,861 for the year ended June 30, 2019.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2019, the County reported an asset of \$435,537 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2018. The total pension liability used to calculate the net pension asset 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 County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2018, the County's proportion was 2.6296% a decrease of 0.1162% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the County recognized pension expense of \$78,604. At June 30, 2019, the County 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	\$ 3,839	\$ 19,880
Changes of assumptions	20,484	-
Net difference between projected and actual earnings on pension plan investments	69,421	-
Changes in proportion and differences between County contributions and proportionate share of contributions	16,882	3,897
County contributions subsequent to the measurement date	21,861	-
Total	<u>\$ 132,487</u>	<u>\$ 23,777</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

\$21,861 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset 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	\$	42,000
2021		13,610
2022		20,458
2023		<u>10,781</u>
	\$	<u>86,849</u>

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	3.00%
Salary increases	3.50% to 7.75%, including inflation and productivity factor
Investment rate of return	3.75%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study as of 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. 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 adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2019 is 1.4%.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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

Discount Rate. The discount rate used to measure the total pension liability was 3.75%. The projection of cash flows used to determine the discount rate assumed that contribution from employers will be made at statutorily required rates. 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 County's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 3.75%, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75%) or 1-percentage-point higher (4.75%) than the current rate:

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension liability (asset) \$	(343,397)	\$ (435,537)	\$ 513,241

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.

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

The net pension liability for LGERS and RODSPF 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 County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The total pension liability for the Law Enforcement Officers' Special Separation Allowance ("LEOSSA") was measured as of December 31, 2018, with an actuarial valuation date of December 31, 2017.

Following is information related to the proportionate share and pension expense for the County:

	LGERS	ROD	LEOSSA	Total
Proportionate Share of Net Pension Liability (Asset)	\$ 34,470,129	\$ (435,537)	\$ -	\$ 34,034,592
Proportion of the Net Pension Liability (Asset)	1.4530%	-2.6295%	n/a	n/a
 Total Pension Liability	 \$ -	 \$ -	 \$ 11,009,837	 \$ 11,009,837
 Pension Expense	 \$ 9,847,249	 \$ 78,604	 \$ 1,058,200	 \$ 10,984,053
	LGERS	ROD	LEOSSA	Total
Deferred Outflows of Resources				
Differences between expected and actual experience	\$ 5,317,922	\$ 3,839	\$ 562,443	\$ 5,884,204
Changes of assumptions	9,147,042	20,484	477,790	9,645,316
Net difference between projected and actual earnings on plan investments	4,731,723	69,421	-	4,801,144
Changes in proportion and differences between contributions and proportionate share of contributions	113,402	16,882	-	130,284
County contributions (LGERS,ROD)/benefit payments and administrative costs paid subsequent to the measurement date	7,849,186	21,861	237,322	8,108,369
Deferred Inflows of Resources				
Differences between expected and actual experience	\$ 178,443	\$ 19,880	\$ -	\$ 198,323
Changes of assumptions	-	-	510,758	510,758
Changes in proportion and differences between contributions and proportionate share of contributions	280,861	3,897	-	284,758

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Following is information related to the proportionate share and pension expense for the Authority:

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension expense	\$ 292,548	\$ 13,733	\$ 306,281
Proportionate share of the net pension liability	0.0406%	n/a	n/a
 Total Pension Liability	 \$ 962,934	 \$ 147,030	 \$ 1,109,964
	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$ 148,558	\$ 1,945	\$ 150,503
Changes of assumptions	255,525	6,719	262,244
Net difference between projected and actual earnings on plan investments	132,183	-	132,183
Changes in proportion and differences between contributions and proportionate share of contributions	16,491	-	16,491
Benefit payments and administrative costs paid subsequent to the measurement date	232,564	-	232,564
Deferred Inflows of Resources			
Differences between expected and actual experience	4,985	8,718	13,703
Changes of assumptions	-	5,304	5,304

F. New Hanover Regional Medical Center (NHRMC) Pension Plan

The Medical Center Plan Description. The Medical Center sponsors and has fiduciary responsibility for The Pension Plan of New Hanover Regional Medical Center (the "Medical Center Plan"). The Plan was originally effective June 14, 1967, and was most recently amended in December 2012 to comply with the Heroes Earnings Assistance and Relief Tax Act of 2008. The Plan is a single employer plan, covering all employees of the Medical Center (including Foundation) and certain employees of CHA who meet eligibility requirements. The plan was created by act of the Trustees of the Medical Center, who have the authority to amend or terminate the Plan.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Medical Center Benefits Paid: An employee is eligible to participate in the plan upon completion of 1,000 hours of service in a plan year. Employees may retire with unreduced retirement benefits upon attainment of the age of 65 (if participation in the plan was prior to January 1, 1988) or the later of age 65 or completion of five years of participation (if participation in the plan was on or after January 1, 1988). Employees hired prior to January 1, 2001 who retire under the above conditions are entitled to annual retirement benefits equal to 1.25% of their average compensation times the years of service up to 30 years and .65% of the excess, if any, of the average compensation over Social Security covered compensation, times the years of service up to 30 years. Employees hired on or after January 1, 2001, who retire under the above conditions are entitled to annual retirement benefits equal to .75% of their average compensation times the years of service up to 30 years and .65% of the excess, if any, of the average compensation over Social Security covered compensations, times the years of service up to 30 years. The average compensation is the average salary of the employee during the five highest paid consecutive calendar years of creditable service during the ten calendar years preceding the employee's retirement date.

Employees may retire with reduced retirement benefits after reaching age 55 and completing five years of creditable service. Plan provisions also include death and disability retirement benefits, whereby the disabled employee is entitled to receive their normal retirement benefit accrued up to the date of disability retirement. Upon death of an employee before retirement, benefit payments will be paid to the surviving spouse, if any. If there is no surviving spouse, the death benefit will be split among surviving children or paid to a designated beneficiary. Upon the death of an employee after retirement, benefit payments will be distributed in accordance with the method elected by the employee.

The Plan issues a separate, stand-alone financial report that can be obtained by contacting the office of the Executive Vice President/CFO, P.O. Box 9000, Wilmington, North Carolina 28402.

Funding Policy. The contribution requirements of the contributing employers to the Medical Center plan are established by the Plan Document and determined annually by the Medical Center based on actuarial recommendations. Contributions to the pension plan from the Medical Center were \$15,551,000 for the year ended September 30, 2018.

Pension, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2018, the Medical Center reported a net pension obligation of \$50,113,000. The net pension obligation was measured as of September 30, 2017. The total pension liability used to calculate the net pension obligation was determined by an actuarial valuation as of January 1, 2017. The total pension liability was then rolled forward to the measurement date of September 30, 2017 utilizing updated procedures incorporating the actuarial assumptions.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

For the year ended September 30, 2018, the Medical Center recognized pension expense of \$15,823,000. At September 30, 2018, the Medical Center 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	\$ 8,728,000	\$ 764,000
Net difference between projected and actual earnings on pension plan investments	-	5,646,000
Assumption changes	-	4,796,000
Contributions made in fiscal year ended September 30, 2016	15,551,000	-
Total	<u>\$ 24,279,000</u>	<u>\$ 11,206,000</u>

\$15,551,000 reported as deferred outflows of resources related to pensions resulting from the Medical Center's contributions subsequent to the measurement date will be recognized as a decrease of the net pension obligation in the year ended September 30, 2019. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:

2019	\$ 656,000
2020	1,777,000
2021	(3,137,000)
2022	(1,774,000)
	<u>\$ (2,478,000)</u>

Medical Center Actuarial Assumptions. The total pension liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases	3.00%
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Mortality rates were based on the RP-2006 with generational MP-2015 projection.

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 projected across the U.S. Treasury yield curve and market expectations of forward yields 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 September 30, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equity	40.00%	4.50%
Small Cap U.S. Equity	5.00%	4.99%
International Equity	2.50%	4.99%
Emerging Markets Equity	7.50%	6.35%
Core U.S. Fixed Income	17.50%	1.96%
High Yield Bonds	7.50%	2.25%
Emerging Market Bonds (Corporate USD)	2.50%	3.52%
Emerging Market Bonds (Sov. Local)	5.00%	4.30%
Hedge Fund-of-Funds Universe	5.00%	3.32%
Commodities	7.50%	3.62%
Total	<u>100.00%</u>	

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Medical Center Discount Rate. The discount 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 the 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 pension liability.

	Net Pension Liability
Balance at September 30, 2017	\$ 58,927,000
Changes for the year:	
Service cost	9,818,000
Interest	18,848,000
Difference between expected and actual experience	8,756,000
Assumption changes	(4,858,000)
Contributions - employers	(14,506,000)
Net investment income	(27,112,000)
Administrative expenses	240,000
Other changes	-
Net changes	(8,814,000)
Balance at September 30, 2018	\$ 50,113,000

Sensitivity of the Medical Center's Pension Liability to Changes in the Discount Rate. The following presents the Medical Center's net pension liability calculated using the discount rate of 7.00%, as well as what the Medical Center's net pension liability would be if it were calculated using a discount rate that was 1-percentage point lower (6.00%) or 1-percentage point higher (8.00%) than the current rate:

	1% Decrease Decrease (6.00%)	Rate Discount Rate (7.00%)	1% Increase Increase (8.00%)
Net pension liability	\$ 80,452,000	\$ 50,113,000	\$ 30,373,000

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

G. Pender Memorial Hospital (PMH) Pension Plan

PMH Plan Description. PMH sponsors a single-employer, non-contributory defined benefit pension plan covering substantially all employees. The Plan was originally effective January 1, 1970, and was most recently amended and restated effective January 1, 2009. All employees having completed two years of services who are at least 21 years old and work a minimum of 1,000 hours annually are eligible to participate in the Plan. Retirement benefits under the Plan are based upon earnings and number of years of service of Plan participants. Employer benefits vest to 100% after five years of service. Employees hired prior to January 1, 1992 who retire under the above conditions are entitled to annual retirement benefits equal to 1% of their 1991 annual benefit compensation as defined by the Plan times the years of service prior to January 1, 1992 and .5% of their 1991 annual benefit compensation in excess of \$9,000 times the years of service after January 1, 1992. Personnel employed on or after January 1, 1992, who retire at or after age 65 with five years of credited service are entitled to an annual retirement benefit, payable monthly for a maximum of 35 years based on service to normal retirement date, in an amount equal to .75% of their average compensation as defined by the Plan and .65% of average salary in excess of the applicable covered compensation for Social Security purposes for each year of credited service after December 31, 1991. Credited service for the .5% and .65% portions is limited to a maximum of 35 years. Employees may retire with reduced retirement benefits after reaching age 60 and completing ten years of creditable service. The Plan also provides a death benefit for surviving spouses of vested employees.

The Plan issues a separate, stand-alone financial report that can be obtained by contacting the office of the Executive Vice President/CFO, P.O. Box 9000, Wilmington, North Carolina 28402.

Medical Center Funding Policy. The contribution requirements of the contributing employer to the Plan are established by the Plan document and determined annually by PMH based on actuarial recommendations. Employee contributions were required prior to January 1, 1992, based on 3% of their annual salary up to \$9,000 and 4.5% of annual salary over \$9,000. No employee contributions are required or permitted after 1991. Contributions to the pension plan from PMH were \$567,000 for the year ended September 30, 2018.

Pension, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2018, PMH reported a net pension obligation of \$3,179,000. The net pension obligation was measured as of September 30, 2017. The total pension liability used to calculate the net pension obligation was determined by an actuarial valuation as of January 1, 2017. The total pension liability was then rolled forward to the measurement date of September 30, 2017 utilizing updated procedures incorporating the actuarial assumptions.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

For the year ended September 30, 2018, PMH recognized pension expense of \$532,000. At September 30, 2018, the PMH 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	\$ 136,000	\$ 9,000
Net difference between projected and actual earnings on pension plan investments	-	44,000
Assumption changes	-	103,000
Contributions made in fiscal year ending September 30, 2018	567,000	-
Total	<u>\$ 703,000</u>	<u>\$ 156,000</u>

\$567,000 reported as deferred outflows of resources related to pensions resulting from PMH's contributions subsequent to the measurement date will be recognized as a decrease of the net pension obligation in the year ended September 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:

2019	\$ (1,000)
2020	45,000
2021	(36,000)
2022	(28,000)
	<u>\$ (20,000)</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

PMH Discount Rate. The discount 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 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 pension liability.

	Net Pension Liability
Balance at September 30, 2017	<u>\$ 3,300,000</u>
Changes for the year:	
Service cost	243,000
Interest	597,000
Difference between expected and actual experience	107,000
Assumption changes	(111,000)
Contributions - employers	(535,000)
Net investment income	(517,000)
Administrative expenses	95,000
Other changes	<u>-</u>
Net changes	<u>(121,000)</u>
Balance at September 30, 2018	<u><u>\$ 3,179,000</u></u>

Actuarial Assumptions. The total pension liability in the January 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.10%
Salary increases	3.00%
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 with generational MP-2015 projection.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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 projected across the U.S. Treasury yield curve and market expectations of forward yields 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 September 30, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity (Large Cap)	40.00%	4.50%
Domestic Equity (Small Cap)	5.00%	5.00%
International Equity	10.00%	5.00%
Core U.S. Fixed Income	44.00%	2.00%
Cash	1.00%	1.20%
Total	100.00%	

Sensitivity of the PMH's Pension Liability to Changes in the Discount Rate. The following presents PMH's net pension liability calculated using the discount rate of 7.00%, as well as what the PMH's net pension liability would be if it were calculated using a discount rate that was 1-percentage point lower (6.00%) or 1-percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Net pension liability	\$ 4,714,000	\$ 3,179,000	\$ 2,106,000

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

H. New Hanover Regional Medical Center (NHRMC) Defined Contribution Retirement Plans

Plan Description. The Medical Center offers a defined contribution plan under IRS code section 403(b) which is available to all employees and administered by AIGValic. Under provisions of the Plan document, the Medical Center matches employee contributions according to a Plan formula, which is weighted for years of service. This match was suspended in January 2010. Employee contributions vest when made, employer contributions vest after three calendar years of service with 1,000 hours worked in each year.

Employee optional contributions totaled approximately \$12,840,000 and \$11,515,000 for the years ended September 30, 2018 and 2017, respectively. Employee contribution percentages were 3.7% and 3.6% of total payroll for the years ended September 30, 2018 and 2017, respectively. There were no employer matching contributions by the Medical Center for the years ended September 30, 2018 and 2017.

The Medical Center also offers all employees a retirement plan created in accordance with the Internal Revenue Code, Section 457(b). The Medical Center is not required to match employee contributions or make employer contributions to the plan. In accordance with the provisions of GASB Statement 32, plan balances and activities are not reflected in the Medical Center's financial statements.

CHA offers a defined contribution plan under IRS code section 403(b) which is available to all employees and administered by AIGValic. Under provisions of the Plan document, CHA matches employee contributions according to a Plan formula, which is weighted for years of service. Employee contributions vest when made, employer contributions vest after three calendar years of service with 1,000 hours worked in each year.

CHA employer required and actual matching contributions totaled approximately \$911,000 and \$909,000, and employee optional contributions totaled approximately \$1,783,000 and \$1,697,000, for the years ended September 30, 2018 and 2017, respectively. Employee contribution percentages were 2.26% and 2.27%, and employer contribution percentages were 4.42% and 4.24% of total payroll for the years ended September 30, 2018 and 2017, respectively.

As of January 1, 2009, LCFH adopted a defined contribution plan under IRS code section 403(b) and an elective deferral plan. The plans cover qualified employees of LCFH, which is generally all employees. LCFH can match contributions to the 403(b) plan, but is not required to do so. Employer contributions vest after three complete years of service. During the year ending September 30, 2015, management elected to discontinue the employer retirement contribution.

PMH offers a defined contribution plan under IRS code section 403(b), which is available to all employees and is administered by AIGValic. There is no match made by PMH; all contributions are made by employees only. Employee contributions vest when made.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

I. New Hanover County ABC Board Supplemental Retirement Plan

Plan Description. The ABC Board contributes to the Supplemental Retirement Income Plan, a defined contribution pension plan administered by the Department of the State Treasurer and a Board of Trustees. 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 is included in the Comprehensive Annual Financial Report ("CAFR") for the State of North Carolina. The State's CAFR includes the Supplemental Retirement Income Plan. 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.

The plan covers all employees who are also eligible to participate in the Local Government Employee's Retirement System. The Board's contribution is based on matching 100% of employee's contributions ranging from 1% to 5% of salary deferral elected by each eligible employee. The Board's contribution for the years ended June 30, 2019 and 2018 were \$66,124 and \$64,519, respectively.

J. New Hanover County Tourism Development Authority Employee Pension Plan

The TDA maintains a simplified employee pension plan, a non-contributory defined contribution plan. An employee must have been employed by the TDA for at least three of the last five years to qualify for the plan and be at least 21 years of age.

During the year ended June 30, 2019, the TDA's contributions to the plan totaled \$50,840, representing 10.0%, of eligible employees' salaries.

K. Deferred Compensation Plan

The County and the Authority offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, available to employees, permit 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 emergency. All assets of the plans are held in trust for the exclusive benefit of the participants and their beneficiaries.

The Medical Center offers all employees a retirement plan created in accordance with the Internal Revenue Code Section 457(b). The Medical Center is not required to match employee contributions or make employer contributions to the plan. In accordance with the provisions of GASB Statement 32, plan balances and activities are not reflected in the Medical Center's financial statements. In addition, the Medical Center offers two supplemental retirement plans under IRC Section 457(f) to certain eligible employees. The Medical Center has recorded a liability of approximately \$1,501,000 and \$2,067,000 as of September 30, 2018 and 2017, respectively, in accordance with the provisions of these plans.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The Medical Center has assumed assets and liabilities of the former Cape Fear Memorial Hospital, Inc. deferred compensation plan. The assets are valued at fair value as of the Statement of Net Position date. There are no additional deferrals being made to the plan and no active employees participating. The Medical Center has recorded a liability of approximately \$235,000 as of September 30, 2018 and 2017, in accordance with the provisions of this plan.

L. Other Post-Employment Benefits

Plan Description.

County: Under the terms of a County resolution, the County administers a single-employer defined benefit healthcare plan. The Authority may amend the benefits provisions. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. A separate report was not issued for the plan.

Authority: Under the terms of an Authority resolution, the Authority administers a single-employer defined benefit healthcare plan. The Authority may amend the benefits provisions. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. A separate report was not issued for the plan.

ABC Board: The ABC Board has adopted, by resolution, a single employer, defined benefit health insurance plan.

Benefits Provided.

County: The County provides post-employment healthcare benefits to retirees of the County, provided they have at least five consecutive years of service with the County immediately prior to retirement. Employees may maintain the type of coverage in effect at the time of retirement; however, the retiring employee must make an election to continue or terminate coverage at the time of retirement and may not elect coverage at a future date. Retirees at the age of 65 must obtain primary coverage through the Federal Medicare Plan (Part A & B), which will become primary, and the County's Medical Insurance Plan will assume secondary responsibility for covered medical services.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The County pays a portion of the cost of coverage based on the following scale:

<u>Years of Service in Retirement System</u>	<u>Contribution</u>
At least 5 but less than 15	0.00%
At least 15 but less than 20	25.00%
At least 20 but less than 25	50.00%
At least 25 but less than 30	75.00%
30 or more	Prevailing payroll rate for individual coverage

Membership of the healthcare benefits for the County's plan consisted of the following at June 30, 2018, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	429
Active plan members	<u>1,687</u>
	<u>2,116</u>

Authority: The plan provides healthcare benefits to retirees of the Authority who have not yet reached their 65th birthday and who participate in the North Carolina Local Government Employee's Retirement System (System). If the retiree's age and service equal 70 years with 10 years of creditable service, the Authority will pay 100% of the premium not to exceed \$300 per month, and with five years of creditable service, the Authority pays 50% of the premium not to exceed \$150 per month.

Membership of the healthcare benefits for the Authority's plan consisted of the following at June 30, 2017, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	5
Active plan members	<u>44</u>
	<u>49</u>

ABC Board: Upon retirement of each employee who has been continuously employed by the ABC Board for thirty years or service or continuously employed by the ABC Board for twenty-five years of service and reached age sixty, the Board shall pay and provide medical insurance coverage at no costs to said employee unit such time as said employee is eligible for Medicare Benefits. Thereafter, the Board shall pay and provide to each qualifying employee, supplemental insurance to Medicare Benefits they are eligible to receive.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Membership of the healthcare benefits plan for the ABC Board consisted of the following at June 30, 2018, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	8
Active plan members	46
	<hr/>
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Total OPEB Liability.

The County's total OPEB liability of \$348,000,326 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless other specified:

Inflation	2.50%
Real wage growth	1.00%
Wage inflation	3.50%
Salary increases, including wage inflation	
General Employees	3.50% - 7.75%
Firefighters	3.50% - 7.75%
Law Enforcement Officers	3.50% - 7.35%
Municipal Bond Index Rate	
Prior measurement date	3.56%
Measurement date	3.89%
Health care cost trend rates	
Pre-Medicare	7.25% for 2018 decreasing to an ultimate rate of 4.75% by 2028
Medicare	5.38% for 2018 decreasing to an ultimate rate of 4.75% by 2022
Dental	4.00%

The discount rate used to measure the total OPEB liability was based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Bond Buyer.

The Authority's total OPEB liability of \$307,921 was measured as of June 30, 2018, and was based on a June 30, 2017 actuarial valuation. The total OPEB liability was then rolled forward to the measurement date of June 30, 2018 utilizing procedures incorporating the actuarial assumptions.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless other specified:

Inflation	2.50%
Salary increases	3.50% - 7.75%, including inflation
Discount rate	3.89%
Healthcare cost trend rates	7.50%

The discount rate used to measure the total OPEB liability was based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Bond Buyer.

The ABC Board's total OPEB liability of \$1,083,961 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless other specified:

Inflation	2.50%
Salary increases	3.50% - 7.75%, including inflation
Discount rate	3.89%
Healthcare cost trend rates	
Pre-Medicare	7.50% for 2017 decreasing to an ultimate rate of 5.00% by 2023 Total OPEB liability
Medicare	5.50% for 2017 decreasing to an ultimate rate of 5.00% by 2020

The discount rate is based on the yield of the S&P Municipal Bond 20-Year High Grade Rate Index as of the measurement date.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Changes in the Total OPEB Liability.

County:

Balance at June 30, 2018	\$ 321,435,633
Changes for the year:	
Service cost	16,612,112
Interest	11,388,098
Differences between expected and actual experience	32,549,043
Changes in assumptions or other inputs	(30,866,839)
Benefit payments	<u>(3,117,721)</u>
Net changes	\$ 26,564,693
Balance at June 30, 2019	<u>\$ 348,000,326</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.56% to 3.89%.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

The demographic actuarial assumptions for retirement, disability incidences, withdrawal, and salary increases used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – December 31, 2014, adopted by the LGERS Board. The remaining actuarial assumptions used in the June 30, 2018 valuation were based on a review of recent plan experience done concurrently with the June 30, 2018 valuation.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.89%) or 1-percentage point higher (4.89%) than the current discount rate:

	1% Decrease (2.89%)	Discount Rate (3.89%)	1% Increase (4.89%)
Total OPEB liability	\$432,961,354	\$348,000,326	\$283,825,788

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Sensitivity of the total OPEB liability to changes in healthcare cost trend rates. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rate:

	1% Decrease	Discount Rate	1% Increase
Total OPEB liability	\$277,697,969	\$348,000,326	\$443,457,991

Authority:

Balance at June 30, 2017	\$ 308,328
Changes for the year:	
Service cost	20,509
Interest	10,498
Differences between expected and actual experience	3,481
Changes in assumptions or other inputs	(7,795)
Benefit payments	(27,100)
Net changes	\$ (407)
Balance at June 30, 2018	<u>\$ 307,921</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.56% to 3.89%.

Mortality rates based on the RP-2014 mortality tables, with adjustments from LGERS experience and generational mortality improvements using a Scale MP-2015.

The actuarial assumptions used in the June 30, 2017 valuations were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.56%) or 1-percentage point higher (4.56%) than the current discount rate:

	1% Decrease (2.89%)	Discount Rate (3.89%)	1% Increase (4.89%)
Total OPEB liability	\$ 332,214	\$ 307,921	\$ 285,584

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Sensitivity of the total OPEB liability to changes in healthcare cost trend rates. The following presents the total OPEB liability of the Authority, as well as what the ABC Board's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Total OPEB liability	\$ 288,909	\$ 307,921	\$ 330,115

ABC Board:

Balance at June 30, 2018	\$ 1,098,600
Changes for the year:	
Service cost	40,751
Interest	38,512
Changes of benefit terms	-
Differences between expected and actual experience	103
Changes in assumptions or other inputs	(60,126)
Benefit payments	(33,879)
Net changes	<u>\$ (14,639)</u>
Balance at June 30, 2019	<u><u>\$ 1,083,961</u></u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.56% to 3.89%.

Mortality rates were based on the RP-2014 total data set for healthy annuitants mortality table.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period January 2010 through December 2014.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the ABC Board, as well as what the ABC Board's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.89%) or 1-percentage point higher (4.89%) than the current discount rate:

	1% Decrease (2.89%)	Discount Rate (3.89%)	1% Increase (4.89%)
Total OPEB liability	\$ 1,281,895	\$ 1,083,961	\$ 927,657

Sensitivity of the total OPEB liability to changes in healthcare cost trend rates. The following presents the total OPEB liability of the ABC Board, as well as what the ABC Board's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rate:

	1% Decrease	Discount Rate	1% Increase
Total OPEB liability	\$ 907,423	\$ 1,083,961	\$ 1,313,527

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended June 30, 2019, the County, Authority, and ABC Board recognized OPEB expense of \$23,176,577, \$28,988, and \$54,654, respectively.

At June 30, 2019, the County 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	\$ 28,909,062	\$ -
Changes in assumptions	-	57,486,437
Benefit payments and administrative costs made subsequent to the measurement date	23,097,772	-
Total	<u>\$ 52,006,834</u>	<u>\$ 57,486,437</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

At June 30, 2019, the Authority 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	\$ 7,210	\$ -
Changes in assumptions	-	15,900
Total	<u>\$ 7,210</u>	<u>\$ 15,900</u>

At June 30, 2019, the ABC Board 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	\$ 91	\$ 290
Changes in assumptions	-	134,482
Benefit payments and administrative costs made subsequent to the measurement date	30,484	-
Total	<u>\$ 30,575</u>	<u>\$ 134,772</u>

\$23,097,772, \$0, and \$30,484 reported as deferred outflows of resources related to pensions resulting from benefit payments 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 for the County, Authority, and ABC Board, respectively. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

County:

Year ended June 30:

2020	\$ (4,823,633)
2021	(4,823,633)
2022	(4,823,633)
2023	(4,823,633)
2024	(4,823,633)
Thereafter	(4,459,210)
	<u>\$ (28,577,375)</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Authority:

Year ended June 30:

2020	\$	(2,019)
2021		(2,019)
2022		(2,019)
2023		(2,019)
2024		(614)
	\$	<u>(8,690)</u>

ABC Board:

Year ended June 30:

2020	\$	(19,809)
2021		(19,809)
2022		(19,809)
2023		(19,809)
2024		(19,809)
Thereafter		(35,636)
	\$	<u>(134,681)</u>

M. Other Employment Benefits

The County, ABC Board, and the Authority have elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System ("Death Benefit Plan"), a multi-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 consecutive months' salary during the 24 months prior to their death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. Because all death benefit payments are made from the Death Benefit Plan and not by the County, ABC Board, or the Authority, the County, the ABC Board, and the Authority do not determine the number of eligible participants. The County, ABC Board, and the Authority have no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment 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 County, ABC Board, and Authority consider these contributions to be immaterial.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

4. Long-Term Debt of the County

A. Debt Related to Capital Activities

Of the total Governmental Activities debt listed only \$107,005,803 relates to assets the County holds title. Unspent restricted cash related to the debt amounts to \$16,590,411.

Governmental Activity, net investment in capital assets is calculated as follows:

Capital assets, net of accumulated depreciation		\$	183,594,032
Deferred outflows of resources			14,813,681
Less: capital debt			
Gross debt	\$ (445,988,241)		
Debt related to assets to which the County does not capitalize	342,710,469		
Unspent debt proceeds, non-school related debt	<u>154,046</u>		<u>(103,123,726)</u>
Net investment in capital assets		\$	<u>95,283,987</u>

Business Type Activity, net investment in capital assets is calculated as follows:

Capital assets, net of accumulated depreciation		\$	28,835,550
Less: capital debt			
Gross debt	\$ (116,204)		
Unspent debt proceeds	<u>-</u>		<u>(116,204)</u>
Net investment in capital assets		\$	<u>28,719,346</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The following is a summary of changes in the County's long-term obligations for the year fiscal year ended June 30, 2019:

Governmental Activities	Balance July 1, 2018,	Additions/ Transfers	Retirements	Balance June 30, 2019	Due Within One Year
General obligation bonds	\$ 274,314,997	\$ 65,970,000	\$ 21,235,000	\$ 319,049,997	\$ 27,820,000
Direct placement general obligation bonds	39,875,000	-	8,480,000	31,395,000	5,925,000
Direct placement installment debt	73,912,854	4,130,876	9,152,001	68,891,729	10,539,024
Unamortized premiums and discounts	25,605,186	5,330,430	4,284,101	26,651,515	-
Compensated absences	8,496,753	6,812,930	5,108,522	10,201,161	5,898,299
Total pension liability (LEOSSA)	10,390,651	619,186	-	11,009,837	-
Net pension liability (LGERS)	21,718,514	12,093,997	-	33,812,511	-
Total OPEB liability	315,714,079	25,647,131	-	341,361,210	-
Claims and judgments	175,000	-	100,000	75,000	100,000
Total governmental activities	<u>\$ 770,203,034</u>	<u>\$ 120,604,550</u>	<u>\$ 48,359,624</u>	<u>\$ 842,447,960</u>	<u>\$ 50,282,323</u>

For the governmental activities, net pension obligations and claims and judgments are generally liquidated by the General Fund. Compensated absences are generally liquidated by the General Fund and special Fire District Special Revenue Fund.

Business-Type Activities	Balance July 1, 2018	Additions/ Transfers	Retirements	Balance June 30, 2019	Due Within One Year
Direct placement installment debt	\$ 168,342	\$ -	\$ 54,117	\$ 114,225	\$ 57,085
Unamortized premiums and discounts	4,471	-	2,492	1,979	-
Accrued landfill closure and post-closure care costs	13,901,351	4,856,863	-	18,758,214	-
Net pension liability (LGERS)	393,596	264,022	-	657,618	-
Total OPEB liability	5,721,554	917,562	-	6,639,116	-
Compensated absences	132,003	119,058	70,272	180,789	81,136
Total business-type activities	<u>\$ 20,321,317</u>	<u>\$ 6,157,505</u>	<u>\$ 126,881</u>	<u>\$ 26,351,941</u>	<u>\$ 138,221</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

General obligation bonds of the County are direct obligations and pledge the full faith and credit of the County. General obligation bonds consist of the following individual issues outstanding as of June 30, 2019:

Serviced by the General Fund and Public Schools Special Revenue Fund:

\$30,000,000 general obligation school bonds, series 2006, issued February 1 and 9, 2006 due in remaining semi-annual installments of \$750,000 through February 1, 2026; interest is at variable rates based on a weekly rate - determined by a remarketing agent due semi-annually through February 1, 2026. \$6,000,000 principal. Serviced by Debt Service Fund.	\$ 5,250,000
\$48,970,000 2009 refunding general obligation bonds due in remaining annual installments ranging from \$2,100,000 to \$7,695,000 through December 1, 2021; interest rates ranging from 3.00% to 5.00%, due semi-annually through December 1, 2021. \$19,610,000 principal plus unamortized premium of \$721,838. Serviced by Debt Service Fund.	16,847,487
\$83,030,000 2010 A&B general obligation bonds due in remaining annual installments ranging from \$4,150,000 to \$4,155,000 through August 1, 2030; interest rates ranging from 3.00% to 5.00%, due semi-annually through August 1, 2030. \$42,460,000 principal plus unamortized premium of \$2,096,083. Serviced by Debt Service Fund.	40,109,471
\$54,000,000 2013A general obligation bonds due in remaining annual installments ranging from \$1,750,000 to \$2,750,000 through June 1, 2034; interest rates ranging from 3.00% to 5.00%, due semi-annually through June 1, 2034. \$43,000,000 principal plus unamortized premium of \$3,894,234. Serviced by Debt Service Fund.	43,649,547

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

\$31,335,000 2013B direct placement refunding general obligation bonds due in annual installments ranging from \$390,000 to \$4,660,000 through December 1, 2025; interest rates ranging from 1.43% to 1.98% due semi-annually through December 1, 2025. \$27,750,000 principal. Serviced by Debt Service Fund.	26,610,000
\$32,220,000 2013C direct placement refunding general obligation bonds due in remaining annual installments ranging from \$610,000 to \$7,340,000 through December 1, 2019; interest rate at 1.42% due semi-annually through December 1, 2019. \$12,125,000 principal. Serviced by Debt Service Fund.	4,785,000
\$83,255,000 2015 general obligation bonds due in remaining annual installments ranging from \$4,160,000 to \$4,165,000 through February 1, 2036; interest rates ranging from 3.00% to 5.00% due semi-annually through February 1, 2036. \$74,925,000 principal plus unamortized premium of \$7,040,933 less unamortized charge of \$36,831. Serviced by Debt Service Fund.	76,959,591
\$55,080,000 2016 refunding general obligation bonds due in remaining annual installments ranging from \$770,000 to \$7,820,000 through December 1, 2021; interest rates ranging from 1.50% to 5.00%, due semi-annually through August 1, 2030. \$52,605,000 principal plus unamortized premium of \$6,608,684. Serviced by Debt Service Fund.	54,918,194
\$34,215,000 2017 general obligation bonds due in remaining annual installments ranging from \$1,710,000 to \$1,715,000 through August 1, 2037; interest rates ranging from 2.00% to 5.00%, due semi-annually through August 1, 2037. \$34,215,000 principal plus unamortized premium of \$2,869,734. Serviced by Debt Service Fund.	35,057,645
\$65,970,000 2018 general obligation bonds due in remaining annual installments ranging from \$3,295,000 to \$3,300,000 through September 1, 2038; interest rates ranging from 2.75% to 5.00%, due semi-annually through September 1, 2038. \$65,970,000 principal plus unamortized premium of \$5,109,132. Serviced by Debt Service Fund.	<u>71,079,132</u>
Total General and Public School Special Revenue Funds (Governmental activities)	<u>\$ 375,266,067</u>
Total Enterprise Funds (Business-type activities)	-
Total General Fund Obligation Bonds, net of unamortized charges and premiums	<u>\$ 375,266,067</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Direct placement Installment debt consists of the following at June 30, 2019:

\$49,835,000 2010 refunding limited obligation bonds issued June 2, 2010, due in annual installments through December 1, 2025; interest rates ranging 2.00% to 5.00%; principal of \$20,865,000 plus unamortized premium of \$832,241 Serviced by the Debt Service Fund, Fire District Special Revenue, and enterprise funds.	19,535,683
\$4,925,744 Qualified School Construction Bonds issued December 14, 2010, due in semi-annual payments through December 14, 2025; interest at rate of 5.63%, principal of \$2,462,872. Serviced by the Debt Service Fund.	2,134,489
\$20,540,000 2012 refunding limited obligation bonds issued September 12, 2012, due in annual payments through December 1, 2022; interest at rate ranging from 1.00% to 5.00%: principal of \$11,595,000 plus unamortized premium of \$893,956. Serviced by the Debt Service Fund and Fire District Special Revenue.	10,914,890
\$12,615,000 2014 limited obligation bonds issued June 4, 2014, due in annual installments through June 1, 2034; interest rates ranging from 1.00% to 5.00% principal of \$10,100,000 plus unamortized premium of \$648,370. Serviced by Debt Service Fund.	10,036,851
\$4,570,000 2014 limited obligation bonds issued June 4, 2014, due in annual installments through June 1, 2029: interest rates ranging from 0.31% to 4.29% principal of \$3,355,000. Serviced by the Debt Service Fund.	3,050,000
Other installment debt; interest at rates ranging from 2.60% to 6.00%. Serviced by the Debt Service Fund, special revenue funds, and enterprise fund	<u>25,166,464</u>
Total installment debt - governmental and business-type activities	<u>\$ 70,838,377</u>
Total installment debt - governmental activities	<u>\$ 70,722,174</u>
Total installment debt - business-type activities	<u>\$ 116,204</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Annual maturity requirements on the County's long-term debt (except compensated absences, net pension obligations, claims and judgments and accrued landfill closure and post-closure care costs) with related interest as of June 30, 2019, are as follows:

Year Ending June 30	Governmental Activities				Business-Type Activities		
	Bonds		Direct placement		Direct placement		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2020	\$ 38,359,024	\$ 16,041,824	\$ 5,925,000	\$ 537,328	\$ 57,085	\$ 4,326	\$ 60,924,587
2021	38,801,754	14,334,059	4,660,000	449,560	57,140	1,417	58,303,930
2022	31,912,570	12,727,380	4,560,000	364,044	-	-	49,563,994
2023	28,705,423	11,294,365	4,465,000	277,547	-	-	44,742,335
2024	24,436,763	10,066,434	4,360,000	190,179	-	-	39,053,376
2025-2029	117,147,402	33,239,808	7,425,000	136,076	-	-	157,948,286
2030-2034	75,849,935	12,770,330	-	-	-	-	88,620,265
2035-2039	32,728,857	2,376,440	-	-	-	-	35,105,297
Total	387,941,728	112,850,640	31,395,000	1,954,734	114,225	5,743	534,262,070
Less: Unamortized discounts	(32,601)	-	-	-	-	-	(32,601)
Add: Unamortized Premiums	26,684,114	-	-	-	1,979	-	26,686,093
Net	<u>\$414,593,241</u>	<u>\$112,850,640</u>	<u>\$ 31,395,000</u>	<u>\$ 1,954,734</u>	<u>\$ 116,204</u>	<u>\$ 5,743</u>	<u>\$560,915,562</u>

Other. The County's legal debt margin at June 30, 2019 was \$2,353,835,768.

Debt authorized but unissued at June 30, 2019 is as follows:

School Bonds	<u>\$ 12,760,000</u>
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General Obligation Bonds. On October 18, 2018, the County issued \$65,970,000 in general obligation bonds bearing an average coupon of 4.14%. The bonds were issued pursuant to The Local Government Finance Act and bond orders adopted by the Board of Commissioners of the County on August 11, 2014 the bonds were approved by the voters in the County at a referendum held on November 4, 2014. The bonds were executed and delivered to provide funds, together with other available funds, for the construction and improvement of school facilities in the County.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Equipment Lease Purchase Agreement. On May 24, 2019, the County entered into a lease purchase agreement with TD Equipment Finance, Inc. in the amount of \$3,765,474 of which the proceeds were used to purchase a fire truck, vehicles, and various equipment. Semi-annual payments begin on November 24, 2019 with an interest rate of 2.45%. The maturity date is April 24, 2024.

Long-Term Debt of the Authority. The Authority incurred long-term debt in 2014 of \$4,570,000 in order to finance a new consolidated car rental facility construction project. Financing was acquired through an interlocal agreement with New Hanover County. Under the agreement, New Hanover County incurred debt on behalf of the Authority and the Authority agreed to repay all expenses attributable to the debt, including principal, interest and issuance costs. Interest rates range from 2.2% to 4.3%, as a result of the County's bond refunding with Limited Obligation Bonds in 2014.

The following is a summary of changes in the Authority's long-term debt obligations, as detailed above, all due to the County, for the fiscal year ended June 30, 2019:

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Due Within</u> <u>One Year</u>
Long-term debt	\$ 3,355,000	\$ -	\$ 305,000	\$ 3,050,000	\$ 305,000

Debt service requirements are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 305,000	\$ 109,086	\$ 414,086
2021	305,000	101,226	406,226
2022	305,000	92,299	397,299
2023	305,000	82,420	387,420
2024	305,000	71,931	376,931
2025-2029	1,525,000	187,224	1,712,224
Total	<u>\$ 3,050,000</u>	<u>\$ 644,186</u>	<u>\$ 3,694,186</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Long-Term Debt of the Medical Center. Changes in long-term debt of the Medical Center during the year ended September 30, 2018 are as follows:

	Balance			Balance	Due
	October 1, 2017	Additions	Retirements	September 30, 2018	Within One Year
Revenue bonds	\$ 384,674,000	\$ -	\$ 15,679,000	\$ 368,995,000	\$ 16,450,000
Unamortized discounts and (premiums)	34,015,000	-	2,668,000	31,347,000	-
Capital leases	39,000	-	30,000	9,000	9,000
Supplemental retirement plans	2,301,000	838,000	1,403,000	1,736,000	-
Net pension liability	62,227,000	-	8,935,000	53,292,000	-
Interest rate swap agreements	4,092,000	-	1,989,000	2,103,000	-
Note payable to primary government	16,303,000	529,000	14,700,000	2,132,000	2,132,000
Other obligations	5,875,000	-	231,000	5,644,000	332,000
Total	<u>\$ 509,526,000</u>	<u>\$ 1,367,000</u>	<u>\$ 45,635,000</u>	<u>\$ 465,258,000</u>	<u>\$ 18,923,000</u>

The Medical Center and LCFH have entered into interest rate swap agreements to modify interest rates on certain outstanding debt. Net interest expenditures resulting from these agreements and the resulting accrued receivable or payable under the swap agreements are reflected in the financial statements. In accordance with GASB Statement 53, the estimated fair values of interest in rate swaps at September 30, 2018 of \$2,103,000 are recorded as a liability. The fair value of interest rate swaps is recorded at the values reported by the counterparties, which approximates a value determined by the discounted cash flow model. For all swap instruments determined to be ineffective, the change in fair value is recorded in the statement of revenues, expenses and changes in net position as a component of the net increase (decrease) in fair value of investments. For all swap instruments determined to be effective, any change in fair value is deferred and recorded on the balance sheet as a deferred outflow of resources.

The terms, fair values, and underlying bond issued of the outstanding swaps as of September 30, 2018 were as follows:

Associated				
Bond Issues	Notional	Start Date	End Date	Fair Value
Series 2008A-1	\$ 4,665,000	December 14, 2005	October 1, 2023	\$ (188,000)
Series 2008A-2	4,665,000	December 14, 2005	October 1, 2023	(187,000)
Series 2008B-1	15,080,000	December 14, 2005	October 1, 2026	(942,000)
Series 2008B-2	8,120,000	December 14, 2005	October 1, 2026	(861,000)
Basis Swap	50,000,000	January 25, 2002	October 21, 2021	176,000
Total				<u>\$ (2,002,000)</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

During the year ended September 30, 2013, the swaps were restructured in conjunction with the issuance of the 2013 bonds, the remaining swaps held to hedge the Series 2008 bonds were determined to be ineffective hedging derivative instruments under the provisions of GASB 53. Therefore, the entire fair value of the ineffective swaps in the amount of \$5,404,000 as of September 30, 2013 were recorded as a component (a decrease) of net increase in fair value of investments. For the years ended September 30, 2018 and 2017, the net change in fair value of \$1,678,000 and \$2,006,000, respectively, has been recorded as a component of net (decrease) increase in fair value of investments.

The Medical Center or the counterparties may terminate the swap if the other party fails to perform under the terms of the contract or there is a termination event, as defined in the contract. If the swaps are terminated, the variable rate bonds would no longer carry a synthetic interest rate. Also, if at the time of termination, the swaps have negative fair values, the Medical Center would be liable to the counterparties for their payments equal to the swaps' fair values.

During fiscal year 2002, the Medical Center entered into a 19-year interest rate swap (basis swap) agreement, with a notional amount of \$50 million related to its Series 1999 Hospital Revenue Bonds with the objective of having a mixture of fixed and variable rate debt to take advantage of market fluctuations. At September 30, 2018, the basis swap has an estimated fair value of approximately \$176,000 which is recorded as an asset for interest rate swaps. As of September 30, 2017, the basis swap had an estimated negative fair value of approximately \$72,000, which was recorded as a liability. Under GASB 53, the basis swap qualifies as an investment derivative and changes in fair value of \$248,000 and \$402,000 for years ended September 30, 2018 and 2017, respectively, have been recorded as a component of net increase (decrease) in fair value of investments.

LCFH hedged \$2,000,000 of its interest rate exposure associated with the LCFH 2007 Bonds through an interest rate swap agreement with a bank. As of September 30, 2018 and 2017, the \$1,250,000 and \$1,350,000 notional amounts, respectively, are hedged at an interest rate of 3.885%. Based on market tax exempt interest rates of about .020% and .020%, the present value of cash payment under the swap arrangement is a negative position of approximately \$101,000 and \$164,000 as of September 30, 2018 and 2017, respectively, which is recognized as a liability. The objective of the swap agreement was to effectively change one half of the LCFH 2007 Bonds' variable rate to a fixed rate of 3.885%, to provide LCFH with a reduced possibility of a negative budget outcome. This swap has been effective from inception through September 30, 2018. The term of the LCFH 2007 Bonds and the swap are essentially the same: 20 years.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Revenue Bonds of the Medical Center. Series 2006, 2008, 2011, 2013, and 2017 Revenue Bonds of the Medical Center consist of the following at September 30, 2018:

Series 2006 Revenue Bonds

Serial revenue bonds with interest rates ranging from 4.0% to
4.13% maturing through 2019 \$ 10,045,000

Series 2008 Revenue Bonds

Series 2008A Variable Rate Revenue Bonds, demand obligations,
with mandatory redemptions annually through 2038 16,260,000
Series 2008B Variable Rate Revenue Bonds, demand obligations,
with mandatory redemptions annually through 2038 16,260,000

Series 2011 Revenue Bonds

Serial revenue bonds with interest rates ranging from 3.0% to
5.0% maturing annually through 2025 40,310,000
Term revenue bonds maturing in October 2026, with stated
interest rates of 4.63% and 5.0% 7,535,000
Term revenue bonds maturing in October 2027, with stated
interest rates of 4.63% and 5.0% 12,375,000
Term revenue bonds maturing in October 2028, with stated
interest rates of 4.63% and 5.0% 12,980,000

Series 2013 Revenue Bonds

Serial revenue bonds with interest rates from 2.0% to 5.0%,
maturing annually through 2026 38,020,000

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Series 2017 Revenue Bonds

Serial revenue bonds with interest rates from 3.0% to 5.0%, maturing annually through 2048	<u>212,710,000</u>
Total long-term debt	366,495,000
Unamortized discount	<u>31,347,000</u>
Total long-term debt, net of unamortized discount and loss	<u>\$ 397,842,000</u>
Due within one year	<u>\$ 16,250,000</u>
Due in more than one year	<u>\$ 381,592,000</u>

The Series 2006, 2008, 2011, 2013, and 2017 Revenue Bonds are secured by and payable from the net revenue of the Obligated Unit, the money and securities held by the trustee pursuant to the bonds, as well as the income from the temporary investment of these trustee-held funds. Substantially, all of the Obligated Unit's revenues, which were \$1,173,606,000 and \$1,127,221,000 for the years ended September 30, 2018 and 2017, respectively, are security for the revenue bonds.

Total funds held by the trustee (including amounts as bond paying agent) at September 30, 2018 and 2017, were approximately \$50,671,000 and \$112,020,000, respectively.

Under the terms of the Bond indentures and related lease agreement with the County, the Obligated Unit (New Hanover Regional Medical Center, CHA, and PQP) is required to make semi-annual debt service payments on unpaid fixed rate debt (2006, 2011, 2013, and 2017 bonds), monthly debt service payments on variable rate demand bonds (2008 bonds), and is also required to comply with certain restrictive covenants, including limitations on incurrence of additional debt, limitations on transfer of assets, and maintenance of certain measure of financial performance including a minimum long-term debt service ratio of 1.75 and a cushion ratio of 1.75, for as long as the bonds are outstanding.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Annual maturity requirements on outstanding revenue bonds of the Medical Center with related interest as of September 30, 2018 are as follows:

Year Ending September 30	Principal	Interest	Total
2019	\$ 18,582,000	\$ 17,325,000	\$ 35,907,000
2020	16,980,000	16,671,000	33,651,000
2021	17,420,000	14,856,000	32,276,000
2022	18,090,000	14,075,000	32,165,000
2023	18,885,000	13,263,000	32,148,000
2024-2028	108,860,000	52,486,000	161,346,000
2029-2033	71,280,000	28,788,000	100,068,000
2034-2038	33,210,000	19,525,000	52,735,000
2039-2043	31,205,000	13,324,000	44,529,000
2044-2048	36,615,000	5,672,000	42,287,000
Total	<u>\$ 371,127,000</u>	<u>\$ 195,985,000</u>	<u>\$ 567,112,000</u>

Interest paid related to these bonds is approximately \$14,835,000 and \$11,949,000 during fiscal years ended September 30, 2018 and 2017, respectively.

The Medical Center recorded deferred outflow of resources of \$6,515,000 related to the refundings.

Long-Term Debt of the TDA. Changes in long-term liabilities of the TDA for the year ended June 30, 2019 are as follows:

	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019	Due Within One Year
Accrued vacation	\$ 31,267	\$ -	\$ 5,865	\$ 25,402	\$ 31,267
Long-term debt	9,750	-	9,750	-	9,750
	<u>\$ 41,017</u>	<u>\$ -</u>	<u>\$ 15,615</u>	<u>\$ 25,402</u>	<u>\$ 41,017</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Leases and Other Obligations. The County leases land and the airport facilities to the Authority at \$1 per year through 2049. As the assets were acquired by the County for use in airport operations, they are reported in the Authority component unit.

On November 19, 2001, the County adopted a resolution of support for the Legion Stadium Capital Improvements in which the County agreed to pay the City of Wilmington one-half of the annual debt service, not to exceed \$250,000 annually, for 20 years effective in the fiscal year beginning July, 2001. This resolution modified a prior interlocal agreement effective October 15, 1996 in which the County was to pay an amount equal to the City of Wilmington's costs for operation, maintenance and capital improvements determined each fiscal year for 20 years. Future operating payments amount to \$1,500,000.

The County leases existing facilities and equipment and all future improvements to the Medical Center at an annual rental of \$1 per year. The original lease effective October 1, 1993 and most recently amended June 1, 2017 extends the lease through October 2047. As the assets were acquired by the County for use in Medical Center operations, they are reported by the Medical Center component unit.

The Authority subleases certain portions of the facility to several different tenants that expire at various times. Some contain provisions for rent increases based on a formula which includes a government inflation index or payment of commissions based on sales.

Minimum operating lease payments to be received by the Authority, as of June 30, 2019 are:

Year Ending June 30	Operating Lease Payments
2020	\$ 2,835,918
2021	1,410,468
2022	1,354,464
2023	1,257,661
2024	1,083,547
Thereafter	20,402,697
Total	<u>\$ 28,344,755</u>

Approximately \$3.9 million of the above minimum payments to be received are from one tenant, subject to a 40-year lease, beginning in 2005, approximately \$15.1 million from a tenant, subject to a 40-year lease, beginning in 2006, and approximately \$4.7 million from a tenant, subject to a 20 year lease, beginning in January 2013.

The Medical Center leases capital assets under operating leases that have initial or remaining noncancellable terms in excess of one year.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Scheduled payments of the Medical Center's operating lease obligations are as follows:

Year Ending September 30	Operating Lease Obligations
2019	\$ 10,392,000
2020	4,627,000
2021	4,424,000
2022	3,660,000
2023	3,554,000
Thereafter	11,452,000
Total	<u>\$ 38,109,000</u>

Rent expense on operating leases for the Medical Center totaled approximately \$10,509,000 and \$9,735,000 in 2018 and 2017, respectively.

CHA leases office space and equipment under various noncancellable operating lease agreements. Scheduled payments on CHA's operating lease commitments are as follows:

Year Ending September 30	Operating Lease Obligations
2019	\$ 6,010,000
2020	4,343,000
2021	2,606,000
2022	1,896,000
2023	1,247,000
Thereafter	1,286,000
Total	<u>\$ 17,388,000</u>

Included in CHA's commitments is \$11,473,000 to the Medical Center.

Rent expense on operating leases for the CHA totaled approximately \$6,564,000 and \$6,131,000 in 2018 and 2017, including payments of \$2,475,000 and \$2,135,000 to the Medical Center, respectively.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

LCFH leases office space under various noncancellable operating lease agreements, which expire over the next year. Rent expense related to these agreements totaled approximately \$52,000 and \$51,000 in 2018 and 2017, respectively.

LCFH also has capital leases for various pieces of equipment and vehicles. As of September 30, 2018, the leased assets had been recorded at \$135,000 and had accumulated amortization of \$113,000.

PMH, under an amended and restated lease agreement dated November 15, 2004 leases its main facilities and equipment and all future improvements from Pender County through 2019, with an option (at the Medical Center's direction) to renew for 10 additional years. Pender County and PMH maintain a limited right under the lease agreement to terminate the lease if specified provisions cannot be cured within 180 days, provided that the Medical Center shall be permitted to cure any breach on behalf of PMH within established time frames.

PMH leases additional space under a noncancellable operating lease, which expires in fiscal year 2028. In addition, PMH leases certain medical equipment under operating leases that expire between 2019 and 2020.

Scheduled payments on PMH's operating lease obligations are as follows:

Year Ending September 30	Operating Lease Obligations
2019	\$ 368,000
2020	331,000
2021	263,000
2022	265,000
2023	260,000
Thereafter	1,097,000
Total	<u>\$ 2,584,000</u>

Rent expense on operating leases for PMH totaled \$422,000 and \$373,000 in 2018 and 2017, respectively.

The TDA is committed under an operating lease for a building facility, mail machine, and a copier. As of June 30, 2018 the facility lease is month to month and will not be included in the schedule below. For the year ended June 30, 2018, the total lease expenditures under the operating lease totaled \$635,144. The future minimum lease commitments under the operating lease are as follows:

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Year Ending June 30	Operating Lease Obligations
2020	\$ 13,432
2021	13,432
2022	13,432
2023	10,036
2024	8,337
Total	<u>\$ 58,669</u>

Conduit Debt Obligations. Industrial Facility and Pollution Control Financing Authority has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are collateralized by the properties financed as well as by letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision, thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2019, the amount of industrial revenue bonds outstanding was \$1,295,424.

Accrual for Closure and Post-Closure Care Costs. State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on estimated landfill capacity used as of each financial statement sheet date. The \$18,758,214, reported as landfill closure and post-closure care liability at June 30, 2019 represents (1) a cumulative amount of \$12,113,752 for final closure and post-closure care based on the full use of the total estimated capacity of the landfill and (2) \$6,644,462 for the cost of placing a closing cover on each open cell at the landfill, recognized as the cell receives waste. These amounts are based on what it would cost to perform all closure and post-closure care in 2019. The County expects to close this developed portion of the landfill by fiscal year end 2022. The undeveloped portion of the landfill is expected to serve the County for an additional 60 years. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County has met the requirements of a local government financial test that is one option under the State and federal laws and regulations that helps determine if a unit is financially able to meet closure and post-closure care requirements.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Deferred Outflows and Inflows of Resources. The deferred outflows and deferred inflows of resources at June 30, 2019 are composed of the following elements:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Charge on refunding of debt	\$ 14,813,681	\$ -
Pensions - difference between expected and actual experience:		
LGERS	5,317,922	178,443
Register of Deeds	3,839	19,880
LEOSSA	562,443	-
OPEB	28,909,062	-
Pensions - changes of assumptions (LGERS, ROD)	9,167,526	-
Pensions - changes of assumptions (LEOSSA)	477,790	510,758
Pensions - changes of assumptions (OPEB)	-	57,486,437
Pensions - difference between projected and actual investment earnings (LGERS, ROD)	4,801,144	-
Pensions - charge in proportion and difference between employer contributions and proportionate share of contributions (LGERS, ROD)	130,284	284,758
Benefit payments made and administrative expenses for LEOSSA	237,322	-
Benefit payments made and administrative expenses for OPEB	23,097,772	-
Employer contributions subsequent to the measurement date (LGERS, ROD)	7,871,047	-
Prepaid property taxes not yet earned (General)	-	339,869
Health Pregnancy Care management grant (General)	-	47,305
Total government-wide	<u>\$ 95,389,832</u>	<u>\$ 58,867,450</u>
Deferred inflows - business type activities	<u>\$ 1,510,323</u>	<u>\$ 1,105,484</u>
Deferred inflows - governmental activities	<u>\$ 93,879,509</u>	<u>\$ 57,761,966</u>
Prepaid property taxes not yet earned (General)		339,869
Taxes receivable, net (General), less penalties		1,879,091
Taxes receivable, net (Special revenue), less penalties		134,407
Health PCM (General)		47,305
Special assessments receivable, net (Special revenue)		272,518
Scattered site/SARF receivables (General)		132,981
Total governmental funds		<u>\$ 2,806,171</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Interfund Receivables and Payables. Amounts classified on the balance sheet as “Receivables – interfund loans” and “Interfund loans” at June 30, 2019 included the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Bike/Pedestrian Paths Capital Project	\$ 377,110
General Fund	Public School Building Capital Fund Capital Project	683,367
General Fund	Juvenile Justice Facility Capital Project	743,838
General Fund	Pine Valley Library Capital Project	694,165
General Fund	Capital Improvement Projects Capital Project	354,747
General Fund	Healing Transition Facility Capital Project	241,504
		<u>\$ 3,094,731</u>

Due from/to Primary Government and Component Units:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:	Component Unit:	
General Fund	The ABC Board for intergovernmental revenues due at June 30, 2019	\$ 504,049
Component Unit:	Primary Government:	
NHC Tourism Development Authority	Room Occupancy Tax Fund for room occupancy tax held by the County	748,738
		<u>\$ 1,252,787</u>

B. Other

Interfund Transfers. Interfund transfers presented in the fund financial statements for the year ended June 30, 2019, can be summarized as follows:

	<u>Transfers In:</u>					
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Public Health and Social Services Facility Capital Project Fund</u>	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Capital Projects Funds</u>	<u>Environmental Management Fund</u>
Transfers Out:						
General fund	\$ -	\$14,723,904	\$ 217,000	\$1,146,381	\$2,145,372	\$ 14,750,794
Room Occupancy Tax fund	-	-	-	-	6,505,000	-
Nonmajor capital project funds	42,510	-	-	-	-	-
Nonmajor special revenue funds	250,925	-	-	-	-	-
Total	<u>\$ 293,435</u>	<u>\$14,723,904</u>	<u>\$ 217,000</u>	<u>\$1,146,381</u>	<u>\$8,650,372</u>	<u>\$ 14,750,794</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Interfund transfers are used to 1) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, 2) use unrestricted revenues collected in various funds to finance various programs accounted for in other funds in accordance with budgetary authorizations, and 3) move previous transfers to capital project funds back to the general fund as capital projects are cancelled in accordance with budgetary authorizations.

5. Major Customers

Approximately 41% of Environmental Management revenues can be attributed to its largest customer.

The Authority's operating revenues consist of rents, commissions and charges for the use of airport property and fees for use of the parking lots. In addition, certain customers also pay contract facility charges, a non-operating revenue. Transactions with three customers accounted for the following revenues, percentages of operating revenues, inclusive of contract facility charges and exclusive of parking lot revenues, and related trade accounts receivable balances as of June 30, 2019:

Customer	Revenues	Percentage	Accounts Receivable
A	\$ 3,288,669	40%	\$ 275,504
B	1,126,728	14%	126,955
C	859,649	10%	121,586
	<u>\$ 5,275,046</u>		<u>\$ 524,045</u>

Medicare services represented 38% and Medicaid services represented 10% of net patient service revenue of the Medical Center for the fiscal year ended September 30, 2018.

LCFH's revenues are 91% from Medicare and 4% from Medicaid for the fiscal year ended September 30, 2018.

CHA's revenues are 63% from Medicare and 5% from Medicaid for the fiscal year ended September 30, 2018.

PMH's revenues are 71% from Medicare and 12% from Medicaid for the fiscal year ended September 30, 2018.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

6. Joint Ventures

The County participates with 25 other counties in Eastern North Carolina in a joint venture to operate Trillium Health Resources, (the “Center”). The Trillium Health Resources Board is a political subdivision of the State of North Carolina. The County has an on-going financial responsibility for the Center because the Center’s continued existence depends on the participating governments’ continued funding. The County provided \$1,654,467 to the Center during the year for its on-going operations. None of the participating governments has an equity interest in the Center, so no equity interest has been reflected in the financial statements at June 30, 2019. Complete financial statements for the Center can be obtained from the Center at 3809 Shipyard Boulevard, Wilmington, NC 28403.

The County, in conjunction with the State of North Carolina and the New Hanover County Board of Education, participates in a joint venture to operate Cape Fear Community College (the “College”). Each of the three participants appoints four members of the thirteen-member board of trustees of the College. The president of the College’s student government serves as an ex-officio non-voting member of the College’s board of trustees. The College is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the College and also provides some financial support for the College’s operations. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. The County has an on-going financial responsibility for the College because of the statutory responsibilities to provide funding for the College’s facilities. The County contributed \$10,852,593 to the College for operating purposes, during the fiscal year ended June 30, 2019. In addition, the County made debt service payments of \$15,520,520 during the fiscal year on debt service for bonds issued for College capital facilities. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County’s financial statements at June 30, 2019. Complete financial statements for the College may be obtained from the College’s administrative office at 321 N. Front Street, Wilmington, NC 28401.

In February 2005, the Medical Center entered into a joint venture agreement to form South Atlantic Radiation Oncology, LLC (“SARO”). The Medical Center has committed to contribute capital for 50% ownership in the joint venture. South Atlantic Radiation Oncology, LLC was formed to provide essential radiation oncology services for patients in Southeastern North Carolina.

In March 2005, the Medical Center invested in Atlantic Surgicenter, LLC (“Surgicenter”), a joint venture formed to operate a freestanding ambulatory surgery center consisting of four general operating rooms and one non-licensed procedure room, located in New Hanover County, North Carolina. In July 2016, the Medical Center acquired 100% ownership in Atlantic Surgicenter, LLC. The Medical Center plans to recapitalize its investment in Surgicenter in future years. The Medical Center’s investment in Surgicenter is recorded in other long-term assets as of September 30, 2018 and 2017.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Also in 2005, the Medical Center entered into a joint venture agreement to form Porters Neck Imaging, LLC ("PNI"), committing to contribute capital for a 50% ownership in the joint venture. PNI was formed to provide mobile MRI services to New Hanover and surrounding counties.

In April 2007, the Medical Center entered into a joint venture agreement to form Doshier/NHRMC, LLC. The Medical Center has committed to contribute capital for a 50% ownership in the joint venture. The purpose of the joint venture is to operate healthcare related facilities and provide healthcare services in Brunswick County, North Carolina in a manner that furthers the charitable and tax-exempt purposes of the members.

In March 2012, the Medical Center entered into a joint venture agreement to acquire and maintain a 10% ownership in the newly formed company, Assuring Affordable, Quality Healthcare in North Carolina, LLC ("AAQHNC"). This company conducts advocacy activities in support of North Carolina laws that are designed to ensure access to safe, affordable, quality healthcare.

In April 2015, the Medical Center entered into a joint venture agreement to acquire and maintain a 9% ownership in the newly formed company, Provider-Led, Patient-Centered Care of North Carolina, LLC ("PLPCC"). This entity was formed to develop and plan for the creation of a statewide Medicaid health maintenance organization in anticipation of action by the North Carolina General Assembly to convert the North Carolina Medicaid Program to a managed care system.

Effective March 1, 2017, NHRMC entered into a joint venture with Delaney Members as a 50% member. This entity was formed to provide diagnostic imaging services to the Onslow county area.

7. Jointly Governed Organizations

The County, in conjunction with Brunswick, Columbus and Pender counties, and the municipalities therein established the Cape Fear Council of Governments (the "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 County paid fees of \$37,110 to the Council during the fiscal year ended June 30, 2019.

The Lower Cape Fear Water and Sewer Authority (the "Sewer Authority") provides raw water to its membership which includes the County and other municipalities. The County appoints two of the thirteen members of the Sewer Authority. The County entered into an interlocal agreement with the Sewer Authority in March 2019 where the County shall loan the Sewer Authority up to \$1,506,438 at 2% interest compounded annually for the completion of the US 421 project. As of June 30, 2019, no amounts had been borrowed.

The County and the City of Wilmington established the Cape Fear Public Utility Authority ("CFPUA"). CFPUA was established to provide water and sewer services for the residents of the County and City of Wilmington. The County appoints five of the eleven members of the CFPUA board. Two of these five members may be elected officials of the County. CFPUA paid the County \$1,439,350 in connection with debt the County is servicing for CFPUA for the fiscal year ended June 30, 2019. See Note 10 for further details.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

8. Public School Building Capital Fund

This program was previously funded using a portion of the corporate income taxes that were imposed on corporations doing business in the State, as well as a portion of the total proceeds from the North Carolina Education Lottery. The Appropriations Act of 2013 (SL 2013-360) included a provision which closed-out deposits from corporate income tax revenue into the Public School Building Capital Fund. Currently, all revenue comes from the Education Lottery. The Office of State Budget and Management established and maintains an ADM allocation account for the County for these funds.

At June 30, 2019, the balance of the County's ADM unallocated account related to corporate income taxes was \$6,458. The County must match this balance on the basis of one dollar for every three dollars of State funds for financing the school unit's facilities capital needs. The local school technology plan does not require a County match. After approving a school capital project authorized by the Act, the Office of State Budget and Management will transfer funds from the County's ADM allocation account to its disbursing account maintained with the State Treasurer. At June 30, 2019, the ADM funds in the County's disbursing account had a balance of \$0.

Funds in the allocation and disbursing accounts are considered State monies until the County issues warrants to disburse them. At that time, they are recognized in the County's Capital Project Fund as intergovernmental revenue. During the fiscal year ended June 30, 2019, the County drew down in the public school building capital funds \$0 of ADM allocation and \$1,750,417 of lottery allocation.

During the fiscal year ended June 30, 2019, the County's lottery project allocation was \$2,123,957. Since 2008, \$22,599,222 has been approved by the State for construction projects. During the fiscal years ended June 30, 2008 through June 30, 2019, the County drew down \$20,070,879 of these funds, leaving a disbursing account balance of \$2,528,343.

9. Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County obtains property insurance through AmRisc LLC equal to the replacement cost values of owned property, subject to a loss limit of \$222,341,388 for any one occurrence, with a sub-limit of \$35,000,000 when caused by wind or hail damage during a "named storm". The County obtains commercial general liability, auto liability, public officials' liability, law enforcement liability, employment practices liability, Employee Benefits Liability, and Cyber Liability from the Travelers Indemnity Insurance Company in the amount of \$1,000,000 each occurrence. In addition, the County purchases commercial excess liability (umbrella) insurance in the amount of \$4,000,000 each occurrence from Travelers Indemnity Insurance Company. Crime insurance in the amount of \$500,000 per claim is obtained through Travelers Casualty & Surety Company of America.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The County is self-insured for workers compensation and employers' liability insurance, and purchases Specific and Aggregate Excess Workers Compensation and Employers Liability Indemnity Insurance. The County contracted with PMA, Inc., a provider of claims administrative services, to administer the program. The program provides that the County is responsible for the first \$550,000 for all employees of cost and/or benefits payable to employees resulting from any one accident or event, regardless of the number of persons injured. Specific and Aggregate Excess Workers Compensation and Employers Liability Indemnity insurance provides protection against compensable claims during the policy year above the self-insured specific retention of \$550,000, up to the maximum limits provided under the North Carolina Workers' Compensation Act and up to \$1,000,000 each accident or disease for Employer's Liability. The aggregate excess insurance provides protection against cumulative retained losses after the County's aggregate costs reach a minimum of \$2,616,648 for claims occurring during the policy period. The aggregate excess insurance has a maximum limit of indemnity of \$2,000,000. Any losses above this amount would be retained by the County.

The County is provided flood insurance coverage through their property coverage with AmRisc LLC. The limit for loss within a Special Flood Hazard Area is \$2,500,000. For all other zones the total insured value is the property value listed on the statement of values, up to a \$25,000,000 annual aggregate for the policy period.

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds are performance bonded through the Travelers Casualty & Surety Company of America with a limit of \$500,000 per occurrence. The Director of Finance is individually bonded under a Performance Bond in the amount of \$500,000 through The Ohio Casualty Insurance Company. The Tax Collector has a Performance Bond in the amount of \$100,000 through the Ohio Casualty Insurance Company.

Following is a reconciliation of changes in the recorded aggregate liability for the County's claims for group medical insurance, which is recorded as accounts payable and accrued liabilities in the General Fund:

For Fiscal Year Ended	June 30, 2019	June 30, 2018
Unpaid claims at July 1	\$ 2,176,510	\$ 2,131,559
Provisions for claims	22,640,878	23,211,480
Payments for claims	(21,441,227)	(22,161,838)
Administrative fees	(1,038,560)	(1,004,691)
Unpaid claims at June 30	<u>\$ 2,337,601</u>	<u>\$ 2,176,510</u>

The County carries commercial coverage for all other risks of loss.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The Authority is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. During 2015, the Authority ceased participating in the NCACC pools and obtained commercial coverage for these risks of loss. Through commercial coverage, the Authority obtains property coverage equal to replacement cost values of owned property subject to a limit of \$57.5 million for any one occurrence, auto liability coverage of \$1 million per occurrence, and employment practices liability coverage of \$2 million per occurrence, auto physical damage coverage for owned autos at actual cash value or cost of repair, crime coverage of \$250,000 per occurrence, and workers' compensation up to the statutory limits; and health and dental insurance for Authority employees.

The Authority carries earth movement/flood insurance through AmWINS Brokerage of Florida Inc. subject to a limit of \$10 million for any one occurrence.

The Authority Finance Director is bonded for \$250,000. All remaining Authority employees that have access to funds are bonded through the Authority's aforementioned crime package.

The Authority carries commercial coverage for all other risks of loss, including airport liability coverage of \$75 million per occurrence. There have been no significant reductions in insurance coverage from the prior year, and settled claims have not exceeded coverage in any of the last three fiscal years.

The Medical Center, CHA, LCFH and PMH are exposed to various risks of loss in the ordinary course of business as a result of torts, theft of, damage to, or destruction of assets, business interruption, allegations of medical malpractice (hospital professional liability), natural disasters, employee and officer errors and omissions, and employee workers' compensation and medical claims.

The Medical Center purchases commercial insurance coverage against risk of loss due to errors and omissions, fiduciary liability, property damage and theft, and pollution liability and various other insurable risks. The Medical Center carries property insurance in the amount of \$750,000,000 for 2018 and 2017 with a deductible of \$100,000 for all perils except named windstorm. For 2018 and 2017, the minimum deductible for named storms is \$5,000,000 per location, with a maximum deductible of \$25,000,000 per location. For 2018 and 2017, the Medical Center was self-insured for workers' compensation and employer's liability up to \$350,000 per claim. Statutory limits apply to workers' compensation. For 2018 and 2017, the Medical Center was also self-insured for professional liability and general claims liability up to \$5,000,000. There was a \$20,000,000 annual aggregate retention in 2018 and 2017. In both 2018 and 2017, hospital professional liability and general liability stop loss coverage is on a claims made basis; general liability is written on an occurrence basis. Excess commercial insurance is purchased to provide coverage above the self-insured retention levels for hospital professional liability and general liability. The Medical Center is fully self-insured for hospital professional liability claims incurred prior to June 25, 2002, but not reported as of that date. No payments have exceeded insurance coverage in the past three fiscal years where insurance coverage applies, subject to the deductibles and retentions noted above. The Medical Center is self-insured for employee claims up to \$350,000 per individual, excluding costs associated with domestic claims (claims for services provided at the Medical Center).

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The Medical Center records an estimated liability for unpaid medical claims based upon reserve amounts and/or historical trends calculated by the third party administrators of the plans. The liability for workers' compensation, hospital professional liability, and general liability claims are accrued at estimated amounts as determined by a third party actuary.

Following is a reconciliation of changes in the Medical Center's recorded aggregate liability for Medical Center claims, which is included in accounts payable and other liabilities and professional liability claims:

For Fiscal Year Ended	September 30, 2018	September 30, 2017	September 30, 2016
Unpaid claims at October 1	\$ 22,243,000	\$ 22,690,000	\$ 24,774,000
Provisions for claims	84,481,000	79,918,000	67,799,000
Payments for claims	(75,724,000)	(76,360,000)	(65,874,000)
Administrative fees	(4,206,000)	(4,005,000)	(4,009,000)
Unpaid claims at September 30	<u>\$ 26,794,000</u>	<u>\$ 22,243,000</u>	<u>\$ 22,690,000</u>

The ABC Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The ABC Board has commercial property, general liability, auto liability, workmen's compensation, data breach, flood, wind & hail, public officials' liability/employment practice and employee health coverage. The Board also has liquor legal liability coverage.

There have been no significant reductions in the ABC Board's insurance coverage from the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

In accordance with G.S. 18B-700(i), each ABC Board member and the employees designated as the general manager and finance officer are bonded in the amount of \$50,000, secured by a corporate surety.

The TDA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The TDA carries commercial general liability insurance for all risks of loss. Through this, TDA obtains coverage in the amount of \$1,000,000 each occurrence. No claims have been experienced under these policies for any of the past two years.

In accordance with G.S. 159-29, TDA employees that have access to \$100 or more at any given time of TDA funds are covered under a \$10,000 employee dishonesty blanket policy. The TDA's board is covered under a director's and officer's liability policy in the amount of \$1,000,000 each claim. The Finance Officer is bonded under a surety bond for \$50,000.

There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

10. Commitments and Contingencies

The County is named as a defendant in various lawsuits incidental to carrying out its functions. Based upon the opinions of the County's legal department, the County believes its ultimate liability, if any, will be limited to insurance deductibles.

At June 30, 2019, the County was party to various contracts for the construction or purchase of various capital assets. The remaining commitments to be honored during the subsequent year under the aforementioned contracts relative to governmental activities have been included as fund balance reserved for encumbrances. Contractual commitments relative to construction in progress entered into subsequent to June 30, 2019 total approximately \$2.5 million.

The County has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

Pursuant to the interlocal agreement transferring the County's water and sewer system to Cape Fear Public Utility Authority (the "CFPUA"), CFPUA has assumed responsibility for servicing all of the County's enterprise long-term debt. However, certain long-term debt instruments could not either be refinanced or transferred to CFPUA due to the nature of the agreements. Accordingly, the County has retained and is servicing those debt instruments with CFPUA making payments to the County equal to the principal and interest payments required under those debt instruments.

Pursuant to a management agreement, the Authority retains USA Parking System, Inc. to provide management and operational services for the parking lot and skycap services. The agreement provides that USA Parking System, Inc. shall employ, furnish and supervise certain personnel necessary for the management of the parking lot and skycap services. The Authority reimburses USA Parking System, Inc. for all operating expenses incurred in the management of the parking lot and skycap services in addition to annual management, insurance and accounting services. In May of 2017, the Authority entered into an amended contract with USA Parking System, Inc. for five years, effective November 1, 2017 through October 31, 2022. The Authority may cancel the agreement at any time after October 31, 2022 by providing USA Parking System, Inc. 30 days prior written notice. For the year ended June 30, 2019, the Authority paid fees and expenses totaling \$390,458, which is included in contracted services.

Estimated future commitments under the agreement are as follows:

2020	\$	495,000
2021		500,000
2022		<u>168,000</u>
Total	\$	<u><u>1,163,000</u></u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The Authority has entered into several contracts and agreements as of June 30, 2019, primarily related to construction projects and equipment. The remaining commitment under these contracts and agreements is approximately \$14,123,000.

The Authority may be subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the ultimate outcome of the claims and litigation, if any, will not have a material adverse effect on the Authority's financial position.

The Medical Center is aware of various asserted and unasserted claims. Management has been unable to reasonably estimate the amount of the loss, if any, since the ultimate resolution of these matters will be dependent upon future events. Management feels that these claims can be successfully defended and intends to resist the allegations of these matters in every way and does not plan to seek out-of-court settlements. In the event that judgments adverse to their interests should be rendered, management feels any liability will be fully covered by existing insurance or not be material to the financial statements.

The Medical Center strives to be paid appropriately for services it provides, but third-party payors continue to provide lower rates of payments. In recent years, there has been numerous federal legislative and administrative actions, including the Health Care Reform Act, that have reduced the rate of increase in Medicare payments to hospitals and other health care providers. The federal government has also reduced the share of federal matching payments made to the states to subsidize the cost of Medicaid. Accordingly, the Medical Center funding from Medicare and Medicaid is likely to be reduced.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. The Medical Center believes that they are in compliance with all applicable laws and regulations and are not aware of any significant pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties and exclusion from the Medicare and Medicaid programs.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

CHA has engaged Carolinas Physician Network (the "CPN"); a physician practice network within the non-profit corporation of Carolinas Health Care Systems, through contractual agreements, to operate and manage each of the medical practices owned by CHA and provide certain professional medical services for each of those practices. CPN provides physicians and mid-level providers to operate each of the medical practices owned by CHA and provide certain professional medical services for each of those practices. In exchange, CHA pays a flat annual fee adjusted annually to equal the estimated compensation of the Practice Provides. In its role as manager, CPN provides management and billing services, practice acquisition services, provider recruiting, and access to its practice management system. Fees under the management agreement are based on the number and specialties of the practices. The Management Services and Professional Services Agreements amended in 2017, expires September 30, 2022. During the years ended September 30, 2018 and 2017, CHA paid \$93,559,000 and \$85,171,000, respectively, to CPN under these agreements, including \$81,357,000 and \$72,701,000, respectively, for physician fees, and \$12,202,000 and \$12,470,000, respectively, for all other administrative services. CHA had \$2,236,000 and \$5,026,000 of physician fees payable to CPN as of September 30, 2018 and 2017, respectively.

The ABC Board contracts with the New Hanover County Sheriff's Department to provide law enforcement services. North Carolina General Statute [18B-805(c)(2)(3)] requires that the Board expend at least 5% of profits for law enforcement, but the Board is exempt from the law requiring an expenditure of a least 7% of total profits for alcohol education and rehabilitation purposes. The Board contracted via an Interlocal Agreement between the City of Wilmington and the Board for two police officers to assume the non-exclusive responsibility for ABC Law Enforcement, at a cost of \$1 per year. At June 30, 2019, the commitment for the contract to the Sheriff's Department totaled \$562,200. In addition, the Board has a commitment remaining on a Wrightsville building contract of \$1,841,000.

11. Significant Effects of Subsequent Events

In September 2019 the Board of County Commissioners approved a resolution to begin a research phase to understand what options exist for New Hanover Regional Medical Center, including a potential sale, other partnerships and models, and an evaluation of options for New Hanover Regional Medical Center to remain County owned. The County does not expect any such sale or affiliation to materially and adversely affect the financial condition of the County.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

12. Storm Related Losses

During September 2018, NHRMC incurred storm related losses due to the impact of Hurricane Florence, including additional personnel costs, inventory write-offs, and associated expenses related to preparation and recovery efforts. No amounts have been recorded for asset impairment at September 30, 2018; NHRMC management is continuing to evaluate the impact on property and equipment. NHRMC revenues were significantly below management forecasts for the month of September 2018, and NHRMC expects to file for business interruption losses. No amounts have been recorded for insurance recoveries at September 30, 2018. Identified losses to date of \$15,872,000 recorded due to Hurricane Florence were included in Other non-operating loss for 2018.



NEW HANOVER COUNTY, NORTH CAROLINA

SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF
 THE NET PENSION LIABILITY (ASSET)
 LOCAL GOVERNMENT EMPLOYEES' RETIREMENT FUND
 LAST SIX FISCAL YEARS *

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	1.453%	1.447%	1.416%	1.480%	1.369%	1.315%
County's proportionate share of the net pension liability (asset) \$	\$34,470,129	\$ 22,112,110	\$ 30,045,897	\$ 6,662,167	\$ (8,076,454)	\$ 15,844,773
County's covered payroll	\$90,801,800	\$ 86,485,125	\$ 85,863,203	\$ 78,638,685	\$ 75,432,100	\$ 70,704,901
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	37.96%	25.57%	34.99%	8.47%	-10.71%	22.41%
Plan fiduciary net position as a percentage of the total pension liability	91.53%	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.

Note: This schedule is intended to report information for ten years. Additional information will be added as it becomes available.

NEW HANOVER COUNTY, NORTH CAROLINA

SCHEDULE OF COUNTY CONTRIBUTIONS
 LOCAL GOVERNMENT EMPLOYEES' RETIREMENT FUND
 LAST SIX FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 7,849,186	\$ 7,093,175	\$ 6,490,333	\$ 5,724,654	\$ 5,658,901	\$ 5,408,309
Contributions in relation to the						
contractually required contribution	<u>7,849,186</u>	<u>7,093,175</u>	<u>6,490,333</u>	<u>5,724,654</u>	<u>5,658,901</u>	<u>5,408,309</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 97,617,233	\$ 90,801,800	\$ 86,485,125	\$ 85,863,203	\$ 78,638,685	\$ 75,432,100
Contributions as a percentage of						
covered payroll	8.04%	7.81%	7.50%	6.67%	7.20%	7.17%

Note: This schedule is intended to report information for ten years. Additional information will be added as it becomes available.

NEW HANOVER COUNTY, NORTH CAROLINA

SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF
 THE NET PENSION LIABILITY (ASSET)
 REGISTERS OF DEEDS' SUPPLEMENTAL PENSION FUND
 LAST SIX FISCAL YEARS *

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	-2.630%	-2.746%	-2.747%	-2.600%	-2.496%	-2.590%
County's proportionate share of the net pension liability (asset) \$	\$ (435,537)	\$ (468,669)	\$ (513,646)	\$ (602,489)	\$ (565,854)	\$ (553,265)
County's covered payroll	\$ 86,679	\$ 82,738	\$ 80,090	\$ 72,354	\$ 57,965	\$ 59,450
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-502.47%	-566.45%	-641.34%	-832.70%	-976.20%	-930.64%
Plan fiduciary net position as a percentage of the total pension liability	153.31%	153.77%	160.17%	197.29%	193.88%	190.50%

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

Note: This schedule is intended to report information for ten years. Additional information will be added as it becomes available.

NEW HANOVER COUNTY, NORTH CAROLINA

SCHEDULE OF COUNTY CONTRIBUTIONS
 REGISTERS OF DEEDS' SUPPLEMENTAL PENSION FUND
 LAST SIX FISCAL YEARS *

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 7,420	\$ 6,780	\$ 6,056	\$ 5,406	\$ 5,115	\$ 4,098
Contributions in relation to the						
contractually required contribution	<u>21,861</u>	<u>22,503</u>	<u>23,856</u>	<u>22,444</u>	<u>20,804</u>	<u>20,383</u>
Contribution deficiency (excess)	<u>\$ (14,441)</u>	<u>\$ (15,723)</u>	<u>\$ (17,800)</u>	<u>\$ (17,038)</u>	<u>\$ (15,689)</u>	<u>\$ (16,285)</u>
County's covered payroll	\$ 95,011	\$ 89,679	\$ 82,738	\$ 80,090	\$ 72,354	\$ 57,965
Contributions as a percentage of						
covered payroll	23.01%	25.09%	28.83%	28.02%	28.75%	35.16%

Note: This schedule is intended to report information for ten years. Additional information will be added as it becomes available.

NEW HANOVER COUNTY, NORTH CAROLINA

SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
 LAW ENFORCEMENT OFFICERS' SEPERATION ALLOWANCE
 LAST THREE FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 10,390,651	\$ 9,025,548	\$ 8,764,750
Service cost	614,883	512,697	525,336
Interest on the total pension liability	322,043	341,465	306,832
Differences between expected and actual experience in the measurement of the total pension liability	544,177	160,396	-
Changes of assumptions or other inputs	(463,105)	709,164	(231,341)
Benefit payments	<u>(398,812)</u>	<u>(358,619)</u>	<u>(340,029)</u>
Ending balance of the total pension liability	<u>\$ 11,009,837</u>	<u>\$ 10,390,651</u>	<u>\$ 9,025,548</u>

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

Note: This schedule is intended to report information for ten years. Additional information will be added as it becomes available.

NEW HANOVER COUNTY, NORTH CAROLINA

SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
LAW ENFORCEMENT OFFICERS' SEPERATION ALLOWANCE
LAST THREE FISCAL YEARS

	<u>2019</u>		<u>2018</u>		<u>2017</u>
Total pension liability	\$ 11,009,837	\$	10,390,651	\$	9,025,548
Covered payroll	23,222,223		21,990,856		21,309,047
Total pension liability as a percentage of covered payroll	47.41%		47.25%		42.36%

Notes to the schedules:

New Hanover County has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB
Statement 73 to pay related benefits.

Note: This schedule is intended to report information for ten years. Additional information will be added as it becomes available.

NEW HANOVER COUNTY, NORTH CAROLINA**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST TWO FISCAL YEARS**

Total OPEB Liability	<u>2019</u>	<u>2018</u>
Service cost	\$ 16,612,112	\$ 19,209,269
Interest	11,388,098	10,060,854
Differences between expected and actual experience	32,549,043	747,780
Changes in assumptions or other inputs	(30,866,839)	(40,871,684)
Benefit payments	<u>(3,117,721)</u>	<u>(3,887,607)</u>
Net change in total OPEB liability	26,564,693	(14,741,388)
Total OPEB liability - beginning	<u>321,435,633</u>	<u>336,177,021</u>
Total OPEB liability - ending	<u><u>\$ 348,000,326</u></u>	<u><u>\$ 321,435,633</u></u>
Covered payroll	\$ 83,418,661	\$ 75,788,365
Total OPEB liability as a percentage of covered payroll	417.17%	424.12%

Note to Schedule:

Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

<u>Fiscal Year</u>	<u>Rate</u>
2017	3.01%
2018	3.56%
2019	3.89%

Note: This schedule is intended to report information for ten years. Additional information will be added as it becomes available.

NEW HANOVER COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2019

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Cash and investments	\$ 7,843,911	\$ 7,893,966	\$ 15,737,877
Restricted cash	72,376	160,519	232,895
Receivables:			
Intergovernmental	923,970	687,265	1,611,235
Other sources, net	353,135	253	353,388
Inventory	21,956	-	21,956
Prepays	15,959	-	15,959
Total assets	<u>\$ 9,231,307</u>	<u>\$ 8,742,003</u>	<u>\$ 17,973,310</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 568,400	\$ 842,847	\$ 1,411,247
Interfund loans	-	3,094,731	3,094,731
Total liabilities	<u>568,400</u>	<u>3,937,578</u>	<u>4,505,978</u>
Deferred Inflows of Resources			
Taxes receivable	138,234	-	138,234
Total deferred inflows of resources	<u>138,234</u>	<u>-</u>	<u>138,234</u>
Fund Balances:			
Non-spendable	15,959	-	15,959
Restricted:			
Stabilization for State statute	1,371,307	2,157,554	3,528,861
Restricted, all other	7,052,200	7,625,897	14,678,097
Committed	-	37,734	37,734
Assigned	85,207	-	85,207
Unassigned	-	(5,016,760)	(5,016,760)
Total fund balances	<u>8,524,673</u>	<u>4,804,425</u>	<u>13,329,098</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,231,307</u>	<u>\$ 8,742,003</u>	<u>\$ 17,973,310</u>

NEW HANOVER COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Taxes	\$ 14,296,821	\$ -	\$ 14,296,821
Intergovernmental revenues	-	3,071,519	3,071,519
Charges for services	1,907,759	-	1,907,759
Investment earnings	199,847	79,282	279,129
Miscellaneous	54,169	-	54,169
Total revenues	<u>16,458,596</u>	<u>3,150,801</u>	<u>19,609,397</u>
Expenditures:			
Current:			
Public safety	13,143,587	-	13,143,587
Culture and recreation	1,603,544	-	1,603,544
Capital outlay	855,637	13,223,910	14,079,547
Debt service:			
Installment debt payments	1,355,603	-	1,355,603
Total expenditures	<u>16,958,371</u>	<u>13,223,910</u>	<u>30,182,281</u>
Revenues over (under) expenditures	<u>(499,775)</u>	<u>(10,073,109)</u>	<u>(10,572,884)</u>
Other Financing Sources (Uses):			
Long-term debt issued	587,507	365,402	952,909
Sale of capital assets	40,729	-	40,729
Transfers to other funds	(250,925)	(42,510)	(293,435)
Transfers from other funds	1,146,381	8,650,372	9,796,753
Total other financing sources (uses)	<u>1,523,692</u>	<u>8,973,264</u>	<u>10,496,956</u>
Net change in fund balances	1,023,917	(1,099,845)	(75,928)
Fund Balances:			
Beginning of year - July 1	<u>7,500,756</u>	<u>5,904,270</u>	<u>13,405,026</u>
End of year - June 30	<u>\$ 8,524,673</u>	<u>\$ 4,804,425</u>	<u>\$ 13,329,098</u>

NEW HANOVER COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS

JUNE 30, 2019

	Special Fire District	Local Law Enforcement Block Grant	Emergency Telephone System Grant	Revolving Loan Program
Assets:				
Cash and investments	\$ 2,431,585	\$ 16,675	\$ 495,345	\$ 85,207
Restricted cash	-	-	-	-
Receivables:				
Intergovernmental	923,970	-	-	-
Other sources, net	223,072	-	48,876	-
Inventory	-	-	-	-
Prepays	-	-	-	-
Total assets	<u>\$ 3,578,627</u>	<u>\$ 16,675</u>	<u>\$ 544,221</u>	<u>\$ 85,207</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 403,868	\$ -	\$ 44,889	\$ -
Total liabilities	<u>403,868</u>	<u>-</u>	<u>44,889</u>	<u>-</u>
Deferred Inflows of Resources				
Taxes receivable	<u>138,234</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>138,234</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Non-spendable:				
Inventory	-	-	-	-
Prepays	-	-	-	-
Restricted:				
Stabilization for State statute	1,235,322	-	54,798	-
Restricted, all other	1,801,203	16,675	444,534	-
Assigned	-	-	-	85,207
Total fund balances	<u>3,036,525</u>	<u>16,675</u>	<u>499,332</u>	<u>85,207</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,578,627</u>	<u>\$ 16,675</u>	<u>\$ 544,221</u>	<u>\$ 85,207</u>

NEW HANOVER COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS

JUNE 30, 2019

	Parks Conservancy of NHC	Airlie Gardens Foundation, Inc.	Public Health Foundation	Total Nonmajor Special Revenue Governmental Funds
Assets:				
Cash and investments	\$ -	\$ 4,815,099	\$ -	\$ 7,843,911
Restricted cash	50,843	-	21,533	72,376
Receivables:				
Intergovernmental	-	-	-	923,970
Other sources, net	-	81,187	-	353,135
Inventory	-	21,956	-	21,956
Prepays	-	15,959	-	15,959
Total assets	<u>\$ 50,843</u>	<u>\$ 4,934,201</u>	<u>\$ 21,533</u>	<u>\$ 9,231,307</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ 119,643	\$ -	\$ 568,400
Total liabilities	<u>-</u>	<u>119,643</u>	<u>-</u>	<u>568,400</u>
Deferred Inflows of Resources				
Taxes receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>138,234</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>138,234</u>
Fund Balances:				
Non-spendable:				
	-	21,956		
Prepays	-	15,959	-	15,959
Restricted:				
Stabilization for State statute	-	81,187	-	1,371,307
Restricted, all other	50,843	4,717,412	21,533	7,052,200
Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,207</u>
Total fund balances	<u>50,843</u>	<u>4,814,558</u>	<u>21,533</u>	<u>8,524,673</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 50,843</u>	<u>\$ 4,934,201</u>	<u>\$ 21,533</u>	<u>\$ 9,231,307</u>

NEW HANOVER COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

	Special Fire District	Local Law Enforcement Block Grant	Emergency Telephone System Grant	Revolving Loan Program
Revenues:				
Taxes:				
Ad valorem, including interest	\$ 10,424,345	\$ -	\$ -	\$ -
Other taxes	3,285,962	-	586,514	-
Total taxes	13,710,307	-	586,514	-
Charges for services	64,689	-	-	-
Investment earnings	39,018	275	7,730	1,369
Miscellaneous	26,448	-	-	4,900
Total revenues	13,840,462	275	594,244	6,269
Expenditures:				
Current:				
Operating costs	12,441,785	-	701,702	-
Capital outlay	855,637	-	-	-
Debt service:				
Installment debt payments	1,355,603	-	-	-
Total expenditures	14,653,025	-	701,702	-
Revenues over (under) expenditures	(812,563)	275	(107,458)	6,269
Other Financing Sources (Uses):				
Long-term debt issued	587,507	-	-	-
Insurance claim proceeds	40,729	-	-	-
Transfer to other funds	(250,925)	-	-	-
Transfer from other funds	1,146,381	-	-	-
Total other financing sources (uses)	1,523,692	-	-	-
Net change in fund balances	711,129	275	(107,458)	6,269
Fund Balances:				
Beginning of year - July 1	2,325,396	16,400	606,790	78,938
End of year - June 30	\$ 3,036,525	\$ 16,675	\$ 499,332	\$ 85,207

NEW HANOVER COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

	Parks Conservancy of NHC	Airlie Gardens Foundation, Inc.	Public Health Foundation	Total Nonmajor Special Revenue Governmental Funds
Revenues:				
Taxes:				
Ad valorem, including interest	\$ -	\$ -	\$ -	\$ 10,424,345
Other taxes	-	-	-	3,872,476
Total taxes	-	-	-	14,296,821
Charges for services	-	1,843,070	-	1,907,759
Investment earnings	43	151,412	-	199,847
Miscellaneous	22,821	-	-	54,169
Total revenues	22,864	1,994,482	-	16,458,596
Expenditures:				
Current:				
Operating costs	9,808	1,593,736	100	14,747,131
Capital outlay	-	-	-	855,637
Debt service:				
Installment debt payments	-	-	-	1,355,603
Total expenditures	9,808	1,593,736	100	16,958,371
Revenues over (under) expenditures	13,056	400,746	(100)	(499,775)
Other Financing Sources (Uses):	-	-	-	-
Long-term debt issued	-	-	-	587,507
Sale of capital assets	-	-	-	40,729
Transfer to other funds	-	-	-	(250,925)
Transfer from other funds	-	-	-	1,146,381
Total other financing sources (uses)	-	-	-	1,523,692
Net change in fund balances	13,056	400,746	(100)	1,023,917
Fund Balances:				
Beginning of year - July 1	37,787	4,413,812	21,633	7,500,756
End of year - June 30	\$ 50,843	\$ 4,814,558	\$ 21,533	\$ 8,524,673

NEW HANOVER COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECT GOVERNMENTAL FUNDS
 JUNE 30, 2019

	Juvenile Justice Facility Capital Project	Heritage Park Marquis Hills Capital Project	Public School Building Capital Fund Capital Project	Pine Valley Branch Library Capital Project	Controlled Substance Tax Capital Project	Federal Forfeited Property Capital Project	Masons Inlet Relocation Capital Project
Assets:							
Cash and investments	\$ -	\$ 24,321	\$ -	\$ -	\$ 41,544	\$ 164,511	\$ 7,609,176
Restricted cash	-	-	-	-	-	-	-
Receivables:							
Intergovernmental	-	-	687,265	-	-	-	-
Other sources	-	-	-	-	253	-	-
Total assets	<u>\$ -</u>	<u>\$ 24,321</u>	<u>\$ 687,265</u>	<u>\$ -</u>	<u>\$ 41,797</u>	<u>\$ 164,511</u>	<u>\$ 7,609,176</u>
Liabilities and Fund Balances:							
Liabilities:							
Accounts payable and accrued liabilities	\$ 236,657	\$ -	\$ 3,898	\$ 454,884	\$ 179	\$ -	\$ 42,035
Interfund loans	<u>743,838</u>	<u>-</u>	<u>683,367</u>	<u>694,165</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>980,495</u>	<u>-</u>	<u>687,265</u>	<u>1,149,049</u>	<u>179</u>	<u>-</u>	<u>42,035</u>
Fund Balances:							
Restricted:							
Stabilization for State statute	511,186	-	687,265	30,400	253	-	331,960
Restricted, all other	-	24,321	-	-	41,365	164,511	7,235,181
Committed	-	-	-	-	-	-	-
Unassigned	<u>(1,491,681)</u>	<u>-</u>	<u>(687,265)</u>	<u>(1,179,449)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>(980,495)</u>	<u>24,321</u>	<u>-</u>	<u>(1,149,049)</u>	<u>41,618</u>	<u>164,511</u>	<u>7,567,141</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 24,321</u>	<u>\$ 687,265</u>	<u>\$ -</u>	<u>\$ 41,797</u>	<u>\$ 164,511</u>	<u>\$ 7,609,176</u>

NEW HANOVER COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECT GOVERNMENTAL FUNDS
 JUNE 30, 2019

	Bike/ Pedestrian Paths Capital Project	Cobb Annex Repairs Capital Project	320 Chestnut Street Renovation Capital Project	Capital Improvement Projects Capital Project	Special Fire District Revenue Improvement Projects Capital Project	Special Fire District Revenue Ogden Fire Station Capital Project	Healing Transition Facility Capital Project	Total Nonmajor Capital Project Governmental Funds
Assets:								
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ 8,068	\$ 46,346	\$ -	\$ 7,893,966
Restricted cash	-	60,669	99,850	-	-	-	-	160,519
Receivables:								
Intergovernmental	-	-	-	-	-	-	-	687,265
Other sources	-	-	-	-	-	-	-	253
Total assets	<u>\$ -</u>	<u>\$ 60,669</u>	<u>\$ 99,850</u>	<u>\$ -</u>	<u>\$ 8,068</u>	<u>\$ 46,346</u>	<u>\$ -</u>	<u>\$ 8,742,003</u>
Liabilities and Fund Balances:								
Liabilities:								
Accounts payable and accrued liabilities	\$ 2,420	\$ -	\$ -	\$ 87,743	\$ -	\$ 15,000	\$ 31	\$ 842,847
Interfund loans	<u>377,110</u>	<u>-</u>	<u>-</u>	<u>354,747</u>	<u>-</u>	<u>-</u>	<u>241,504</u>	<u>3,094,731</u>
Total liabilities	<u>379,530</u>	<u>-</u>	<u>-</u>	<u>442,490</u>	<u>-</u>	<u>15,000</u>	<u>241,535</u>	<u>3,937,578</u>
Fund Balances:								
Restricted:								
Stabilization for State statute	4,703	-	-	590,107	-	1,680	-	2,157,554
Restricted, all other	-	60,669	99,850	-	-	-	-	7,625,897
Committed	-	-	-	-	8,068	29,666	-	37,734
Unassigned	<u>(384,233)</u>	<u>-</u>	<u>-</u>	<u>(1,032,597)</u>	<u>-</u>	<u>-</u>	<u>(241,535)</u>	<u>(5,016,760)</u>
Total fund balances	<u>(379,530)</u>	<u>60,669</u>	<u>99,850</u>	<u>(442,490)</u>	<u>8,068</u>	<u>31,346</u>	<u>(241,535)</u>	<u>4,804,425</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 60,669</u>	<u>\$ 99,850</u>	<u>\$ -</u>	<u>\$ 8,068</u>	<u>\$ 46,346</u>	<u>\$ -</u>	<u>\$ 8,742,003</u>

NEW HANOVER COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECT
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Juvenile Justice Facility Capital Project	Heritage Park Marquis Hills Capital Project	Public School Building Capital Fund Capital Project	Pine Valley Branch Library Capital Project	Controlled Substance Tax Capital Project	Federal Forfeited Property Capital Project	Masons Inlet Relocation Capital Project
Revenues:							
Intergovernmental revenues	\$ -	\$ -	\$ 1,750,417	\$ 150,000	\$ 82,884	\$ 238,218	\$ -
Investment earnings	-	-	-	144	563	4,065	69,090
Total revenues	-	-	1,750,417	150,144	83,447	242,283	69,090
Expenditures:							
Supplies	-	-	-	-	76,482	78,946	-
Capital outlay	980,495	17,068	1,750,417	3,699,885	5,156	92,414	291,022
Contracted services	-	-	-	-	-	44,071	-
Total expenditures	980,495	17,068	1,750,417	3,699,885	81,638	215,431	291,022
Revenues over (under) expenditures	(980,495)	(17,068)	-	(3,549,741)	1,809	26,852	(221,932)
Other Financing Sources (Uses):							
Long-term debt issued	-	365,402	-	-	-	-	-
Transfers to other funds	-	-	-	-	-	(42,510)	-
Transfers from other funds	-	-	-	-	-	-	6,505,000
Total other financing sources (uses)	-	365,402	-	-	-	(42,510)	6,505,000
Net change in fund balances	(980,495)	348,334	-	(3,549,741)	1,809	(15,658)	6,283,068
Fund Balances:							
Beginning of year - July 1	-	(324,013)	-	2,400,692	39,809	180,169	1,284,073
End of year - June 30	<u>\$ (980,495)</u>	<u>\$ 24,321</u>	<u>\$ -</u>	<u>\$ (1,149,049)</u>	<u>\$ 41,618</u>	<u>\$ 164,511</u>	<u>\$ 7,567,141</u>

NEW HANOVER COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECT
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Bike/ Pedestrian Paths Capital Project	Cobb Annex Repairs Capital Project	320 Chestnut Street Renovation Capital Project	Capital Improvement Projects Capital Project	Special Fire District Revenue Improvement Projects Capital Project	Special Fire District Revenue Ogden Fire Station Capital Project	Healing Transition Facility Capital Project	Total Nonmajor Capital Project Governmental Funds
Revenues:								
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ 850,000	\$ -	\$ -	\$ -	\$ 3,071,519
Investment earnings	-	1,376	1,900	1,843	133	168	-	79,282
Total revenues	-	1,376	1,900	851,843	133	168	-	3,150,801
Expenditures:								
Supplies	-	-	-	-	-	-	-	155,428
Capital outlay	758,693	7,000	-	3,373,594	-	1,833,538	215,129	13,024,411
Contracted services	-	-	-	-	-	-	-	44,071
Total expenditures	758,693	7,000	-	3,373,594	-	1,833,538	215,129	13,223,910
Revenues over (under) expenditures	(758,693)	(5,624)	1,900	(2,521,751)	133	(1,833,370)	(215,129)	(10,073,109)
Other Financing Sources (Uses):								
Long-term debt issued	-	-	-	-	-	-	-	365,402
Transfers to other funds	-	-	-	-	-	-	-	(42,510)
Transfers from other funds	675,373	-	-	1,469,999	-	-	-	8,650,372
Total other financing sources (uses)	675,373	-	-	1,469,999	-	-	-	8,973,264
Net change in fund balances	(83,320)	(5,624)	1,900	(1,051,752)	133	(1,833,370)	(215,129)	(1,099,845)
Fund Balances:								
Beginning of year - July 1	(296,210)	66,293	97,950	609,262	7,935	1,864,716	(26,406)	5,904,270
End of year - June 30	<u>\$ (379,530)</u>	<u>\$ 60,669</u>	<u>\$ 99,850</u>	<u>\$ (442,490)</u>	<u>\$ 8,068</u>	<u>\$ 31,346</u>	<u>\$ (241,535)</u>	<u>\$ 4,804,425</u>

NEW HANOVER COUNTY, NORTH CAROLINA

GENERAL FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Assets:		
Cash and investments	\$ 80,262,003	\$ 96,105,120
Receivables:		
Interfund loans	3,094,731	315,139
Intergovernmental	24,413,666	23,126,664
Other sources, net	4,499,411	4,208,973
Due from component units	504,049	452,982
Inventory	9,929	8,130
Prepays	<u>85,674</u>	<u>104,643</u>
 Total assets	 <u>\$ 112,869,463</u>	 <u>\$ 124,321,651</u>
 Liabilities and Fund Balances:		
Liabilities:		
Accounts payable and accrued liabilities	\$ 12,665,021	\$ 11,998,884
Advances from grantor	<u>405,956</u>	<u>243,622</u>
Total liabilities	<u>13,070,977</u>	<u>12,242,506</u>
 Deferred Inflows of Resources		
Prepaid property taxes not yet earned	339,869	2,278,270
Taxes receivable	1,879,091	2,361,907
Special assessments receivable	-	1,796
Scattered site/SARF receivables	132,981	230,667
Health PCM receivable	<u>47,305</u>	<u>-</u>
Total deferred inflows of resources	<u>2,399,246</u>	<u>4,872,640</u>
 Fund Balances:		
Non-spendable:		
Inventory	9,929	8,130
Prepays	85,674	104,643
Restricted:		
Stabilization for State statute	34,445,640	27,479,682
Register of Deeds	271,537	388,944
Committed:		
LEO Special Separation Allowance	3,391,592	3,001,121
Assigned:		
Subsequent years' expenditures	2,237,481	7,543,023
Post-employment benefits	4,300,000	4,300,000
Capital improvement plan	750	1,925,750
Public schools	-	627,478
Unassigned	<u>52,656,637</u>	<u>61,827,734</u>
Total fund balances	<u>97,399,240</u>	<u>107,206,505</u>
 Total liabilities and fund balances	 <u>\$ 112,869,463</u>	 <u>\$ 124,321,651</u>

NEW HANOVER COUNTY, NORTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2019

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Taxes:				
Ad valorem taxes	\$ 167,132,554	\$ 170,067,117	\$ 2,934,563	\$ 171,327,336
Other	66,992,690	66,994,670	1,980	73,914,010
Total taxes	234,125,244	237,061,787	2,936,543	245,241,346
Special assessments	-	-	-	10,270
Intergovernmental revenue	41,022,988	44,923,524	3,900,536	34,998,740
Charges for services	12,254,306	11,878,928	(375,378)	11,278,589
Investment earnings	888,150	1,985,146	1,096,996	1,369,416
Miscellaneous	1,355,895	722,342	(633,553)	585,368
Total revenues	289,646,583	296,571,727	6,925,144	293,483,729
Expenditures:				
Current:				
General government	46,330,647	44,044,846	2,285,801	44,529,458
Human services	55,399,396	51,412,360	3,987,036	50,947,296
Public safety	79,372,600	73,763,958	5,608,642	62,310,618
Economic and physical development	2,170,446	1,789,784	380,662	2,192,132
Culture and recreation	14,214,947	13,085,516	1,129,431	11,777,988
Education - community college	10,852,593	10,852,593	-	10,862,177
Education - public schools	82,521,692	82,521,692	-	-
Total expenditures	290,862,321	277,470,749	13,391,572	182,619,669
Revenues over (under) expenditures	(1,215,738)	19,100,978	20,316,716	110,864,060
Other Financing Sources (Uses):				
Long term debt issued	3,255,094	3,177,967	(77,127)	-
Sales of capital assets	675,000	73,581	(601,419)	39,497
Insurance claim proceeds	401,226	524,497	123,271	58,399
Transfers from other funds	1,025,740	943,435	(82,305)	55,212
Transfer to other funds	(36,851,438)	(32,983,451)	3,867,987	(111,798,113)
Appropriated fund balance	32,710,116	-	(32,710,116)	-
Total other financing sources (uses)	1,215,738	(28,263,971)	(29,479,709)	(111,645,005)
Net change in fund balances	\$ -	(9,162,993)	\$ (9,162,993)	(780,945)
Fund Balances:				
Beginning of year - July 1		106,579,027		107,359,972
End of year - June 30		\$ 97,416,034		\$ 106,579,027

NEW HANOVER COUNTY, NORTH CAROLINA

PUBLIC SCHOOLS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2019

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Investment earnings	\$ -	\$ 5,728	\$ 5,728	\$ 2,552
Total revenues	-	5,728	5,728	2,552
Expenditures:				
Current:				
Payments to schools:				
Operating expenditures	-	-	-	75,141,652
Capital expenditures	-	-	-	2,100,000
Total expenditures	-	-	-	77,241,652
Revenues over (under) expenditures	-	5,728	5,728	(77,239,100)
Other Financing Sources (Uses):				
Transfers from other funds	-	-	-	77,404,250
Transfer to other funds	(650,000)	(650,000)	-	-
Appropriated fund balance	650,000	-	(650,000)	-
Total other financing sources (uses)	-	(650,000)	(650,000)	77,404,250
Net change in fund balance	\$ -	(644,272)	\$ (644,272)	165,150
Fund Balance:				
Beginning of year - July 1		627,478		462,328
End of year - June 30		\$ (16,794)		\$ 627,478

NEW HANOVER COUNTY, NORTH CAROLINA

DEBT SERVICE FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Assets:		
Cash and investments	\$ 2,977,424	\$ 5,307,124
Receivables:		
Intergovernmental	4,022,927	-
Other sources, net	<u>131,784</u>	<u>132,275</u>
Total assets	<u>\$ 7,132,135</u>	<u>\$ 5,439,399</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable and accrued liabilities	\$ -	\$ 768
Total liabilities	<u>-</u>	<u>768</u>
Fund Balance:		
Restricted:		
Stabilization by State statute	4,154,711	132,275
Committed:		
Debt service	-	4,967,820
Assigned:		
Subsequent years' expenditures	5,184,948	338,536
Unassigned	<u>(2,207,524)</u>	<u>-</u>
Total fund balance	<u>7,132,135</u>	<u>5,438,631</u>
Total liabilities and fund balance	<u>\$ 7,132,135</u>	<u>\$ 5,439,399</u>

NEW HANOVER COUNTY, NORTH CAROLINA

DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2019

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Taxes:				
Ad valorem taxes	\$ 21,950,620	\$ 22,342,017	\$ 391,397	\$ 21,846,419
Other	13,986,104	14,407,266	421,162	-
Total taxes	35,936,724	36,749,283	812,559	21,846,419
Intergovernmental revenue	3,946,915	3,952,257	5,342	4,753,287
Investment earnings	-	9,349	9,349	5,779
Total revenues	39,883,639	40,710,889	827,250	26,605,485
Expenditures:				
Debt service:				
Principal	29,715,000	29,715,000	-	28,895,000
Interest and fees	13,852,887	13,474,353	378,534	12,803,143
Installment lease payments	11,378,192	10,551,936	826,256	12,908,701
Total expenditures	54,946,079	53,741,289	1,204,790	54,606,844
Revenues over (under) expenditures	(15,062,440)	(13,030,400)	2,032,040	(28,001,359)
Other Financing Sources (Uses):				
Transfer from other funds	14,723,904	14,723,904	-	31,012,562
Appropriated fund balance	338,536	-	(338,536)	-
Total other financing sources (uses)	15,062,440	14,723,904	(338,536)	31,012,562
Net change in fund balance	\$ -	1,693,504	\$ 1,693,504	3,011,203
Fund Balance:				
Beginning of year - July 1		5,438,631		2,427,428
End of year - June 30		\$ 7,132,135		\$ 5,438,631

NEW HANOVER COUNTY, NORTH CAROLINA

ROOM OCCUPANCY TAX FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Assets:		
Cash and investments	\$ 41,875,001	\$ 37,172,118
Receivables:		
Other sources, net	<u>1,246,018</u>	<u>1,156,015</u>
Total assets	<u>\$ 43,121,019</u>	<u>\$ 38,328,133</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable and accrued liabilities	\$ -	\$ 66,473
Due to component unit	<u>748,738</u>	<u>677,047</u>
Total liabilities	<u>748,738</u>	<u>743,520</u>
Deferred Inflows of Resources		
Taxes receivable	(3,827)	(6,248)
Special assessments receivable	<u>272,518</u>	<u>59,409</u>
Total deferred inflows of resources	<u>268,691</u>	<u>53,161</u>
Fund Balance:		
Restricted:		
Economic and physical development	40,683,094	35,962,577
Stabilization by State statute	<u>1,420,496</u>	<u>1,568,875</u>
Total fund balance	<u>42,103,590</u>	<u>37,531,452</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 43,121,019</u>	<u>\$ 38,328,133</u>

NEW HANOVER COUNTY, NORTH CAROLINA

ROOM OCCUPANCY TAX FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2019

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Room occupancy taxes	\$ 6,919,950	\$ 7,152,943	\$ 232,993	\$ 6,022,051
Special assessments	2,656,750	3,526,540	869,790	97,662
Intergovernmental revenue	3,430,000	3,290,000	(140,000)	1,368,672
Investment earnings	-	665,851	665,851	455,771
Total revenues	<u>13,006,700</u>	<u>14,635,334</u>	<u>1,628,634</u>	<u>7,944,156</u>
Expenditures:				
Current:				
Collection fee to New Hanover County	96,250	91,750	4,500	111,926
Tourism distributions to TDA and municipalities	3,469,764	3,159,795	309,969	2,674,869
Erosion control	<u>3,401,707</u>	<u>306,651</u>	<u>3,095,056</u>	<u>9,044,086</u>
Total expenditures	<u>6,967,721</u>	<u>3,558,196</u>	<u>3,409,525</u>	<u>11,830,881</u>
Revenues over (under) expenditures	<u>6,038,979</u>	<u>11,077,138</u>	<u>5,038,159</u>	<u>(3,886,725)</u>
Other Financing Sources (Uses):				
Appropriated fund balance	466,021	-	(466,021)	-
Transfer to other funds	<u>(6,505,000)</u>	<u>(6,505,000)</u>	<u>-</u>	<u>(215,000)</u>
Total other financing sources (uses)	<u>(6,038,979)</u>	<u>(6,505,000)</u>	<u>(466,021)</u>	<u>(215,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>4,572,138</u>	<u>\$ 4,572,138</u>	<u>(4,101,725)</u>
Fund Balance:				
Beginning of year - July 1		<u>37,531,452</u>		<u>41,633,177</u>
End of year - June 30		<u>\$ 42,103,590</u>		<u>\$ 37,531,452</u>

NEW HANOVER COUNTY, NORTH CAROLINA

SPECIAL FIRE DISTRICT FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Assets:		
Cash and investments	\$ 2,431,585	\$ 2,028,065
Receivables:		
Intergovernmental	923,970	652,540
Other sources, net	<u>223,072</u>	<u>223,783</u>
Total assets	<u>\$ 3,578,627</u>	<u>\$ 2,904,388</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable and accrued liabilities	\$ 403,868	\$ 434,841
Total liabilities	<u>403,868</u>	<u>434,841</u>
Deferred Inflows of Resources		
Taxes receivable	<u>138,234</u>	<u>144,151</u>
Total deferred inflows of resources	<u>138,234</u>	<u>144,151</u>
Fund Balance:		
Restricted:		
Stabilization by State statute	1,235,322	763,686
Public safety	<u>1,801,203</u>	<u>1,561,710</u>
Total fund balance	<u>3,036,525</u>	<u>2,325,396</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 3,578,627</u>	<u>\$ 2,904,388</u>

NEW HANOVER COUNTY, NORTH CAROLINA

SPECIAL FIRE DISTRICT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2019

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad valorem taxes, including interest	\$ 10,195,643	\$ 10,424,345	\$ 228,702	\$ 10,133,345
Other taxes	3,342,948	3,285,962	(56,986)	2,495,916
Miscellaneous	-	26,448	26,448	20,434
Intergovernmental revenue	30,000	-	(30,000)	5,200
Charges for services	75,474	64,689	(10,785)	74,305
Investment earnings	12,560	39,018	26,458	22,537
Total revenues	<u>13,656,625</u>	<u>13,840,462</u>	<u>183,837</u>	<u>12,751,737</u>
Expenditures:				
Current:				
Operating expenditures	12,906,462	12,441,785	464,677	12,360,191
Capital outlay	1,027,079	855,637	171,442	1,685,595
Installment debt payments	1,397,054	1,355,603	41,451	619,851
Total expenditures	<u>15,330,595</u>	<u>14,653,025</u>	<u>677,570</u>	<u>14,665,637</u>
Revenues over (under) expenditures	<u>(1,673,970)</u>	<u>(812,563)</u>	<u>861,407</u>	<u>(1,913,900)</u>
Other Financing Sources (Uses):				
Appropriated fund balance	153,514	-	(153,514)	-
Long-term debt issued	625,000	587,507	(37,493)	1,420,020
Sale of capital assets	-	-	-	18,225
Insurance claim proceeds	-	40,729	-	-
Transfer from other funds	1,146,381	1,146,381	-	1,378,721
Transfer to other funds	(250,925)	(250,925)	-	-
Total other financing sources (uses)	<u>1,673,970</u>	<u>1,523,692</u>	<u>(150,278)</u>	<u>2,816,966</u>
Net change in fund balance	<u>\$ -</u>	<u>711,129</u>	<u>\$ 711,129</u>	<u>903,066</u>
Fund Balance:				
Beginning of year - July 1		<u>2,325,396</u>		<u>1,422,330</u>
End of year - June 30		<u>\$ 3,036,525</u>		<u>\$ 2,325,396</u>

NEW HANOVER COUNTY, NORTH CAROLINA
**LOCAL LAW ENFORCEMENT BLOCK GRANT FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
Assets:		
Cash and investments	\$ 16,675	\$ 16,400
Total assets	<u>\$ 16,675</u>	<u>\$ 16,400</u>
Liabilities and Fund Balance:		
Fund Balance:		
Restricted:		
Public safety	\$ 16,675	\$ 16,400
Total fund balance	<u>16,675</u>	<u>16,400</u>
Total liabilities and fund balance	<u>\$ 16,675</u>	<u>\$ 16,400</u>

NEW HANOVER COUNTY, NORTH CAROLINA

LOCAL LAW ENFORCEMENT BLOCK GRANT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2019
 WITH COMPARATIVE ACTUAL AMOUNTS FOR 2018

	2019			2018
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Intergovernmental revenue	\$ 89,784	\$ -	\$ (89,784)	\$ -
Investment earnings	-	275	275	176
Total revenues	<u>89,784</u>	<u>275</u>	<u>(89,509)</u>	<u>176</u>
Expenditures:				
Current:				
Operating expenditures	<u>89,784</u>	<u>-</u>	<u>89,784</u>	<u>-</u>
Total expenditures	<u>89,784</u>	<u>-</u>	<u>89,784</u>	<u>-</u>
Revenues over (under) expenditures	<u>-</u>	<u>275</u>	<u>275</u>	<u>176</u>
Net change in fund balance	<u>\$ -</u>	<u>275</u>	<u>\$ 275</u>	<u>176</u>
Fund Balance:				
Beginning of year - July 1		<u>16,400</u>		<u>16,224</u>
End of year - June 30		<u>\$ 16,675</u>		<u>\$ 16,400</u>

NEW HANOVER COUNTY, NORTH CAROLINA

EMERGENCY TELEPHONE SYSTEM FUND - ARTICLE 3
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Assets:		
Cash and investments	\$ 495,345	\$ 654,391
Receivables:		
Other sources, net	<u>48,876</u>	<u>78,350</u>
Total assets	<u>\$ 544,221</u>	<u>\$ 732,741</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	<u>\$ 44,889</u>	<u>\$ 125,951</u>
Total liabilities	<u>44,889</u>	<u>125,951</u>
Fund Balance:		
Restricted:		
Public safety	444,534	517,140
Stabilization by State statute	<u>54,798</u>	<u>89,650</u>
Total fund balance	<u>499,332</u>	<u>606,790</u>
Total liabilities and fund balance	<u>\$ 544,221</u>	<u>\$ 732,741</u>

NEW HANOVER COUNTY, NORTH CAROLINA

EMERGENCY TELEPHONE SYSTEM FUND - ARTICLE 3
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2019
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Other taxes	\$ 728,407	\$ 586,514	\$ (141,893)	\$ 563,311
Investment earnings	-	7,730	7,730	6,807
Total revenues	<u>728,407</u>	<u>594,244</u>	<u>(134,163)</u>	<u>570,118</u>
Expenditures:				
Current:				
Operating expenditures	890,333	701,702	188,631	587,338
Capital outlay	<u>203,808</u>	-	<u>203,808</u>	<u>107,882</u>
Total expenditures	<u>1,094,141</u>	<u>701,702</u>	<u>392,439</u>	<u>695,220</u>
Revenues over (under) expenditures	<u>(365,734)</u>	<u>(107,458)</u>	<u>258,276</u>	<u>(125,102)</u>
Other Financing Sources (Uses):				
Appropriated fund balance	<u>365,734</u>	-	<u>(365,734)</u>	-
Transfer to other funds	<u>-</u>	-	<u>-</u>	-
Total other financing sources (uses)	<u>365,734</u>	-	<u>(365,734)</u>	-
Net change in fund balance	<u>\$ -</u>	<u>(107,458)</u>	<u>\$ (107,458)</u>	<u>(125,102)</u>
Fund Balance:				
Beginning of year - July 1		<u>606,790</u>		<u>731,892</u>
End of year - June 30		<u>\$ 499,332</u>		<u>\$ 606,790</u>

NEW HANOVER COUNTY, NORTH CAROLINA

REVOLVING LOAN PROGRAM
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Assets:		
Cash and investments	\$ 85,207	\$ 78,938
Total assets	<u>\$ 85,207</u>	<u>\$ 78,938</u>
Liabilities and Fund Balance:		
Fund Balance:		
Assigned:		
Revolving loans	\$ 85,207	\$ 78,938
Total fund balance	<u>85,207</u>	<u>78,938</u>
Total liabilities and fund balance	<u>\$ 85,207</u>	<u>\$ 78,938</u>

NEW HANOVER COUNTY, NORTH CAROLINA

REVOLVING LOAN PROGRAM

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2019

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Miscellaneous revenue	\$ 10,000	\$ 4,900	\$ (5,100)	\$ 5,793
Investment earnings	-	1,369	1,369	819
Total revenues	10,000	6,269	(3,731)	6,612
Expenditures:				
Current:				
Operating expenditures	24,000	-	24,000	-
Total expenditures	24,000	-	24,000	-
Revenues over (under) expenditures	(14,000)	6,269	20,269	6,612
Other Financing Sources (Uses):				
Appropriated fund balance	14,000	-	(14,000)	-
Total other financing sources (uses)	14,000	-	(14,000)	-
Net change in fund balance	\$ -	6,269	\$ 6,269	6,612
Fund Balance:				
Beginning of year - July 1		78,938		72,326
End of year - June 30		\$ 85,207		\$ 78,938

NEW HANOVER COUNTY, NORTH CAROLINA**PARKS CONSERVANCY OF NEW HANOVER COUNTY
COMPARATIVE BALANCE SHEET
JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
Assets:		
Restricted cash	\$ 50,843	\$ 37,787
Total assets	<u>\$ 50,843</u>	<u>\$ 37,787</u>
Liabilities and Fund Balance:		
Fund Balance:		
Restricted:		
Culture and recreation	\$ 50,843	\$ 37,787
Total fund balance	<u>50,843</u>	<u>37,787</u>
Total liabilities and fund balance	<u>\$ 50,843</u>	<u>\$ 37,787</u>

NEW HANOVER COUNTY, NORTH CAROLINA

PARKS CONSERVANCY OF NEW HANOVER COUNTY
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2019
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Contributions	\$ -	\$ 22,821	\$ 22,821	\$ 34,964
Investment earnings	-	43	43	11
Total revenues	-	22,864	22,864	34,975
Expenditures:				
Current:				
Operating expenditures	-	9,808	(9,808)	8,938
Total expenditures	-	9,808	(9,808)	8,938
Revenues over (under) expenditures	\$ -	13,056	\$ 13,056	26,037
Fund Balance:				
Beginning of year - July 1		37,787		11,750
End of year - June 30		\$ 50,843		\$ 37,787

NEW HANOVER COUNTY, NORTH CAROLINA

AIRLIE GARDENS FOUNDATION, INC.
COMPARATIVE BALANCE SHEET
JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Assets:		
Cash and investments	\$ 4,815,099	\$ 4,538,744
Receivables:		
Other sources, net	81,187	6,642
Inventory	21,956	-
Prepays	15,959	500
Total assets	<u>\$ 4,934,201</u>	<u>\$ 4,545,886</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 119,643	\$ 132,074
Total liabilities	<u>119,643</u>	<u>132,074</u>
Fund Balance:		
Non-spendable:		
Inventory	21,956	-
Prepays	15,959	500
Restricted:		
Culture and recreation	4,717,412	4,406,670
Stabilization by State statute	81,187	6,642
Total fund balance	<u>4,814,558</u>	<u>4,413,812</u>
Total liabilities and fund balance	<u>\$ 4,934,201</u>	<u>\$ 4,545,886</u>

NEW HANOVER COUNTY, NORTH CAROLINA

AIRLIE GARDENS FOUNDATION, INC.

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2019

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Public support and revenue	\$ -	\$ 1,843,070	\$ 1,843,070	\$ 1,681,816
Investment earnings	-	151,412	151,412	316,778
Total revenues	-	1,994,482	1,994,482	1,998,594
Expenditures:				
Current:				
Operating expenditures	-	1,593,736	(1,593,736)	1,365,048
Total expenditures	-	1,593,736	(1,593,736)	1,365,048
Revenues over (under) expenditures	\$ -	400,746	\$ 400,746	633,546
Fund Balance:				
Beginning of year - July 1		4,413,812		3,780,266
End of year - June 30		\$ 4,814,558		\$ 4,413,812

NEW HANOVER COUNTY, NORTH CAROLINA

PUBLIC HEALTH FOUNDATION
COMPARATIVE BALANCE SHEET
JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Assets:		
Restricted cash	\$ 21,533	\$ 21,633
Total assets	<u>\$ 21,533</u>	<u>\$ 21,633</u>
Liabilities and Fund Balance:		
Fund Balance:		
Restricted:		
Human services	\$ 21,533	\$ 21,633
Total fund balance	<u>21,533</u>	<u>21,633</u>
Total liabilities and fund balance	<u>\$ 21,533</u>	<u>\$ 21,633</u>

NEW HANOVER COUNTY, NORTH CAROLINA

PUBLIC HEALTH FOUNDATION

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2019

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Contributions	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Current:				
Operating expenditures	-	100	(100)	100
Total expenditures	-	100	(100)	100
Revenues over (under) expenditures	\$ -	(100)	\$ (100)	(100)
Fund Balance:				
Beginning of year - July 1		21,633		21,733
End of year - June 30		\$ 21,533		\$ 21,633

NEW HANOVER COUNTY, NORTH CAROLINA

\$164 MILLION CFCC BOND EXPENDITURE CAPITAL PROJECT FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Assets:		
Restricted cash	\$ 1,738,187	\$ 5,062,741
Total assets	<u>\$ 1,738,187</u>	<u>\$ 5,062,741</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 632,310	\$ 700,620
Total liabilities	<u>632,310</u>	<u>700,620</u>
Fund Balance:		
Restricted:		
Education	<u>1,105,877</u>	<u>4,362,121</u>
Total fund balance	<u>1,105,877</u>	<u>4,362,121</u>
Total liabilities and fund balance	<u>\$ 1,738,187</u>	<u>\$ 5,062,741</u>

NEW HANOVER COUNTY, NORTH CAROLINA

\$164 MILLION CFCC BOND EXPENDITURE CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ 317,488	\$ 496,074	\$ 67,021	\$ 563,095
Total	<u>317,488</u>	<u>496,074</u>	<u>67,021</u>	<u>563,095</u>
Expenditures:				
Capital outlay:				
Bond issuance costs	-	57,744	-	57,744
Construction	<u>167,237,727</u>	<u>162,996,447</u>	<u>3,323,265</u>	<u>166,319,712</u>
Total expenditures	<u>167,237,727</u>	<u>163,054,191</u>	<u>3,323,265</u>	<u>166,377,456</u>
Revenues over (under) expenditures	<u>(166,920,239)</u>	<u>(162,558,117)</u>	<u>(3,256,244)</u>	<u>(165,814,361)</u>
Other Financing Sources (Uses):				
Long-term debt issued	164,000,000	156,411,254	-	156,411,254
Premium on long-term debt issued	6,874,447	14,463,192	-	14,463,192
Transfer to other funds	<u>(3,954,208)</u>	<u>(3,954,208)</u>	<u>-</u>	<u>(3,954,208)</u>
Total other financing sources (uses)	<u>166,920,239</u>	<u>166,920,238</u>	<u>-</u>	<u>166,920,238</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 4,362,121</u>	<u>(3,256,244)</u>	<u>\$ 1,105,877</u>
Fund Balance:				
Beginning of year - July 1			<u>4,362,121</u>	
End of year - June 30			<u>\$ 1,105,877</u>	

NEW HANOVER COUNTY, NORTH CAROLINA

\$160M SCHOOL BOND EXPENDITURE CAPITAL PROJECT FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Assets:		
Restricted cash and investments	\$ 48,212,663	\$ 11,527,670
Receivables:		
Intergovernmental	<u>608,253</u>	<u>348,835</u>
Total assets	<u>\$ 48,820,916</u>	<u>\$ 11,876,505</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	<u>\$ 5,779,795</u>	<u>\$ 5,307,676</u>
Total liabilities	<u>5,779,795</u>	<u>5,307,676</u>
Fund Balance:		
Restricted:		
Stabilization by State statute	608,253	-
Education	<u>42,432,868</u>	<u>6,568,829</u>
Total fund balance	<u>43,041,121</u>	<u>6,568,829</u>
Total liabilities and fund balance	<u>\$ 48,820,916</u>	<u>\$ 11,876,505</u>

NEW HANOVER COUNTY, NORTH CAROLINA

\$160M SCHOOL BOND EXPENDITURE CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ -	\$ 453,930	\$ 944,667	\$ 1,398,597
Total revenues	-	453,930	944,667	1,398,597
Expenditures:				
Capital outlay:				
Bond issuance cost	-	208,595	158,177	366,772
Construction	161,617,300	84,511,673	35,483,848	119,995,521
Total expenditures	161,617,300	84,720,268	35,642,025	120,362,293
Revenues over (under) expenditures	(161,617,300)	(84,266,338)	(34,697,358)	(118,963,696)
Other Financing Sources (Uses):				
Long-term debt issued	160,000,000	81,270,000	65,970,000	147,240,000
Premiums on long-term debt issued	-	7,947,867	5,199,650	13,147,517
Transfers from other funds	1,617,300	1,617,300	-	1,617,300
Transfers to other funds	-	-	-	-
Total other financing sources (uses)	161,617,300	90,835,167	71,169,650	162,004,817
Net change in fund balance	\$ -	\$ 6,568,829	36,472,292	\$ 43,041,121
Fund Balance:				
Beginning of year - July 1			6,568,829	
End of year - June 30			\$ 43,041,121	

NEW HANOVER COUNTY, NORTH CAROLINA

JUVENILE JUSTICE FACILITY CAPITAL PROJECT FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Assets:		
Cash and investments	\$ -	\$ -
Total assets	<u>\$ -</u>	<u>\$ -</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 236,657	\$ -
Interfund loan	<u>743,838</u>	<u>-</u>
Total liabilities	<u>980,495</u>	<u>-</u>
Fund Balance:		
Restricted:		
Stabilization by State statute	511,186	-
Unassigned	<u>(1,491,681)</u>	<u>-</u>
Total fund balance	<u>(980,495)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ -</u>

NEW HANOVER COUNTY, NORTH CAROLINA

JUVENILE JUSTICE FACILITY CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Expenditures:				
Capital outlay:				
Construction	\$ 1,500,000	\$ -	\$ 980,495	\$ 980,495
Total expenditures	<u>1,500,000</u>	<u>-</u>	<u>980,495</u>	<u>980,495</u>
Revenues over (under) expenditures	<u>(1,500,000)</u>	<u>-</u>	<u>(980,495)</u>	<u>(980,495)</u>
Other Financing Sources (Uses):				
Long-term debt issued	<u>1,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>1,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(980,495)	<u>\$ (980,495)</u>
Fund Balance:				
Beginning of year - July 1			<u>-</u>	
End of year - June 30			<u>\$ (980,495)</u>	

NEW HANOVER COUNTY, NORTH CAROLINA

HERITAGE PARK AND MARQUIS HILLS SEWER EXPANSION CAPITAL PROJECT FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Assets:		
Cash and investments	\$ 24,321	\$ 24,321
Total assets	<u>\$ 24,321</u>	<u>\$ 24,321</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ -	\$ 348,334
Total liabilities	<u>-</u>	<u>348,334</u>
Fund Balance:		
Restricted:		
General Government	24,321	-
Unassigned	<u>-</u>	<u>(324,013)</u>
Total fund balance	<u>24,321</u>	<u>(324,013)</u>
Total liabilities and fund balance	<u>\$ 24,321</u>	<u>\$ 24,321</u>

NEW HANOVER COUNTY, NORTH CAROLINA

HERITAGE PARK AND MARQUIS HILLS SEWER EXPANSION CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

	Project	Actual		
	Authorization	Prior	Current	Total
		Years	Year	to Date
Revenues:				
Investment earnings	\$ -	\$ 507	\$ -	\$ 507
Total revenues	-	507	-	507
Expenditures:				
Capital outlay:				
Construction	17,301,428	14,099,807	17,068	14,116,875
Total expenditures	17,301,428	14,099,807	17,068	14,116,875
Revenues over (under) expenditures	(17,301,428)	(14,099,300)	(17,068)	(14,116,368)
Other Financing Sources (Uses):				
Long-term debt issued	16,962,184	13,436,043	365,402	13,801,445
Transfers from other funds	339,244	339,244	-	339,244
Total other financing sources (uses)	17,301,428	13,775,287	365,402	14,140,689
Net change in fund balance	\$ -	\$ (324,013)	348,334	\$ 24,321
Fund Balance:				
Beginning of year - July 1			(324,013)	
End of year - June 30			\$ 24,321	

NEW HANOVER COUNTY, NORTH CAROLINA

PUBLIC SCHOOL BUILDING CAPITAL FUND CAPITAL PROJECT FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Assets:		
Cash and investments	\$ -	\$ 4,377
Receivables:		
Intergovernmental	<u>687,265</u>	<u>508,649</u>
Total assets	<u>\$ 687,265</u>	<u>\$ 513,026</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 3,898	\$ 513,026
Interfund loan	<u>683,367</u>	<u>-</u>
Total liabilities	<u>687,265</u>	<u>513,026</u>
Fund Balance:		
Restricted:		
Stabilization by State statute	687,265	508,649
Unassigned	<u>(687,265)</u>	<u>(508,649)</u>
Total fund balance	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 687,265</u>	<u>\$ 513,026</u>

NEW HANOVER COUNTY, NORTH CAROLINA

PUBLIC SCHOOL BUILDING CAPITAL FUND CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Intergovernmental revenues	\$ 20,727,722	\$ 17,116,582	\$ 1,750,417	\$ 18,866,999
Total revenues	20,727,722	17,116,582	1,750,417	18,866,999
Expenditures:				
Capital outlay:				
Construction	20,727,722	17,116,582	1,750,417	18,866,999
Total expenditures	20,727,722	17,116,582	1,750,417	18,866,999
Revenues over (under) expenditures	\$ -	\$ -	-	\$ -
Fund Balance:				
Beginning of year - July 1			-	
End of year - June 30			\$ -	

NEW HANOVER COUNTY, NORTH CAROLINA

PINE VALLEY BRANCH LIBRARY CAPITAL PROJECT FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Assets:		
Cash and investments	\$ -	\$ 87,500
Restricted cash	-	2,998,145
Total assets	<u>\$ -</u>	<u>\$ 3,085,645</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 454,884	\$ 684,953
Interfund loan	694,165	-
Total liabilities	<u>1,149,049</u>	<u>684,953</u>
Fund Balance:		
Restricted:		
Stabilization by State Statute	30,400	3,783,645
Unassigned	<u>(1,179,449)</u>	<u>(1,382,953)</u>
Total fund balance	<u>(1,149,049)</u>	<u>2,400,692</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 3,085,645</u>

NEW HANOVER COUNTY, NORTH CAROLINA

PINE VALLEY BRANCH LIBRARY CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

	Project	Actual		
	Authorization	Prior	Current	Total
		Years	Year	to Date
Revenues:				
Contributions	\$ 640,000	\$ 490,000	\$ 150,000	\$ 640,000
Investment earnings	-	2,530	144	2,674
Total revenues	<u>640,000</u>	<u>492,530</u>	<u>150,144</u>	<u>642,674</u>
Expenditures:				
Capital outlay:				
Construction	<u>6,267,035</u>	<u>2,521,632</u>	<u>3,699,885</u>	<u>6,221,517</u>
Total expenditures	<u>6,267,035</u>	<u>2,521,632</u>	<u>3,699,885</u>	<u>6,221,517</u>
Revenues over (under) expenditures	<u>(5,627,035)</u>	<u>(2,029,102)</u>	<u>(3,549,741)</u>	<u>(5,578,843)</u>
Other Financing Sources (Uses):				
Long-term debt issued	3,958,591	3,961,350	-	3,961,350
Transfers from other funds	468,444	468,444	-	468,444
Gain on disposal of capital assets	<u>1,200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>5,627,035</u>	<u>4,429,794</u>	<u>-</u>	<u>4,429,794</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 2,400,692</u>	<u>(3,549,741)</u>	<u>\$ (1,149,049)</u>
Fund Balance:				
Beginning of year - July 1			<u>2,400,692</u>	
End of year - June 30			<u>\$ (1,149,049)</u>	

NEW HANOVER COUNTY, NORTH CAROLINA

CONTROLLED SUBSTANCE TAX CAPITAL PROJECT FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Assets:		
Cash and investments	\$ 41,544	\$ 57,342
Receivables:		
Other sources	<u>253</u>	<u>-</u>
Total assets	<u>\$ 41,797</u>	<u>\$ 57,342</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 179	\$ 17,533
Total liabilities	<u>179</u>	<u>17,533</u>
Fund Balance:		
Restricted:		
Stabilization for State statute	253	-
Public Safety	<u>41,365</u>	<u>39,809</u>
Total fund balance	<u>41,618</u>	<u>39,809</u>
Total liabilities and fund balance	<u>\$ 41,797</u>	<u>\$ 57,342</u>

NEW HANOVER COUNTY, NORTH CAROLINA

CONTROLLED SUBSTANCE TAX CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Intergovernmental revenues	\$ 1,870,514	\$ 1,815,355	\$ 82,884	\$ 1,898,239
Miscellaneous	50,382	50,382	-	50,382
Investment earnings	30,628	30,213	563	30,776
Total revenues	<u>1,951,524</u>	<u>1,895,950</u>	<u>83,447</u>	<u>1,979,397</u>
Expenditures:				
Supplies	1,179,679	1,089,459	76,482	1,165,941
Capital outlay	717,752	712,590	5,156	717,746
Contracted services	20,444	20,443	-	20,443
Total expenditures	<u>1,917,875</u>	<u>1,822,492</u>	<u>81,638</u>	<u>1,904,130</u>
Revenues over (under) expenditures	<u>33,649</u>	<u>73,458</u>	<u>1,809</u>	<u>75,267</u>
Other Financing Sources (Uses):				
Transfers to other funds	(33,649)	(33,649)	-	(33,649)
Total other financing sources (uses)	<u>(33,649)</u>	<u>(33,649)</u>	<u>-</u>	<u>(33,649)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 39,809</u>	1,809	<u>\$ 41,618</u>
Fund Balance:				
Beginning of year - July 1			<u>39,809</u>	
End of year - June 30			<u>\$ 41,618</u>	

NEW HANOVER COUNTY, NORTH CAROLINA

FEDERAL FORFEITED PROPERTY CAPITAL PROJECT FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Assets:		
Cash and investments	\$ 164,511	\$ 182,389
Total assets	<u>\$ 164,511</u>	<u>\$ 182,389</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ -	\$ 2,220
Total liabilities	<u>-</u>	<u>2,220</u>
Fund Balance:		
Restricted:		
Public safety	<u>164,511</u>	<u>180,169</u>
Total fund balance	<u>164,511</u>	<u>180,169</u>
Total liabilities and fund balance	<u>\$ 164,511</u>	<u>\$ 182,389</u>

NEW HANOVER COUNTY, NORTH CAROLINA

FEDERAL FORFEITED PROPERTY CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Intergovernmental revenue	\$ 7,541,315	\$ 7,333,599	\$ 238,218	\$ 7,571,817
Miscellaneous	223,735	223,734	-	223,734
Investment earnings	45,699	43,332	4,065	47,397
Total revenues	<u>7,810,749</u>	<u>7,600,665</u>	<u>242,283</u>	<u>7,842,948</u>
Expenditures:				
Supplies	1,812,714	1,703,175	78,946	1,782,121
Capital outlay	4,502,025	4,319,927	92,414	4,412,341
Contracted services	343,100	293,719	44,071	337,790
Total expenditures	<u>6,657,839</u>	<u>6,316,821</u>	<u>215,431</u>	<u>6,532,252</u>
Revenues over (under) expenditures	<u>1,152,910</u>	<u>1,283,844</u>	<u>26,852</u>	<u>1,310,696</u>
Other Financing Sources (Uses):				
Transfers to other funds	(1,220,410)	(1,171,175)	(42,510)	(1,213,685)
Gain on disposal of capital assets	67,500	67,500	-	67,500
Total other financing sources (uses)	<u>(1,152,910)</u>	<u>(1,103,675)</u>	<u>(42,510)</u>	<u>(1,146,185)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 180,169</u>	<u>(15,658)</u>	<u>\$ 164,511</u>
Fund Balance:				
Beginning of year - July 1			<u>180,169</u>	
End of year - June 30			<u>\$ 164,511</u>	

NEW HANOVER COUNTY, NORTH CAROLINA

MASONS INLET RELOCATION CAPITAL PROJECT FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Assets:		
Cash and investments	\$ 7,609,176	\$ 1,326,612
Receivables:		
Other sources	-	-
Total assets	<u>\$ 7,609,176</u>	<u>\$ 1,326,612</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 42,035	\$ 42,539
Total liabilities	<u>42,035</u>	<u>42,539</u>
Fund Balance:		
Restricted:		
Stabilization by State statute	331,960	78,667
Economic and physical development	<u>7,235,181</u>	<u>1,205,406</u>
Total fund balance	<u>7,567,141</u>	<u>1,284,073</u>
Total liabilities and fund balance	<u>\$ 7,609,176</u>	<u>\$ 1,326,612</u>

NEW HANOVER COUNTY, NORTH CAROLINA

MASONS INLET RELOCATION CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ 100,000	\$ 164,978	\$ 69,090	\$ 234,068
Intergovernmental revenue	1,772,998	1,341,079	-	1,341,079
Contributions	-	214,792	-	214,792
Sales tax refund	162	162	-	162
Total revenues	<u>1,873,160</u>	<u>1,721,011</u>	<u>69,090</u>	<u>1,790,101</u>
Expenditures:				
Land	340,153	340,153	-	340,153
Construction	<u>26,526,128</u>	<u>18,584,906</u>	<u>291,022</u>	<u>18,875,928</u>
Total expenditures	<u>26,866,281</u>	<u>18,925,059</u>	<u>291,022</u>	<u>19,216,081</u>
Revenues over (under) expenditures	<u>(24,993,121)</u>	<u>(17,204,048)</u>	<u>(221,932)</u>	<u>(17,425,980)</u>
Other Financing Sources (Uses):				
Transfers from other funds	<u>24,993,121</u>	<u>18,488,121</u>	<u>6,505,000</u>	<u>24,993,121</u>
Total other financing sources (uses)	<u>24,993,121</u>	<u>18,488,121</u>	<u>6,505,000</u>	<u>24,993,121</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,284,073</u>	<u>6,283,068</u>	<u>\$ 7,567,141</u>
Fund Balance:				
Beginning of year - July 1			<u>1,284,073</u>	
End of year - June 30			<u>\$ 7,567,141</u>	

NEW HANOVER COUNTY, NORTH CAROLINA
PUBLIC HEALTH AND SOCIAL SERVICES FACILITY CAPITAL PROJECT FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Assets:		
Cash and investments	\$ 10,793,762	\$ 14,418,871
Total assets	<u>\$ 10,793,762</u>	<u>\$ 14,418,871</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 4,418,821	\$ 583,484
Total liabilities	<u>4,418,821</u>	<u>583,484</u>
Fund Balance:		
Restricted:		
Stabilization by State statute	6,413,993	390,117
Unassigned	<u>(39,052)</u>	<u>13,445,270</u>
Total fund balance	<u>6,374,941</u>	<u>13,835,387</u>
Total liabilities and fund balance	<u>\$ 10,793,762</u>	<u>\$ 14,418,871</u>

NEW HANOVER COUNTY, NORTH CAROLINA

PUBLIC HEALTH AND SOCIAL SERVICES FACILITY CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

	Project	Actual		
	Authorization	Prior	Current	Total
		Years	Year	to Date
Revenues:				
Contributions	\$ 1,182,978	\$ 1,182,978	\$ -	\$ 1,182,978
Investment earnings	-	85,561	257,407	342,968
Total revenues	<u>1,182,978</u>	<u>1,268,539</u>	<u>257,407</u>	<u>1,525,946</u>
Expenditures:				
Construction	\$ 23,359,957	\$ 2,243,157	\$ 14,934,853	\$ 17,178,010
Total expenditures	<u>23,359,957</u>	<u>2,243,157</u>	<u>14,934,853</u>	<u>17,178,010</u>
Revenues over (under) expenditures	<u>(22,176,979)</u>	<u>(974,618)</u>	<u>(14,677,446)</u>	<u>(15,652,064)</u>
Other Financing Sources (Uses):				
Transfers from other funds	2,826,979	2,609,979	217,000	2,826,979
Gain on disposal of capital assets	<u>19,350,000</u>	<u>12,200,026</u>	<u>7,000,000</u>	<u>19,200,026</u>
Total other financing sources (uses)	<u>22,176,979</u>	<u>14,810,005</u>	<u>7,217,000</u>	<u>22,027,005</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 13,835,387</u>	<u>(7,460,446)</u>	<u>\$ 6,374,941</u>
Fund Balance:				
Beginning of year - July 1			<u>13,835,387</u>	
End of year - June 30			<u>\$ 6,374,941</u>	

NEW HANOVER COUNTY, NORTH CAROLINA

BIKE/PEDESTRIAN PATHS CAPITAL PROJECT FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Assets:		
Cash and investments	\$ -	\$ -
Total assets	<u>\$ -</u>	<u>\$ -</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 2,420	\$ 108,255
Interfund loan	<u>377,110</u>	<u>187,955</u>
Total liabilities	<u>379,530</u>	<u>296,210</u>
Fund Balance:		
Stabilization for State statute	4,703	168,556
Unassigned	<u>(384,233)</u>	<u>(464,766)</u>
Total fund balance	<u>(379,530)</u>	<u>(296,210)</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ -</u>

NEW HANOVER COUNTY, NORTH CAROLINA

BIKE/PEDESTRIAN PATHS CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Intergovernmental revenues	\$ 1,076,046	\$ 235,342	\$ -	\$ 235,342
Contributions	22,500	22,500	-	22,500
Investment earnings	-	2,254	-	2,254
Total revenues	<u>1,098,546</u>	<u>260,096</u>	<u>-</u>	<u>260,096</u>
Expenditures:				
Capital outlay:				
Construction	<u>2,334,188</u>	<u>1,086,225</u>	<u>758,693</u>	<u>1,844,918</u>
Total expenditures	<u>2,334,188</u>	<u>1,086,225</u>	<u>758,693</u>	<u>1,844,918</u>
Revenues over (under) expenditures	<u>(1,235,642)</u>	<u>(826,129)</u>	<u>(758,693)</u>	<u>(1,584,822)</u>
Other Financing Sources (Uses):				
Transfers from other funds	1,205,292	529,919	675,373	1,205,292
Gain on disposal of capital assets	<u>30,350</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>1,235,642</u>	<u>529,919</u>	<u>675,373</u>	<u>1,205,292</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (296,210)</u>	<u>(83,320)</u>	<u>\$ (379,530)</u>
Fund Balance:				
Beginning of year - July 1			<u>(296,210)</u>	
End of year - June 30			<u>\$ (379,530)</u>	

NEW HANOVER COUNTY, NORTH CAROLINA

COBB ANNEX REPAIRS CAPITAL PROJECT FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Assets:		
Restricted cash	\$ 60,669	\$ 66,293
Total assets	<u>\$ 60,669</u>	<u>\$ 66,293</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ -	\$ -
Interfund loan	-	-
Total liabilities	<u>-</u>	<u>-</u>
Fund Balance:		
Restricted:		
Stabilization for State statute	-	7,000
General government	60,669	59,293
Total fund balance	<u>60,669</u>	<u>66,293</u>
Total liabilities and fund balance	<u>\$ 60,669</u>	<u>\$ 66,293</u>

NEW HANOVER COUNTY, NORTH CAROLINA

COBB ANNEX REPAIRS CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ -	\$ 4,621	\$ 1,376	\$ 5,997
Total revenues	-	4,621	1,376	5,997
Expenditures:				
Capital outlay:				
Bond issuance costs	-	51,827	-	51,827
Construction	4,524,460	4,457,058	7,000	4,464,058
Total expenditures	4,524,460	4,508,885	7,000	4,515,885
Revenues over (under) expenditures	(4,524,460)	(4,504,264)	(5,624)	(4,509,888)
Other Financing Sources (Uses):				
Long-term debt issued	3,945,900	3,695,000	-	3,695,000
Premium on long-term debt issued	-	296,997	-	296,997
Transfers from other funds	578,560	578,560	-	578,560
Total other financing sources (uses)	4,524,460	4,570,557	-	4,570,557
Net change in fund balance	\$ -	\$ 66,293	(5,624)	\$ 60,669
Fund Balance:				
Beginning of year - July 1			66,293	
End of year - June 30			\$ 60,669	

NEW HANOVER COUNTY, NORTH CAROLINA
320 CHESTNUT STREET RENOVATION CAPITAL PROJECT FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Assets:		
Restricted cash	\$ 99,850	\$ 97,950
Total assets	<u>\$ 99,850</u>	<u>\$ 97,950</u>
 Liabilities and Fund Balance:		
Fund Balance:		
Restricted:		
General government	\$ 99,850	\$ 97,950
Total fund balance	<u>99,850</u>	<u>97,950</u>
 Total liabilities and fund balance	 <u>\$ 99,850</u>	 <u>\$ 97,950</u>

NEW HANOVER COUNTY, NORTH CAROLINA

320 CHESTNUT STREET RENOVATION CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ -	\$ 5,099	\$ 1,900	\$ 6,999
Total revenues	-	5,099	1,900	6,999
Expenditures:				
Capital outlay:				
Bond issuance costs	-	124,755	-	124,755
Construction	10,094,290	9,511,601	-	9,511,601
Total expenditures	10,094,290	9,636,356	-	9,636,356
Revenues over (under) expenditures	(10,094,290)	(9,631,257)	1,900	(9,629,357)
Other Financing Sources (Uses):				
Long-term debt issued	10,000,000	8,920,000	-	8,920,000
Premium on long-term debt	-	714,917	-	714,917
Transfers from other funds	94,290	94,290	-	94,290
Total other financing sources (uses)	10,094,290	9,729,207	-	9,729,207
Net change in fund balance	\$ -	\$ 97,950	1,900	\$ 99,850
Fund Balance:				
Beginning of year - July 1			97,950	
End of year - June 30			\$ 99,850	

NEW HANOVER COUNTY, NORTH CAROLINA

CAPITAL IMPROVEMENT PROJECTS CAPITAL PROJECT FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Assets:		
Cash and investments	\$ -	\$ 732,282
Total assets	<u>\$ -</u>	<u>\$ 732,282</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 87,743	\$ 123,020
Interfund loan	354,747	-
Total liabilities	<u>442,490</u>	<u>123,020</u>
Fund Balance:		
Restricted:		
Stabilization by State statute	590,107	7,019
Committed - general government	-	602,243
Unassigned	<u>(1,032,597)</u>	<u>-</u>
Total fund balance	<u>(442,490)</u>	<u>609,262</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 732,282</u>

NEW HANOVER COUNTY, NORTH CAROLINA

CAPITAL IMPROVEMENT PROJECTS CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Contributions	\$ 529,452	\$ 529,452	\$ -	\$ 529,452
Intergovernmental revenues	1,686,800	-	850,000	850,000
Investment earnings	20,433	49,985	1,843	51,828
Total revenues	<u>2,236,685</u>	<u>579,437</u>	<u>851,843</u>	<u>1,431,280</u>
Expenditures:				
Capital outlay:				
Construction	<u>15,107,013</u>	<u>6,996,512</u>	<u>3,373,594</u>	<u>10,370,106</u>
Total expenditures	<u>15,107,013</u>	<u>6,996,512</u>	<u>3,373,594</u>	<u>10,370,106</u>
Revenues over (under) expenditures	<u>(12,870,328)</u>	<u>(6,417,075)</u>	<u>(2,521,751)</u>	<u>(8,938,826)</u>
Other Financing Sources (Uses):				
Long-term debt issued	4,373,992	-	-	-
Sale of capital assets	502,580	502,580	-	502,580
Transfers from other funds	8,181,492	6,711,493	1,469,999	8,181,492
Transfers to other funds	<u>(187,736)</u>	<u>(187,736)</u>	<u>-</u>	<u>(187,736)</u>
Total other financing sources (uses)	<u>12,870,328</u>	<u>7,026,337</u>	<u>1,469,999</u>	<u>8,496,336</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 609,262</u>	<u>(1,051,752)</u>	<u>\$ (442,490)</u>
Fund Balance:				
Beginning of year - July 1			<u>609,262</u>	
End of year - June 30			<u>\$ (442,490)</u>	

NEW HANOVER COUNTY, NORTH CAROLINA

SPECIAL FIRE DISTRICT REVENUE IMPROVEMENT PROJECTS CAPITAL PROJECT FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Assets:		
Cash and investments	\$ 8,068	\$ 7,935
Total assets	<u>\$ 8,068</u>	<u>\$ 7,935</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>
Fund Balance:		
Committed - public safety	<u>8,068</u>	<u>7,935</u>
Total fund balance	<u>8,068</u>	<u>7,935</u>
Total liabilities and fund balance	<u>\$ 8,068</u>	<u>\$ 7,935</u>

NEW HANOVER COUNTY, NORTH CAROLINA

SPECIAL FIRE DISTRICT REVENUE IMPROVEMENT PROJECTS CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ -	\$ 1,542	\$ 133	\$ 1,675
Total revenues	-	1,542	133	1,675
Expenditures:				
Capital outlay:				
Construction	345,000	338,607	-	338,607
Total expenditures	345,000	338,607	-	338,607
Revenues over (under) expenditures	(345,000)	(337,065)	133	(336,932)
Other Financing Sources (Uses):				
Transfers from other funds	345,000	345,000	-	345,000
Total other financing sources (uses)	345,000	345,000	-	345,000
Net change in fund balance	\$ -	\$ 7,935	133	\$ 8,068
Fund Balance:				
Beginning of year - July 1			7,935	
End of year - June 30			\$ 8,068	

NEW HANOVER COUNTY, NORTH CAROLINA

SPECIAL FIRE DISTRICT REVENUE OGDEN FIRE STATION CAPITAL PROJECT FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Assets:		
Restricted cash	\$ 46,346	\$ 2,697,817
Total assets	<u>\$ 46,346</u>	<u>\$ 2,697,817</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 15,000	\$ 705,917
Interfund loan	<u>-</u>	<u>127,184</u>
Total liabilities	<u>15,000</u>	<u>833,101</u>
Fund Balance:		
Restricted		
Stabilization by state statute	1,680	1,122,544
Committed - public safety	<u>29,666</u>	<u>742,172</u>
Total fund balance	<u>31,346</u>	<u>1,864,716</u>
Total liabilities and fund balance	<u>\$ 46,346</u>	<u>\$ 2,697,817</u>

NEW HANOVER COUNTY, NORTH CAROLINA

SPECIAL FIRE DISTRICT REVENUE OGDEN FIRE STATION CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

	Project	Actual		
	Authorization	Prior	Current	Total
		Years	Year	to Date
Revenues:				
Investment earnings	\$ -	\$ 823	\$ 168	\$ 991
Total revenues	-	823	168	991
Expenditures:				
Capital outlay:				
Land	650,000	650,000	-	650,000
Construction	4,640,580	2,780,280	1,833,538	4,613,818
Total expenditures	5,290,580	3,430,280	1,833,538	5,263,818
Revenues over (under) expenditures	(5,290,580)	(3,429,457)	(1,833,370)	(5,262,827)
Other Financing Sources (Uses):				
Long-term debt issued	4,640,580	4,644,173	-	4,644,173
Transfers from other funds	650,000	650,000	-	650,000
Total other financing sources (uses)	5,290,580	5,294,173	-	5,294,173
Net change in fund balance	\$ -	\$ 1,864,716	(1,833,370)	\$ 31,346
Fund Balance:				
Beginning of year - July 1			1,864,716	
End of year - June 30			\$ 31,346	

NEW HANOVER COUNTY, NORTH CAROLINA

HEALING TRANSITION FACILITY CAPITAL PROJECT FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Assets:		
Cash	\$ -	\$ -
Total assets	<u>\$ -</u>	<u>\$ -</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 31	\$ 26,406
Interfund loan	<u>241,504</u>	<u>-</u>
Total liabilities	<u>241,535</u>	<u>26,406</u>
Fund Balance:		
Unassigned	<u>(241,535)</u>	<u>(26,406)</u>
Total fund balance	<u>(241,535)</u>	<u>(26,406)</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ -</u>

NEW HANOVER COUNTY, NORTH CAROLINA

HEALING TRANSITION FACILITY CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Capital outlay	300,000	26,406	215,129	241,535
Total expenditures	300,000	26,406	215,129	241,535
Revenues over (under) expenditures	(300,000)	(26,406)	(215,129)	(241,535)
Other Financing Sources (Uses):				
Long-term debt issued	300,000	-	-	-
Transfers from other funds	-	-	-	-
Total other financing sources (uses)	300,000	-	-	-
Net change in fund balance	\$ -	\$ (26,406)	(215,129)	\$ (241,535)
Fund Balance:				
Beginning of year - July 1			(26,406)	
End of year - June 30			\$ (241,535)	

NEW HANOVER COUNTY, NORTH CAROLINA

ENVIRONMENTAL MANAGEMENT OPERATING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES (USES)
BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Charges for services	\$ 16,459,042	\$ 19,021,647	\$ 2,562,605	\$ 13,780,515
Intergovernmental revenues	496,000	552,533	56,533	894,059
Investment earnings	79,250	127,000	47,750	107,109
Other	286,000	618,475	332,475	329,841
Total revenues	<u>17,320,292</u>	<u>20,319,655</u>	<u>2,999,363</u>	<u>15,111,524</u>
Expenditures:				
Current:				
Salaries and employee benefits	2,469,412	2,490,123	(20,711)	2,225,945
Operating expenditures	28,800,732	24,706,977	4,093,755	5,661,234
Installment debt payments	61,352	61,352	-	100,112
Capital expenditures	2,176,424	1,652,964	523,460	1,906,104
Total expenditures	<u>33,507,920</u>	<u>28,911,416</u>	<u>4,596,504</u>	<u>9,893,395</u>
Revenue over (under) expenditures	<u>(16,187,628)</u>	<u>(8,591,761)</u>	<u>7,595,867</u>	<u>5,218,129</u>
Other Financing Sources (Uses):				
Transfers from other funds	18,618,780	14,750,794	(3,867,986)	1,408,869
Transfers to other funds	(11,411,944)	(11,411,944)	-	(6,391,569)
Administrative reserve	(1,408,869)	-	1,408,869	-
Appropriated fund balance	10,389,661	-	(10,389,661)	-
Total other financing sources (uses)	<u>16,187,628</u>	<u>3,338,850</u>	<u>(12,848,778)</u>	<u>(4,982,700)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (5,252,911)</u>	<u>\$ (5,252,911)</u>	<u>\$ 235,429</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (5,252,911)		\$ 235,429
Reconciling items:				
Revenues and other sources - capital project funds		158,490		86,696
Accrued vacation		(48,786)		(12,549)
Depreciation and amortization expenses		(3,241,279)		(2,072,104)
Capital outlay, costs, capitalized		1,652,964		1,906,104
Landfill closure costs		(4,856,863)		1,584,077
Principal payments on debt		54,117		89,271
Interest expense accrual		2,492		3,093
Loss on disposal of capital assets		(239,838)		-
(Decrease) Increase in deferred outflows of resources - pensions		210,934		(135,000)
(Decrease) Increase in deferred outflows of resources - OPEB		554,422		437,759
Decrease (Increase) in net pension liability		(264,022)		111,175
Decrease (Increase) OPEB liability		(917,562)		262,397
Decrease (Increase) in deferred inflows of resources - pensions		7,593		7,974
Decrease (Increase) in deferred inflows of resources - OPEB		(460,602)		(636,119)
Transfer (from) to capital project		<u>11,411,944</u>		<u>4,982,700</u>
Change in net position		<u>\$ (1,228,907)</u>		<u>\$ 6,850,903</u>

NEW HANOVER COUNTY, NORTH CAROLINA

ENVIRONMENTAL MANAGEMENT OPERATING FUND

LANDFILL NORTHERN PROPERTY CLOSURE CAPITAL PROJECT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES

BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ -	\$ 53,765	\$ 59,507	\$ 113,272
Total revenues	-	53,765	59,507	113,272
Expenditures:				
Capital outlay:				
Construction	11,558,612	5,477,520	112,311	5,589,831
Total expenditures	11,558,612	5,477,520	112,311	5,589,831
Revenues over (under) expenditures	(11,558,612)	(5,423,755)	(52,804)	(5,476,559)
Other Financing Sources (Uses):				
Transfers from other funds	11,558,612	6,868,612	4,690,000	11,558,612
Total other financing sources (uses)	11,558,612	6,868,612	4,690,000	11,558,612
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 1,444,857	\$ 4,637,196	\$ 6,082,053

NEW HANOVER COUNTY, NORTH CAROLINA

ENVIRONMENTAL MANAGEMENT OPERATING FUND

LANDFILL LEACHATE TREATMENT SYSTEM UPGRADE CAPITAL PROJECT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES

BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ -	\$ 32,838	\$ 16,093	\$ 48,931
Total revenues	-	32,838	16,093	48,931
Expenditures:				
Capital outlay:				
Construction	5,750,000	4,336,768	32,190	4,368,958
Total expenditures	5,750,000	4,336,768	32,190	4,368,958
Revenues over (under) expenditures	(5,750,000)	(4,303,930)	(16,097)	(4,320,027)
Other Financing Sources (Uses):				
Transfers from other funds	5,750,000	4,900,000	850,000	5,750,000
Total other financing sources (uses)	5,750,000	4,900,000	850,000	5,750,000
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 596,070	\$ 833,903	\$ 1,429,973

NEW HANOVER COUNTY, NORTH CAROLINA

ENVIRONMENTAL MANAGEMENT OPERATING FUND
 ENVIRONMENTAL MANAGEMENT CAPITAL PROJECT VARIOUS
 SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES
 BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ -	\$ 14,550	\$ 18,937	\$ 33,487
Total revenues	-	14,550	18,937	33,487
Expenditures:				
Capital outlay:				
Construction	4,597,100	1,904,069	2,143,014	4,047,083
Total expenditures	4,597,100	1,904,069	2,143,014	4,047,083
Revenues over (under) expenditures	(4,597,100)	(1,889,519)	(2,124,077)	(4,013,596)
Other Financing Sources (Uses):				
Transfers from other funds	4,597,100	2,597,100	2,000,000	4,597,100
Total other financing sources (uses)	4,597,100	2,597,100	2,000,000	4,597,100
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 707,581	\$ (124,077)	\$ 583,504

NEW HANOVER COUNTY, NORTH CAROLINA

ENVIRONMENTAL MANAGEMENT OPERATING FUND

LANDFILL SOUTHERN PROPERTY CONSTRUCTION

SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES

BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ -	\$ 57,734	\$ 63,953	\$ 121,687
Total revenues	-	57,734	63,953	121,687
Expenditures:				
Capital outlay:				
Construction	9,113,944	1,332,565	3,129,540	4,462,105
Total expenditures	9,113,944	1,332,565	3,129,540	4,462,105
Revenues over (under) expenditures	(9,113,944)	(1,274,831)	(3,065,587)	(4,340,418)
Other Financing Sources (Uses):				
Transfers from other funds	9,113,944	5,242,000	3,871,944	9,113,944
Total other financing sources (uses)	9,113,944	5,242,000	3,871,944	9,113,944
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 3,967,169	\$ 806,357	\$ 4,773,526

NEW HANOVER COUNTY, NORTH CAROLINA

AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Room Occupancy Tax Agency Fund:				
Assets:				
Cash and investments	\$ 720,253	\$ 25,449,509	\$ 25,295,345	\$ 874,417
Receivables	999,325	1,079,870	999,325	1,079,870
Total assets	<u>\$ 1,719,578</u>	<u>\$ 26,529,379</u>	<u>\$ 26,294,670</u>	<u>\$ 1,954,287</u>
Liabilities:				
Accounts payable	\$ 1,719,576	\$ 8,849,834	\$ 8,615,125	\$ 1,954,285
Due to other governmental units	2	17,679,545	17,679,545	2
Total liabilities	<u>\$ 1,719,578</u>	<u>\$ 26,529,379</u>	<u>\$ 26,294,670</u>	<u>\$ 1,954,287</u>
Tax Clearing Agency Fund:				
Assets:				
Cash and investments	\$ 283,665	\$ 90,584,740	\$ 90,626,190	\$ 242,215
Receivables	3,325,423	84,728,562	85,027,750	3,026,235
Total assets	<u>\$ 3,609,088</u>	<u>\$ 175,313,302</u>	<u>\$ 175,653,940</u>	<u>\$ 3,268,450</u>
Liabilities:				
Due to other governmental units	<u>\$ 3,609,088</u>	<u>\$ 175,313,302</u>	<u>\$ 175,653,940</u>	<u>\$ 3,268,450</u>
Total liabilities	<u>\$ 3,609,088</u>	<u>\$ 175,313,302</u>	<u>\$ 175,653,940</u>	<u>\$ 3,268,450</u>
Social Services Agency Fund:				
Assets:				
Cash and investments	\$ 241,182	\$ 690,938	\$ 716,523	\$ 215,597
Total assets	<u>\$ 241,182</u>	<u>\$ 690,938</u>	<u>\$ 716,523</u>	<u>\$ 215,597</u>
Liabilities:				
Accounts payable	\$ 23,385	\$ 349,596	\$ 359,130	\$ 13,851
Escrow funds	217,797	341,342	357,393	201,746
Total liabilities	<u>\$ 241,182</u>	<u>\$ 690,938</u>	<u>\$ 716,523</u>	<u>\$ 215,597</u>

NEW HANOVER COUNTY, NORTH CAROLINA

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Other Escrows Agency Fund:				
Assets:				
Cash and investments	\$ 9,265,589	\$ 10,688,250	\$ 10,608,413	\$ 9,345,426
ROD Deed of Trust cash	-	172,137	172,137	-
Receivables	5,000	20,106	25,000	106
Total assets	<u>\$ 9,270,589</u>	<u>\$ 10,880,493</u>	<u>\$ 10,805,550</u>	<u>\$ 9,345,532</u>
Liabilities:				
Accounts payable	\$ 53,655	\$ 5,004,302	\$ 5,047,458	\$ 10,499
Due to NC Treasurer - ROD Deed of Trust	-	172,137	172,137	-
Escrow funds	9,216,934	5,704,054	5,585,955	9,335,033
Total liabilities	<u>\$ 9,270,589</u>	<u>\$ 10,880,493</u>	<u>\$ 10,805,550</u>	<u>\$ 9,345,532</u>
Totals - All Agency Funds:				
Assets:				
Cash and investments	\$ 10,510,689	\$ 127,413,437	\$ 127,246,471	\$ 10,677,655
ROD Deed of Trust cash	-	172,137	172,137	-
Receivables	4,329,748	85,828,538	86,052,075	4,106,211
Cash and receivables	<u>\$ 14,840,437</u>	<u>\$ 213,414,112</u>	<u>\$ 213,470,683</u>	<u>\$ 14,783,866</u>
Liabilities:				
Accounts payable	\$ 1,796,616	\$ 14,203,732	\$ 14,021,713	\$ 1,978,635
Due to other governmental units	3,609,090	192,992,847	193,333,485	3,268,452
Due to NC Treasurer - ROD Deed of Trust	-	172,137	172,137	-
Escrow funds	9,434,731	6,045,396	5,943,348	9,536,779
Intergovernmental payable	<u>\$ 14,840,437</u>	<u>\$ 213,414,112</u>	<u>\$ 213,470,683</u>	<u>\$ 14,783,866</u>

NEW HANOVER COUNTY, NORTH CAROLINA**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS****SCHEDULE BY SOURCE****JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
Governmental Funds Capital Assets:		
Land	\$ 45,924,058	\$ 45,063,171
Buildings	159,478,844	148,205,420
Improvements other than buildings	34,312,361	34,094,328
Equipment and buildings	70,104,924	65,917,354
Construction in progress	19,637,862	8,109,056
Total governmental funds capital assets	<u>\$ 329,458,049</u>	<u>\$ 301,389,329</u>
 Investment in Governmental Funds Capital Assets by Source:		
General obligation bonds	\$ 18,081,929	\$ 18,081,929
Federal and state grants	26,382,052	26,053,965
General Fund revenues	276,745,153	249,027,877
Contributions	5,134,381	5,134,381
Gifts and other donated	3,114,534	3,091,177
Total governmental funds capital assets	<u>\$ 329,458,049</u>	<u>\$ 301,389,329</u>

NEW HANOVER COUNTY, NORTH CAROLINA

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SCHEDULE BY FUNCTION AND ACTIVITY

JUNE 30, 2019

Function and Activity	Total	Land	Buildings	Improvements Other Than Buildings	Equipment and Vehicles
General Government:					
Governing Body	\$ 25,155,500	\$ 855,736	\$ 23,117,584	\$ 941,855	\$ 240,325
County Manager	18,220,221	591,852	16,478,929	60,366	1,089,074
Human Resources	53,057	-	-	5,466	47,591
Soil and Water Conservation	22,762	-	-	-	22,762
Finance	81,149	-	-	-	81,149
Information Technology	7,450,303	-	-	150,405	7,299,898
Tax Administration	599,284	16,461	-	230,655	352,168
Legal	38,020	-	-	-	38,020
Elections	1,051,769	-	-	79,150	972,619
Register of Deeds	1,199,353	-	-	-	1,199,353
Property Management	2,685,126	-	620,282	376,869	1,687,975
Engineering	1,024,628	876,890	-	-	147,738
Planning	6,974,907	6,933,555	-	-	41,352
Total general government	64,556,079	9,274,494	40,216,795	1,844,766	13,220,024
Human Services:					
Health	2,498,391	-	146,126	154,186	2,198,079
Public Assistance	8,591,724	500,000	5,212,579	233,119	2,646,026
Human Services Transportation System	66,571	-	-	-	66,571
Human Relations	11,970	-	-	-	11,970
Aging Services	2,681,996	-	2,017,354	430,428	234,214
Total human services	13,850,652	500,000	7,376,059	817,733	5,156,860
Public Safety:					
Public Safety Communications Center	2,781,029	-	-	310,044	2,470,985
Sheriff	76,770,342	5,396,703	51,699,448	1,609,928	18,064,263
Emergency Management	16,663,740	-	2,263,381	764,063	13,636,296
Clerk of Court	24,923,660	-	23,096,672	1,604,760	222,228
Inspections	348,328	-	-	20,855	327,473
Fire Operations	22,571,476	1,027,686	9,081,061	688,504	11,774,225
Juvenile Services	1,189,665	7,000	1,128,558	-	54,107
Total public safety	145,248,240	6,431,389	87,269,120	4,998,154	46,549,577
Culture and Recreation:					
Library	22,132,439	846,813	19,248,211	497,265	1,540,150
Parks and Recreation	43,744,982	17,201,967	303,387	23,354,602	2,885,026
Museum	5,846,931	160,101	3,689,486	1,717,074	280,270
Cooperative Extension Service	881,787	40,006	553,380	111,319	177,082
Airlie Gardens	13,559,077	11,469,288	822,406	971,448	295,935
Total culture and recreation	86,165,216	29,718,175	24,616,870	26,651,708	5,178,463
Total	309,820,187	\$ 45,924,058	\$ 159,478,844	\$ 34,312,361	\$ 70,104,924
Construction in Progress	19,637,862				
Total governmental funds capital assets	\$ 329,458,049				

NEW HANOVER COUNTY, NORTH CAROLINA

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY

JUNE 30, 2019

Function and Activity	Governmental Funds Capital Assets June 30, 2018	Additions	Deductions	Governmental Funds Capital Assets June 30, 2019
General Government:				
Governing Body	\$ 25,155,500	\$ -	\$ -	\$ 25,155,500
County Manager	18,205,723	14,498	-	18,220,221
Human Resources	53,057	-	-	53,057
Soil and Water Conservation	22,762	-	-	22,762
Finance	81,149	-	-	81,149
Information Technology Systems	7,074,867	375,433	-	7,450,300
Tax Administration	517,298	81,986	-	599,284
Legal	38,020	-	-	38,020
Elections	1,051,769	-	-	1,051,769
Register of Deeds	1,199,353	-	-	1,199,353
Property Management	2,643,442	110,018	68,331	2,685,129
Engineering	1,024,628	-	-	1,024,628
Planning	6,974,907	-	-	6,974,907
Total general government	<u>64,042,475</u>	<u>581,935</u>	<u>68,331</u>	<u>64,556,079</u>
Human Services:				
Health	2,166,456	397,308	65,373	2,498,391
Public Assistance	8,577,709	26,896	12,881	8,591,724
Human Services Transportation System	66,571	-	-	66,571
Human Relations	11,970	-	-	11,970
Aging Services	2,681,996	-	-	2,681,996
Total human services	<u>13,504,702</u>	<u>424,204</u>	<u>78,254</u>	<u>13,850,652</u>
Public Safety:				
Public Safety Communications Center	2,781,029	-	-	2,781,029
Sheriff	75,442,518	2,076,072	748,248	76,770,342
Emergency Management	16,155,703	513,497	5,460	16,663,740
Clerk of Court	24,923,660	-	-	24,923,660
Inspections	348,328	-	-	348,328
Fire Operations	17,075,718	5,521,214	25,456	22,571,476
Juvenile Services	1,189,665	-	-	1,189,665
Total public safety	<u>137,916,621</u>	<u>8,110,783</u>	<u>779,164</u>	<u>145,248,240</u>
Culture and Recreation:				
Library	15,218,499	6,913,940	-	22,132,439
Parks and Recreation	42,299,273	1,661,064	215,355	43,744,982
Museum	5,846,931	-	-	5,846,931
Cooperative Extension Service	881,787	-	-	881,787
Airlie Gardens	13,569,985	-	10,908	13,559,077
Total culture and recreation	<u>77,816,475</u>	<u>8,575,004</u>	<u>226,263</u>	<u>86,165,216</u>
Total	293,280,273	17,691,926	1,152,012	309,820,187
Construction in Progress	<u>8,109,056</u>	<u>25,703,453</u>	<u>14,174,647</u>	<u>19,637,862</u>
Total governmental funds capital assets	<u>\$ 301,389,329</u>	<u>\$ 43,395,379</u>	<u>\$ 15,326,659</u>	<u>\$ 329,458,049</u>



STATISTICAL SECTION

This part of the County'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 County's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time. These schedules include:

- Net Position by Component
- Changes in Net Position
- Fund Balances of Governmental Funds
- Changes in Fund Balances of Governmental Funds

Revenue Capacity

These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax. These schedules include:

- Governmental Funds Tax Revenues by Source
- Assessed Value and Actual Value of Taxable Property
- Principal Property Taxpayers
- Property Tax Levies and Collections
- Direct and Overlapping Property Tax Rates
- Analysis of Current Tax Levy

Debt Capacity

These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future. These schedules include:

- Ratios of Outstanding Debt by Type
- Ratios of General Bonded Debt Outstanding
- Direct and Overlapping Governmental Activities Debt
- Legal Debt Margin Information

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place. These schedules include:

- Demographic and Economic Statistics

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs. The schedules include:

- Principal Employers
- Full-Time Equivalent Government Employees by Function
- Operating Indicators by Function
- Capital Asset Statistics by Function

NEW HANOVER COUNTY, NORTH CAROLINA

Table 1

Net Position by Component

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	2010	2011	2012	2013	2014
Governmental activities:					
Net investment in capital assets	\$ 55,968,137	\$ 58,853,344	\$ 65,250,159	\$ 74,453,841	\$ 74,316,658
Restricted	45,015,518	130,178,769	89,136,681	133,680,657	112,349,642
Unrestricted (deficit)	(172,250,627)	(247,409,219)	(221,590,023)	(277,357,778)	(271,537,339)
Total governmental activities net position	\$ (71,266,972)	\$ (58,377,106)	\$ (67,203,183)	\$ (69,223,280)	\$ (84,871,039)
Business-type activities:					
Net investment in capital assets	\$ 16,238,444	\$ 14,575,511	\$ 13,081,015	\$ 12,192,927	\$ 11,577,960
Restricted	-	-	-	-	-
Unrestricted	(9,889,909)	(8,490,885)	(7,405,541)	(2,118,922)	(1,915,003)
Total business-type activities net position	\$ 6,348,535	\$ 6,084,626	\$ 5,675,474	\$ 10,074,005	\$ 9,662,957
Primary government:					
Net investment in capital assets	\$ 72,206,581	\$ 73,428,855	\$ 78,331,174	\$ 86,646,768	\$ 85,894,618
Restricted	45,015,518	130,178,769	89,136,681	133,680,657	112,349,642
Unrestricted (deficit)	(182,140,536)	(255,900,104)	(228,995,564)	(279,476,700)	(273,452,342)
Total primary government net position	\$ (64,918,437)	\$ (52,292,480)	\$ (61,527,709)	\$ (59,149,275)	\$ (75,208,082)

Source: County records.

NEW HANOVER COUNTY, NORTH CAROLINA

Table 1

Net Position by Component

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	2015	2016	2017	2018	2019
Governmental activities:					
Net investment in capital assets	\$ 66,308,962	\$ 67,595,795	\$ 71,726,908	\$ 78,746,968	\$ 95,283,987
Restricted	95,335,699	146,421,177	99,550,831	88,940,036	149,743,427
Unrestricted (deficit)	(254,460,279)	(319,591,270)	(313,900,338)	(541,633,599)	(638,055,985)
Total governmental activities net position	\$ (92,815,618)	\$ (105,574,298)	\$ (142,622,599)	\$ (373,946,595)	\$ (393,028,571)
Business-type activities:					
Net investment in capital assets	\$ 16,072,772	\$ 20,591,760	\$ 21,273,644	\$ 25,073,835	\$ 28,719,346
Restricted	-	-	-	-	-
Unrestricted	(12,775,777)	(12,112,302)	2,960,294	27,055	(4,847,363)
Total business-type activities net position	\$ 3,296,995	\$ 8,479,458	\$ 24,233,938	\$ 25,100,890	\$ 23,871,983
Primary government:					
Net investment in capital assets	\$ 82,381,734	\$ 88,187,555	\$ 93,000,552	\$ 103,820,803	\$ 124,003,333
Restricted	95,335,699	146,421,177	99,550,831	88,940,036	149,743,427
Unrestricted (deficit)	(267,236,056)	(331,703,572)	(310,940,044)	(541,606,544)	(642,903,348)
Total primary government net position	\$ (89,518,623)	\$ (97,094,840)	\$ (118,388,661)	\$ (348,845,705)	\$ (369,156,588)

Source: County records.

NEW HANOVER COUNTY, NORTH CAROLINA

Table 2

Changes in Net Position

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	2010	2011	2012	2013	2014
Expenses:					
Governmental activities:					
General government	\$ 43,718,901	\$ 36,568,270	\$ 41,972,224	\$ 42,674,900	\$ 37,553,932
Human services	53,703,464	52,463,115	57,254,304	52,229,154	19,588,020
Public safety	56,726,590	58,689,889	61,249,146	64,335,363	57,140,565
Economic and physical development	5,934,637	2,590,876	3,269,578	16,204,467	12,148,257
Culture and recreation	15,257,799	13,046,607	13,040,089	13,982,770	10,381,314
Education	100,584,303	96,348,851	105,836,858	93,167,945	107,485,506
Interest and fees on long-term debt	15,296,312	17,842,985	16,665,752	13,105,962	13,175,816
Total governmental activities expenses	291,222,006	277,550,593	299,287,951	295,700,561	257,473,410
Business-type activities:					
Environmental Management	13,981,178	13,418,203	13,332,838	8,627,414	195,900
Total business-type activities expenses	13,981,178	13,418,203	13,332,838	8,627,414	195,900
Total primary government expenses	\$ 305,203,184	\$ 290,968,796	\$ 312,620,789	\$ 304,327,975	\$ 257,669,310
Program revenues:					
Governmental activities:					
Charges for services:					
General government	\$ 3,186,784	\$ 3,149,377	\$ 3,511,381	\$ 3,595,872	\$ 2,712,105
Human services	1,948,892	1,924,882	2,108,510	1,467,806	1,506,738
Public safety	3,499,298	3,322,685	4,054,577	5,423,054	5,915,414
Culture and recreation	294,407	317,941	1,071,174	1,768,511	1,791,313
Operating grants and contributions	43,499,099	42,960,426	46,239,886	49,386,172	43,949,158
Capital grants and contributions	6,429,061	1,576,193	3,878,594	3,142,533	3,920,153
Total governmental activities program revenues	58,857,541	53,251,504	60,864,122	64,783,948	59,794,881
Business-type activities:					
Charges for services:					
Water and Sewer District	-	-	-	-	-
Environmental Management	12,548,760	12,282,592	12,260,605	12,570,415	13,092,272
Operating grants and contributions	368,072	426,674	661,657	453,071	566,530
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	12,916,832	12,709,266	12,922,262	13,023,486	13,658,802
Total primary government program revenues	\$ 71,774,373	\$ 65,960,770	\$ 73,786,384	\$ 77,807,434	\$ 73,453,683

Source: County records.

NEW HANOVER COUNTY, NORTH CAROLINA
Table 2
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2015	2016	2017	2018	2019
Expenses:					
Governmental activities:					
General government	\$ 35,187,632	\$ 37,641,352	\$ 63,550,309	\$ 38,930,763	\$ 65,355,755
Human services	55,395,685	55,936,158	58,900,841	58,523,024	37,138,533
Public safety	69,683,033	68,570,106	71,718,376	78,154,204	90,794,737
Economic and physical development	21,859,872	18,887,312	9,412,853	14,157,244	5,639,002
Culture and recreation	18,001,584	19,186,564	17,185,659	15,221,575	15,021,880
Education	97,491,199	117,592,708	141,911,581	126,671,173	149,024,845
Interest and fees on long-term debt	12,638,190	12,286,140	11,799,567	11,943,613	12,655,525
Total governmental activities expenses	310,257,195	330,100,340	374,479,186	343,601,596	375,630,277
Business-type activities:					
Environmental Management	20,933,977	6,308,102	10,540,337	9,931,394	36,457,846
Total business-type activities expenses	20,933,977	6,308,102	10,540,337	9,931,394	36,457,846
Total primary government expenses	\$ 331,191,172	\$ 336,408,442	\$ 385,019,523	\$ 353,532,990	\$ 412,088,123
Program revenues:					
Governmental activities:					
Charges for services:					
General government	\$ 2,858,123	\$ 3,107,100	\$ 3,254,738	\$ 3,388,808	\$ 3,198,338
Human services	1,626,187	1,031,472	1,126,623	1,013,540	1,035,513
Public safety	5,909,430	6,138,665	6,610,265	6,626,167	7,425,802
Culture and recreation	1,536,183	1,714,082	1,843,382	2,006,195	2,127,034
Operating grants and contributions	47,204,758	42,552,200	47,702,834	43,863,583	53,120,765
Capital grants and contributions	3,743,615	4,138,916	3,438,895	3,350,799	187,470
Total governmental activities program revenues	62,878,296	58,682,435	63,976,737	60,249,092	67,094,922
Business-type activities:					
Charges for services:					
Water and Sewer District	-	-	-	-	-
Environmental Management	13,409,733	13,573,138	24,851,734	15,694,433	19,640,122
Operating grants and contributions	496,299	497,411	1,343,023	894,059	552,533
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	13,906,032	14,070,549	26,194,757	16,588,492	20,192,655
Total primary government program revenues	\$ 76,784,328	\$ 72,752,984	\$ 90,171,494	\$ 76,837,584	\$ 87,287,577

Source: County records.

NEW HANOVER COUNTY, NORTH CAROLINA
Table 2 (CONTINUED)
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2010	2011	2012	2013	2014
Net (expense)/revenue:					
Governmental activities	\$ (232,364,465)	\$ (224,299,089)	\$ (238,423,829)	\$ (230,916,613)	\$ (197,678,529)
Business-type activities	(1,064,346)	(708,937)	(410,576)	4,396,072	13,462,902
Total primary government net expense	\$ (233,428,811)	\$ (225,008,026)	\$ (238,834,405)	\$ (226,520,541)	\$ (184,215,627)
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property taxes	\$ 160,751,779	\$ 166,565,832	\$ 169,636,356	\$ 168,655,909	\$ 173,492,200
Sales taxes	41,271,837	47,359,441	52,668,352	54,733,023	56,379,614
Room occupancy taxes	3,338,308	3,630,298	4,163,935	4,135,580	4,416,767
Other taxes	2,649,403	2,977,009	2,733,756	2,955,492	6,815,556
Investment earnings	695,767	535,595	395,353	459,846	490,514
Miscellaneous	-	-	-	-	-
Transfers	678,051	(445,000)	-	-	231,000
Total governmental activities	209,385,145	220,623,175	229,597,752	230,939,850	241,825,651
Business-type activities:					
Investment earnings	24	28	1,424	10,084	15,852
Transfers	(678,051)	445,000	-	-	(231,000)
Total business-type activities	(678,027)	445,028	1,424	10,084	(215,148)
Total primary government	\$ 208,707,118	\$ 221,068,203	\$ 229,599,176	\$ 230,949,934	\$ 241,610,503
Change in net position:					
Governmental activities	\$ (22,979,320)	\$ (3,675,942)	\$ (8,826,077)	\$ 23,237	\$ (15,647,759)
Business-type activities	(1,742,373)	(263,909)	(409,152)	4,406,156	(411,048)
Total primary government	\$ (24,721,693)	\$ (3,939,851)	\$ (9,235,229)	\$ 4,429,393	\$ (16,058,807)

Source: County records.

NEW HANOVER COUNTY, NORTH CAROLINA
Table 2 (CONTINUED)
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2015	2016	2017	2018	2019
Net (expense)/revenue:					
Governmental activities	\$ (247,378,899)	\$ (271,417,905)	\$ (310,502,449)	\$ (283,352,504)	\$ (308,535,355)
Business-type activities	(7,027,945)	10,404,650	15,654,420	6,657,098	(16,265,191)
Total primary government net expense	\$ (254,406,844)	\$ (261,013,255)	\$ (294,848,029)	\$ (276,695,406)	\$ (324,800,546)
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property taxes	\$ 173,851,757	\$ 181,733,215	\$ 200,894,989	\$ 203,167,790	\$ 216,754,433
Sales taxes	62,184,952	65,640,268	69,521,803	73,914,010	66,994,670
Room occupancy taxes	4,818,906	5,130,592	5,879,406	6,022,051	7,152,943
Other taxes	3,268,656	3,593,014	3,214,296	3,070,136	7,610,330
Investment earnings	-	840,020	1,584,116	2,660,536	3,956,891
Miscellaneous	494,457	-	-	-	1,734,906
Transfers	-	-	-	-	(14,750,794)
Total governmental activities	244,618,728	256,937,109	281,094,610	288,834,523	289,453,379
Business-type activities:					
Investment earnings	29,094	62,219	100,060	193,805	285,490
Transfers	-	-	-	-	14,750,794
Total business-type activities	29,094	62,219	100,060	193,805	15,036,284
Total primary government	\$ 244,647,822	\$ 256,999,328	\$ 281,194,670	\$ 289,028,328	\$ 304,489,663
Change in net position:					
Governmental activities	\$ (2,760,171)	\$ (14,480,796)	\$ (29,407,839)	\$ 5,482,019	\$ (19,081,976)
Business-type activities	(6,998,851)	5,182,463	15,754,480	6,850,903	(1,228,907)
Total primary government	\$ (9,759,022)	\$ (9,298,333)	\$ (13,653,359)	\$ 12,332,922	\$ (20,310,883)

Source: County records.

NEW HANOVER COUNTY, NORTH CAROLINA
Table 3
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2010	2011	2012	2013	2014
General Fund:					
Reserved	\$ 24,485,236				
Unreserved	45,692,878				
Nonspendable	- \$	79,851 \$	46,790 \$	42,635 \$	128,721
Restricted	-	24,193,303	21,768,800	23,185,423	24,103,644
Committed	-	-	-	-	-
Assigned	-	7,945,535	11,454,087	13,880,627	14,088,884
Unassigned	-	51,963,479	60,926,423	62,334,516	63,653,791
Total general fund	\$ 70,178,114	\$ 84,182,168	\$ 94,196,100	\$ 99,443,201	\$ 101,975,040
All other governmental funds:					
Reserved	\$ 45,995,827				
Unreserved, reported in:					
Special revenue funds	- \$	- \$	- \$	-	
Capital projects funds	95,370,068	-	-	-	
Nonspendable	-	-	1,802	850 \$	850
Restricted	-	41,449,014	44,001,373	44,594,014	65,686,061
Restricted, reported in capital					
Projects funds	-	64,536,452	23,366,508	65,901,220	22,213,748
Committed	-	3,374,752	4,226,116	-	972,801
Committed, reported in capital					
Projects funds	-	193,613	74,831	1,130,942	-
Assigned	-	59,433	68,966	63,893	61,578
Unassigned	-	-	-	-	-
Unassigned, reported in capital					
Projects funds	-	(525,173)	(302,827)	(1,564,138)	4,905,148
Total all other governmental funds	\$ 141,365,895	\$ 109,088,091	\$ 71,436,769	\$ 110,126,781	\$ 93,840,186

Source: County records.

NEW HANOVER COUNTY, NORTH CAROLINA
Table 3
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2015	2016	2017	2018	2019
General Fund:					
Reserved					
Unreserved					
Nonspendable	\$ 130,094	\$ 265,237	\$ 142,297	\$ 112,773	\$ 95,603
Restricted	27,788,826	28,347,292	31,219,239	25,275,217	34,717,177
Committed	-	2,121,598	2,565,632	3,001,121	3,391,592
Assigned	11,738,867	4,036,339	13,807,244	16,989,660	6,538,231
Unassigned	54,891,327	61,406,864	60,087,888	61,827,734	52,656,637
Total general fund	\$ 94,549,114	\$ 96,177,330	\$ 107,822,300	\$ 107,206,505	\$ 97,399,240
All other governmental funds:					
Reserved					
Unreserved, reported in:					
Special revenue funds					
Capital projects funds					
Nonspendable	\$ 400	\$ 1,650	\$ 2,856	\$ 500	\$ 15,959
Restricted	51,732,264	50,464,699	47,614,516	37,663,727	46,258,301
Restricted, reported in capital					
Projects funds	16,576,845	67,926,102	21,627,731	26,001,092	68,767,949
Committed	1,179,690	157,674	2,294,447	4,967,820	-
Committed, reported in capital					
Projects funds	-	834,853	96,233	1,352,350	37,734
Assigned	62,845	64,073	72,326	417,474	5,270,155
Unassigned	-	-	-	-	(2,207,524)
Unassigned, reported in capital					
Projects funds	(6,719,253)	(2,209,937)	(6,283,033)	10,738,483	(5,055,812)
Total all other governmental funds	\$ 62,832,791	\$ 117,239,114	\$ 65,425,076	\$ 81,141,446	\$ 113,086,762

Source: County records.

NEW HANOVER COUNTY, NORTH CAROLINA
Table 4
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2010	2011	2012	2013	2014
Revenues:					
Taxes	\$ 207,845,642	\$ 219,397,404	\$ 229,052,284	\$ 230,253,340	\$ 238,258,952
Intergovernmental revenue	52,045,370	41,719,627	51,294,237	51,435,873	47,736,506
Special assessments	650,392	549,508	485,862	309,431	2,894,325
Charges for services	8,929,381	8,714,885	10,745,642	12,283,293	11,925,569
Miscellaneous	2,527,215	8,065,255	2,843,795	5,863,970	1,987,912
Total revenues	271,998,000	278,446,679	294,421,820	300,145,907	302,803,264
Expenditures:					
General government	29,485,936	29,479,030	30,553,554	32,322,623	32,535,630
Human services	53,253,360	52,148,036	53,674,258	52,659,109	53,615,690
Public safety	53,111,567	54,056,134	59,406,202	59,862,271	62,459,338
Economic and physical development	5,715,018	2,438,992	3,114,839	12,487,481	5,427,845
Culture and recreation	10,228,183	10,124,210	10,732,645	12,358,781	12,133,804
Education-community college and schools	67,750,207	67,650,207	68,750,207	70,026,998	75,539,163
Stormwater drainage	-	-	-	-	-
Capital outlay	39,698,425	38,141,227	44,277,295	28,971,627	46,293,728
Debt service:					
Interest and fees - bonds	11,449,659	12,588,240	13,369,517	12,779,764	12,003,385
Principal - bonds	17,845,000	19,030,000	22,400,000	21,075,000	22,115,000
Interest and fees - installment debt	5,784,678	4,943,284	5,071,790	4,898,655	3,624,558
Principal - installment debt	11,438,674	11,519,621	10,917,265	9,928,268	10,496,020
Bond issuance costs	-	-	-	-	562,701
Total expenditures	305,760,707	302,118,981	322,267,572	317,370,577	336,806,862
Revenues over (under) expenditures	(33,762,707)	(23,672,302)	(27,845,752)	(17,224,670)	(34,003,598)
Other financing sources (uses):					
Sale of capital assets	-	-	166,526	30,999	129,093
Insurance claim proceeds	-	-	40,140	29,161	46,288
Long-term debt issued	89,301,120	5,843,552	1,696	61,101,623	18,267,846
Premium on long-term debt issued	-	-	-	-	1,011,914
Refunding bonds issued	-	-	-	-	63,555,000
Payment to refunded bond escrow agent	-	-	-	-	(62,992,299)
Transfers from other funds	84,163,317	3,024,201	1,516,547	6,735,806	2,063,189
Transfers to other funds	(83,485,266)	(3,469,201)	(1,516,547)	(6,735,806)	(1,832,189)
Total other financing sources (uses)	89,979,171	5,398,552	208,362	61,161,783	20,248,842
Net change in fund balances	\$ 56,216,464	\$ (18,273,750)	\$ (27,637,390)	\$ 43,937,113	\$ (13,754,756)
Debt service as % of noncapital expenditures	15.47%	16.40%	16.50%	15.55%	14.59%

Source: County records.

NEW HANOVER COUNTY, NORTH CAROLINA
Table 4
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2015	2016	2017	2018	2019
Revenues:					
Taxes	\$ 243,904,184	\$ 255,690,698	\$ 278,959,494	\$ 286,302,388	\$ 295,260,834
Intergovernmental revenue	47,956,049	50,149,939	52,053,568	43,255,951	55,237,300
Special assessments	406,705	454,205	186,884	107,932	3,526,540
Charges for services	11,929,923	11,991,319	12,835,008	13,034,710	13,786,687
Miscellaneous	1,206,663	2,278,390	3,398,748	4,910,569	4,990,809
Total revenues	305,403,524	320,564,551	347,433,702	347,611,550	372,802,170
Expenditures:					
General government	33,646,446	36,508,431	38,370,780	44,529,458	44,044,846
Human services	55,251,211	55,421,335	58,259,230	50,947,296	51,412,360
Public safety	64,681,983	67,587,820	69,804,249	75,258,247	86,907,545
Economic and physical development	4,976,715	10,240,407	4,623,864	14,023,013	5,347,980
Culture and recreation	12,905,043	13,051,449	13,447,255	13,151,974	14,689,060
Education-community college and schools	81,254,714	83,986,530	85,735,238	88,103,829	93,374,285
Stormwater drainage					
Capital outlay	41,849,582	51,107,252	63,984,919	50,749,085	67,821,513
Debt service:					
Interest and fees - bonds	8,942,405	12,188,464	12,528,430	12,803,143	13,474,353
Principal - bonds	24,590,000	24,385,000	28,825,000	28,895,000	29,715,000
Interest and fees - installment debt	2,594,009	14,692,495	14,295,135	13,528,552	11,907,539
Principal - installment debt	14,711,066	-	-	-	-
Bond issuance costs	-	75,062	-	133,533	158,177
Total expenditures	345,403,174	369,244,245	389,874,100	392,123,130	418,852,658
Revenues over (under) expenditures	(39,999,650)	(48,679,694)	(42,440,398)	(44,511,580)	(46,050,488)
Other financing sources (uses):					
Sale of capital assets	40,839	780,467	53,174	12,257,748	7,114,310
Insurance claim proceeds	100,092	62,963	128,419	58,399	524,497
Long-term debt issued	2,428,358	93,261,467	2,222,718	44,240,543	70,100,876
Premium on long-term debt issued	-	8,887,220	-	2,922,484	5,199,650
Refunding bonds issued	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
Transfers from other funds	3,455,195	12,841,205	35,954,952	37,089,896	25,031,092
Transfers to other funds	(3,455,195)	(12,841,205)	(35,954,952)	(37,089,896)	(39,781,886)
Total other financing sources (uses)	2,569,289	102,992,117	2,404,311	59,479,174	68,188,539
Net change in fund balances	\$ (37,430,361)	\$ 54,312,423	\$ (40,036,087)	\$ 14,967,594	\$ 22,138,051
Debt service as % of noncapital expenditures	15.43%	14.24%	14.47%	14.27%	14.14%

Source: County records.

NEW HANOVER COUNTY, NORTH CAROLINA

Table 5

Governmental Funds Tax Revenues by Source

Last Ten Fiscal Years

(modified accrual basis of accounting)

(amounts expressed in thousands)

Fiscal Year	Ad Valorem (Property) Taxes	Sales Taxes	Room Occupancy Taxes	Real Property Revenue Stamp Taxes	Other Taxes	Total Taxes
2010	\$ 160,694	\$ 41,272	\$ 3,338	\$ 1,168	\$ 1,374	\$ 207,846
2011	166,566	47,359	3,630	1,043	1,934	220,532
2012	169,636	52,668	4,164	1,162	1,572	229,202
2013	168,455	53,812	4,172	1,436	2,386	230,261
2014	173,492	56,380	4,417	1,593	5,222	241,104
2015	173,852	62,185	4,819	2,278	990	244,124
2016	181,733	65,640	5,131	2,252	1,341	256,097
2017	200,895	69,522	5,879	2,418	796	279,510
2018	203,168	73,914	6,022	2,634	436	286,174
2019	202,347	81,402	7,153	2,614	4,996	298,512

Source: County records.

NEW HANOVER COUNTY, NORTH CAROLINA
Table 6
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30		Real Property		Personal Property		Public Service Companies		Total Taxable Assessed Property	Total Direct Tax Rate
2010	\$	30,090,822,904	\$	3,122,851,620	\$	460,830,945	\$	33,674,505,469	\$0.4525
2011		30,261,859,704		3,114,706,992		429,491,376		33,806,058,072	\$0.4660
2012		30,442,282,655		3,313,128,898		435,115,395		34,190,526,948	\$0.4660
2013		24,960,307,036		3,408,471,354		510,818,217		28,879,596,607	\$0.5540
2014		25,182,059,055		4,074,186,222		458,389,351		29,714,634,628	\$0.5540
2015		25,492,331,491		3,672,975,235		580,429,717		29,745,736,443	\$0.5540
2016		25,904,897,551		3,652,542,644		639,868,628		30,197,308,823	\$0.5740
2017		26,319,887,074		3,858,561,067		638,149,144		30,816,597,285	\$0.6230
2018		28,921,465,616		4,141,051,570		673,709,962		33,736,227,148	\$0.5700
2019		29,446,336,633		4,426,560,993		682,196,043		34,555,093,669	\$0.5550

Source: County Tax Department

Note: Property is assessed at actual value; therefore, the assessed values are equal to actual value.
Tax rates are per \$100 of assessed value.

NEW HANOVER COUNTY, NORTH CAROLINA

Table 7

Principal Property Taxpayers
Current Fiscal Year and Nine Years Ago

Taxpayer	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Duke Energy Progress, Inc.	\$ 497,511,820	1	1.44%	\$ 281,650,480	1	0.84%
Corning, Inc.	248,052,813	2	0.72%	192,588,394	3	0.57%
General Electric Company	232,000,207	3	0.67%	216,948,212	2	0.64%
Bedrock Holdings II LLC	119,888,800	4	0.35%		--	--
Fortron Industries	90,579,882	5	0.26%	54,831,526	5	0.16%
River Ventures	74,933,400	6	0.22%		--	--
Mayfaire Town Center LP	69,755,785	7	0.20%		--	--
GF Management Company	69,499,633	8	0.20%	49,774,352	8	0.15%
Global Nuclear Fuel Americas	51,728,288	9	0.15%	44,595,778	10	0.13%
Bell South	41,392,252	10	0.12%	79,942,143	4	0.24%
Arteva Specialities	--	--	--	51,716,618	6	0.15%
Centro Independence LLC	--	--	--	50,436,737	7	0.15%
Pharmaceutical Product Development	--	--	--	48,361,234	9	0.14%
Total	<u>\$ 1,495,342,880</u>		<u>4.33%</u>	<u>\$ 1,070,845,474</u>		<u>3.18%</u>
Total taxable assessed value	<u>\$ 34,555,093,669</u>			<u>\$ 33,674,505,469</u>		

Source: County Tax Department.

NEW HANOVER COUNTY, NORTH CAROLINA
Table 8
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Property Taxes Levied for the Fiscal Year	Property Taxes			Property Tax Collections in Subsequent Years	Property Tax				
		Collected Within the Fiscal Year of the Levy		Total Collections to Date						
		Amount	Percentage of Levy	Amount		Percentage of Levy				
2010	\$	152,793,146	\$	150,719,243	98.64	\$	1,763,311	\$	152,482,554	99.80%
2011		158,470,084		155,710,692	98.25		1,566,776		157,277,468	99.25%
2012		159,752,984		157,409,935	98.53		2,451,860		159,861,795	100.07%
2013		159,719,773		157,265,840	98.47		1,817,256		159,083,096	99.60%
2014		164,878,765		162,687,043	98.68		2,136,274		164,823,317	99.97%
2015		165,254,585		163,605,339	99.00		1,147,072		164,752,411	99.70%
2016		173,584,355		171,936,775	98.05		1,220,012		173,156,787	99.75%
2017		192,309,354		191,650,934	99.15		856,676		192,507,610	100.10%
2018		193,338,644		191,954,631	99.28		1,384,013		193,338,644	100.00%
2019		192,254,086		191,022,582	99.36		1,231,504		192,254,086	100.00%

Source: County Tax Department.

NEW HANOVER COUNTY, NORTH CAROLINA
Table 9
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of assessed value)

Fiscal Year	New Hanover County	Special Fire District	City of Wilmington*	Wrightsville Beach	Carolina Beach	Kure Beach
2010	0.4525	0.0600	0.3325	0.0800	0.175	0.1350
2011	0.4655	0.0600	0.3700	0.0990	0.175	0.1350
2012	0.4655	0.0675	0.3700	0.0990	0.175	0.1625
2013	0.5540	0.0790	0.4500	0.1330	0.235	0.2615
2014	0.5540	0.0790	0.4500	0.1330	0.235	0.2615
2015	0.5540	0.0790	0.4600	0.1330	0.235	0.2615
2016	0.5740	0.0700	0.4850	0.1330	0.235	0.2615
2017	0.6230	0.0700	0.4850	0.1330	0.235	0.2850
2018	0.5700	0.0775	0.4834	0.1275	0.225	0.2850
2019	0.5550	0.0775	0.4984	0.1275	0.225	0.3300

Source: County Tax Department.

*Beginning in fiscal year 2018, the City of Wilmington also had a special ad valorem tax of \$.07 per \$100 on property located in the Municipal Service District which is not reflected in this table.

Overlapping rates are rates of local governments that apply to the property owners within New Hanover County. Not all overlapping rates apply to all New Hanover County property owners; for example the rates of the Special Fire District apply only to the proportion of the New Hanover County's property owners whose property is located within the geographic boundaries of the Special Fire District.

NEW HANOVER COUNTY, NORTH CAROLINA

Table 10

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income*	Per Capita*
	General Obligation Bonds	Certificates of Participation	Other Installment Debt	General Obligation Bonds	Certificates of Participation	Other Installment Debt			
2010	\$ 334,069,997	\$ 62,898,500	\$ 49,416,186	\$ 175,000	\$ 241,500	\$ 1,154,399	\$ 447,955,582	6.37%	2,213
2011	315,039,997	56,820,000	50,443,221	-	215,000	899,921	423,418,139	5.71%	2,051
2012	292,639,997	50,697,400	45,899,037	-	187,600	1,716,322	391,140,356	5.19%	1,867
2013	340,716,687	27,012,659	62,229,209	-	151,071	1,218,679	431,328,305	5.52%	2,054
2014	308,179,997	22,505,400	70,512,563	-	129,600	1,836,370	403,163,930	4.77%	1,871
2015	283,589,997	17,741,000	66,813,433	-	99,000	1,136,410	369,379,840	4.14%	1,690
2016	337,694,997	12,932,700	70,451,886	-	67,300	681,632	421,828,515	4.47%	1,889
2017	332,733,063	8,053,896	69,428,987	-	34,300	230,879	410,481,125	4.08%	1,813
2018	337,428,140	3,151,949	73,127,948	-	-	172,813	413,880,850	N/A	1,792
2019	375,266,067	-	70,722,174	-	-	116,204	446,104,445	N/A	1,877

* Calculation made using population and personal income figures from Demographic and Economic Statistics Table 14.

Source: County records.

Note: Amounts presented for 2017, 2018 and 2019 are net of original issuance discounts and premiums. Details regarding the County's outstanding debt can be found in the Notes to the Basic Financial Statements.

NEW HANOVER COUNTY, NORTH CAROLINA
Table 11
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Percentage of Actual Taxable Value of Property*	Per Capita**
2010	334,069,997	0.99%	1,650.45
2011	315,039,997	0.93%	1,525.95
2012	292,639,997	0.86%	1,397.06
2013	340,716,687	1.18%	1,622.74
2014	308,179,997	1.04%	1,430.09
2015	283,589,997	0.95%	1,297.84
2016	337,694,997	1.12%	1,512.56
2017	332,733,063	1.08%	1,469.60
2018	337,428,140	1.00%	1,461.24
2019	375,266,067	1.09%	1,578.81

* Calculated using taxable value of property from Assessed Value and Actual Value of Taxable Property Table 6.

** Calculated using population figures from Demographic and Economic Statistics Table 14.

Source: County records.

Note: Amounts presented for 2017 and 2018 are net of original issuance discounts and premiums. Details regarding the County's outstanding debt can be found in the Notes to the Basic Financial Statements

NEW HANOVER COUNTY, NORTH CAROLINA
Table 12
Direct and Overlapping Governmental Activities Debt
As of June 30, 2019

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
County direct debt	\$ 419,336,726	100.00%	\$ 419,336,726
City of Wilmington debt	155,867,405	100.00%	155,867,405
Town of Wrightsville Beach debt	2,142,855	100.00%	2,142,855
Town of Carolina Beach debt	4,128,897	100.00%	4,128,897
Town of Kure Beach debt	5,654,885	100.00%	5,654,885
Subtotal, overlapping debt			167,794,042
Total direct and overlapping debt:			\$ 587,130,768

Source: County, City of Wilmington, Town of Wrightsville Beach, Town of Carolina Beach, Town of Kure Beach, and NC Department of State Treasurer (LGC).

NEW HANOVER COUNTY, NORTH CAROLINA

Table 13

Legal Debt Margin Information

Last Ten Fiscal Years

New Hanover County

	2010	2011	2012	2013	2014
Debt limit	\$ 2,693,960,438	\$ 2,704,484,646	\$ 2,735,242,156	\$ 2,310,367,729	\$ 2,377,170,770
Total net debt applicable to limit	491,384,997	476,879,881	437,524,997	392,163,053	385,619,330
Legal debt margin	<u>\$ 2,202,575,441</u>	<u>\$ 2,227,604,765</u>	<u>\$ 2,297,717,159</u>	<u>\$ 1,918,204,676</u>	<u>\$ 1,991,551,440</u>
Total net debt applicable to the limit as a percentage of debt limit	18.24%	17.63%	16.00%	16.97%	16.22%

Note: Amounts presented for 2017, 2018 and 2019 are net of original issuance discounts and premiums. Details regarding the County's outstanding debt can be found in the Notes to the Basic Financial Statements

NEW HANOVER COUNTY, NORTH CAROLINA
Table 13
Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation for June 30, 2019					
Total assessed value			\$	34,555,093,669	
Debt limit (8% of assessed value)				<u>2,764,407,494</u>	
Debt applicable to limit:					
General obligation bonds				350,444,997	
Certificates of participation				-	
Installment				68,891,729	
Authorized but unissued debt				12,760,000	
Less:					
Water Sewer				(8,765,000)	
Authorized but unissued debt				<u>(12,760,000)</u>	
Total net applicable to limit				<u>410,571,726</u>	
Legal debt margin			\$	<u>2,353,835,768</u>	
2015		2016	2017	2018	2019
\$	2,379,658,915	\$ 2,415,784,706	\$ 2,465,327,783	\$ 2,698,898,172	\$ 2,764,407,494
	350,107,072	408,148,717	371,926,370	378,307,851	410,571,726
\$	2,029,551,843	\$ 2,007,635,989	\$ 2,093,401,413	\$ 2,320,590,321	\$ 2,353,835,768
14.71%		16.90%	15.09%	14.02%	14.85%

NEW HANOVER COUNTY, NORTH CAROLINA

Table 14

**Demographic and Economic Statistics
Last Ten Fiscal Years**

Fiscal Year	Population ¹	Personal Income (000's) ²	Per Capita Personal Income ²	Median Age ³ (Years)	School Enrollment ⁴	Unemployment Rate ⁵
2010	202,411	7,031,719	34,588	37.3	23,934	9.70%
2011	206,455	7,419,000	36,020	37.5	24,060	9.90%
2012	209,468	7,543,199	36,054	37.6	24,464	9.20%
2013	212,484	7,819,052	36,653	37.8	24,650	8.30%
2014	215,497	8,454,467	39,035	38.1	26,080	6.30%
2015	218,510	8,921,731	40,487	38.2	25,937	5.70%
2016	223,260	9,444,753	42,262	38.4	26,132	4.90%
2017	226,410	10,050,351	44,236	38.8	26,096	4.30%
2018	230,919	N/A	N/A	39.0	25,994	3.90%
2019	237,689	N/A	N/A	39.2	25,512	4.10%

¹ **Source:** Office of State Budget Management, NC Commerce

² **Source:** Bureau of Economic Analysis

³ **Source:** U.S. Census Bureau

⁴ **Source:** North Carolina Public Schools website

⁵ **Source:** Bureau of Labor Statistics

NEW HANOVER COUNTY, NORTH CAROLINA
Table 15
Principal Employers
Current Fiscal Year and Ten Years Ago

Employer (Top Ten)	2019			2010		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
New Hanover Regional Medical Center	7,138	1	5.86%	4,890	1	5.17%
New Hanover County Schools	4,240	2	3.48%	4,130	2	4.37%
General Electric Company	2,800	3	2.30%	3,000	3	3.17%
Wal-Mart Stores	2,414	4	1.98%			-----
University of NC at Wilmington	2,024	5	1.66%	1,810	4	1.91%
New Hanover County Government	1,813	6	1.49%	1,670	6	1.77%
PPD, Inc.	1,500	7	1.23%	1,800	5	1.90%
Duke Energy Progress	1,375	8	1.13%			-----
Verizon Wireless	1,167	9	0.96%	1,200	9	1.27%
City of Wilmington	1,077	10	0.88%	1,200	8	1.27%
Cape Fear Community College	-----	-----	-----	1,260	7	1.33%
Corning, Inc.	-----	-----	-----	1,000	10	1.06%
Total New Hanover County Employment	<u><u>121,911</u></u>			<u><u>94,585</u></u>		

NEW HANOVER COUNTY, NORTH CAROLINA
Table 16
Full-Time Equivalent Government Employees by Function
Last Ten Fiscal Years

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government	276	268	268	265	263	255	271	282	295	295
Human services	517	509	495	471	497	506	493	505	507	513
Public safety	632	635	651	680	727	762	765	797	790	811
Culture and recreation	117	123	126	127	136	136	136	128	129	134
Environmental Management	88	88	31	31	31	31	32	33	35	34
Total	1,630	1,623	1,571	1,574	1,654	1,690	1,697	1,745	1,756	1,787

Source: County Budget Department.

EW HANOVER COUNTY, NORTH CAROLINA

Table 17

Operating Indicators by Function
Last Ten Fiscal Years

Function	2010	2011	2012	2013	2014
Public safety:					
Sheriff:					
# of divisions	6	6	6	8	8
# of sheriff personnel	384	384	423	455	473
# of arrests made	6,364	6,613	6,506	5,536	5,397
# of service calls	190,539	190,500	132,492	137,954	139,964
Fire Services:					
# of stations	8	8	8	8	8
# of fire personnel	95	95	217	197	172
# of calls answered	4,665	4,823	5,600	5,242	5,862
Culture and recreation:					
Library:					
# of circulations	1,340,000	1,350,000	1,387,929	1,398,310	1,365,134
Museum:					
Attendance	47,128	49,261	47,223	42,877	37,858

Source: County records.

EW HANOVER COUNTY, NORTH CAROLINA

Table 17
Operating Indicators by Function
Last Ten Fiscal Years

Function	2015	2016	2017	2018	2019
Public safety:					
Sheriff:					
# of divisions	7	8	8	8	8
# of sheriff personnel	482	486	503	510	529
# of arrests made	4,935	4,625	4,317	4,289	4,030
# of service calls	138,932	133,684	134,749	132,061	123,120
Fire Services:					
# of stations	8	8	8	8	8
# of fire personnel	191	197	160	154	161
# of calls answered	6,449	6,420	6,630	6,610	7,291
Culture and recreation:					
Library:					
# of circulations	1,357,505	1,314,648	1,289,761	1,300,387	1,259,225
Museum:					
Attendance	40,680	47,080	57,592	55,662	52,682

Source: County records.

NEW HANOVER COUNTY, NORTH CAROLINA

Table 18

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2010	2011	2012	2013	2014
Public safety (1):					
Sheriff:					
# of stations	2	2	2	2	8
# of vehicles	277	290	279	298	311
Human services (1):					
Health Department:					
# of vehicles	37	29	23	22	22
Culture and recreation:					
Parks:					
# of parks/open spaces	23	23	23	23	23
Park/open space acreage	1,405	1,551	1,551	1,551	1,551

Source: County records.

(1) Vehicles owned as of June 30, 2019.

NEW HANOVER COUNTY, NORTH CAROLINA

Table 18

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2015	2016	2017	2018	2019
Public safety (1):					
Sheriff:					
# of stations	8	8	8	8	8
# of vehicles	305	347	368	413	433
Human services (1):					
Health Department:					
# of vehicles	22	22	21	21	21
Culture and recreation:					
Parks:					
# of parks/open spaces	23	23	23	24	24
Park/open space acreage	1,551	1,551	1,551	1,565	1,566

Source: County records.

(1) Vehicles owned as of June 30, 2019.

NEW HANOVER COUNTY, NORTH CAROLINA

Table 19
ANALYSIS OF CURRENT TAX LEVY
COUNTY - WIDE LEVY
June 30, 2019

	County - Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 32,302,697,174	\$0.5550	\$ 179,279,969	\$ 179,279,969	\$ -
Motor vehicles at 2016 rate	718,941	0.6230	4,479	-	4,479
Motor vehicles at 2017 rate	468,502,632	0.5700	2,670,465	-	2,670,465
Motor vehicles at 2018 rate	1,816,841,622	0.5550	10,083,471	-	10,083,471
Penalties	-		337,622	337,622	-
Total	34,588,760,369		192,376,006	179,617,591	12,758,415
Discoveries:					
Current year	-		180,627	180,627	-
	-		180,627	180,627	-
Abatements	(33,666,700)		(302,547)	(302,547)	-
Total property valuation	<u>\$ 34,555,093,669</u>				
Net levy			192,254,086	179,495,671	12,758,415
Uncollected taxes at June 30, 2019			1,231,504	1,231,504	-
Current year's taxes collected			<u>\$ 191,022,582</u>	<u>\$ 178,264,167</u>	<u>\$ 12,758,415</u>
Current levy collection percentage			99.36%	99.31%	100.00%
Secondary Market Disclosures:					
Assessed Valuation:					
Assessment Ratio			100%		
Real Property			\$ 29,446,336,633		
Personal Property			4,426,560,993		
Public Service Companies			682,196,043		
Total Assessed Valuation			34,555,093,669		
Tax rate per \$100			0.5550		
Levy (includes discoveries, abatements, penalties)			<u>\$ 192,254,086</u>		
Fire District			<u>\$ 10,414,243</u>		