



Comprehensive Annual Financial Report

**New Hanover County, North Carolina
For The Fiscal Year Ended June 30, 2020**

Julia Olsen-Boseman, Chair
Board of Commissioners

Chris Coudriet
County Manager

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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, 2020

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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 2020

Board of Commissioners



Julia Olson-Boseman
Chair



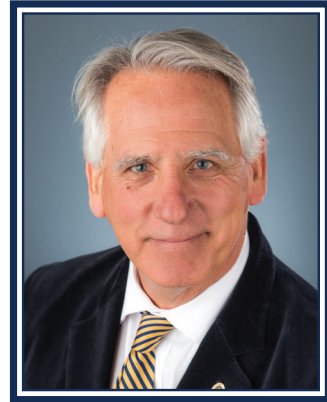
Patricia Kusek
Vice-Chair



Jonathan Barfield, Jr.
Commissioner



Woody White
Commissioner



Rob Zapple
Commissioner

Other Elected Officials



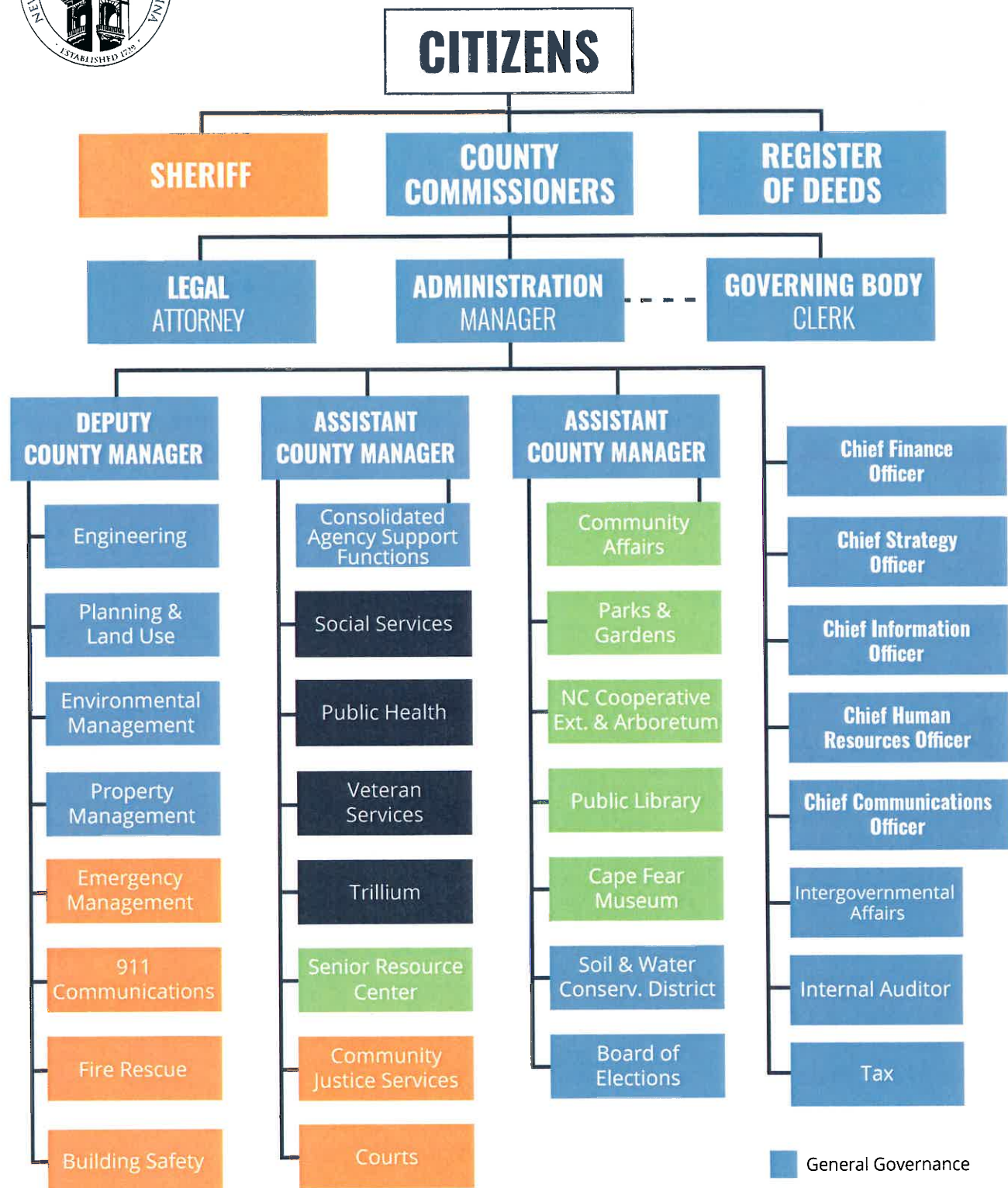
Ed McMahon
Sheriff



Tammy Beasley
Register of Deeds



NEW HANOVER COUNTY ORGANIZATIONAL CHART



*CFCC & Public Schools (not shown) - County provides funding with no consulting role.

Organizational chart structure as of June 2020.

General Governance

Public Safety

Human Services

Cultural & Recreational



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 16, 2020

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, 2020.

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, 2020, are free of material misstatement. The independent audit concluded that the County's financial statements for the fiscal year June 30, 2020 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.

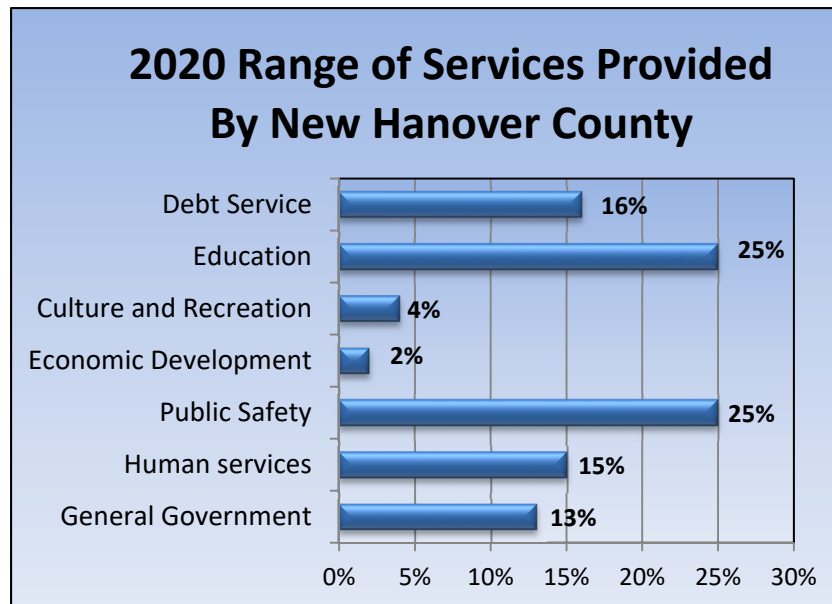
PROFILE OF THE COUNTY OF NEW HANOVER



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 239,272. 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.



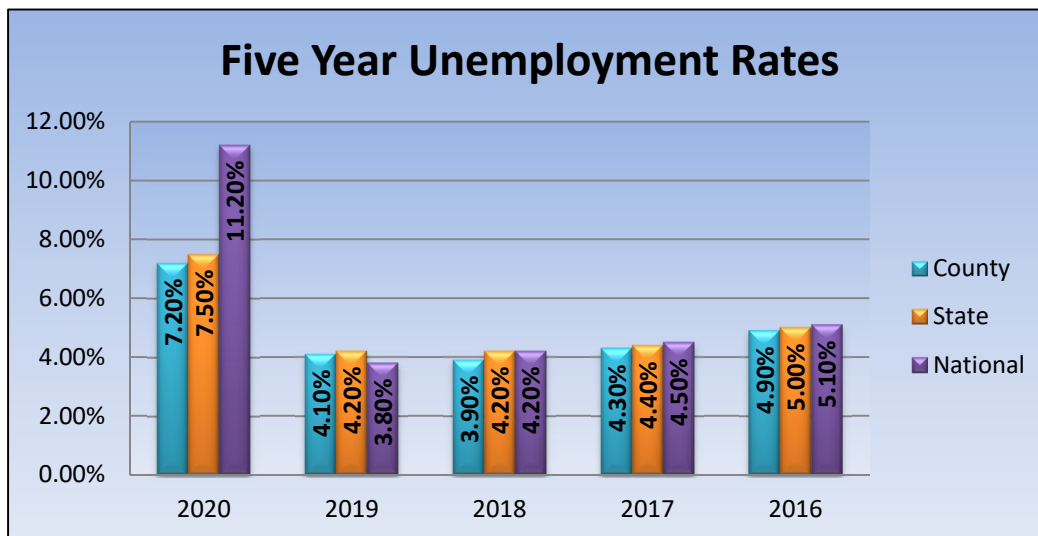
The County utilizes a County Manager form of government with five Commissioners who serve four year staggered terms. The Chairman is elected by the Commissioners each year for a one-year term. The County Manager, County Attorney, and the Clerk to the Board are appointed by, and serve at the pleasure 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

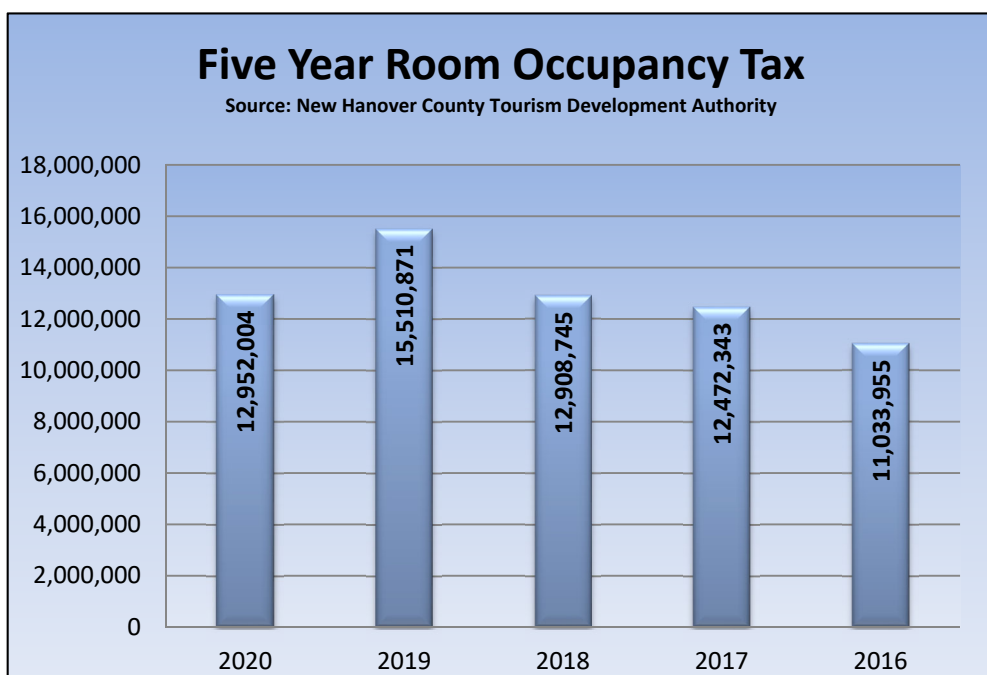
The County experienced various economic impacts from the COVID-19 virus in fiscal year 2020. Many industries saw decreases in demand and employment as lockdown measures were in place. While the overall unemployment rate increased, New Hanover County's unemployment rate continued to be lower than the state's rate and significantly lower than the federal rate in the current year.



The housing market has rebounded quickly from the slowdown in activity due to COVID-19. The average home sales price in June of 2020 continued to increase with demand outpacing supply. This is reflective of the area's continued popularity.

When tourism is strong, local jobs are created and our citizens enjoy a better quality of life. 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. Tourism in the area, which has demonstrated a steady increase since 2010, was slowed as a result of the temporary shutdown of the hospitality industry. Room occupancy tax collected in 2020 was approximately \$13 million demonstrating

continued strength in spite of the mandated closures.



New Hanover County maintains a diverse taxpayer base, with its top ten taxpayers representing only 4.36 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
Taxpayer	Taxable Assessed Value	Rank	Taxable Assessed Value
Duke Energy Progress	\$502,378,024	1	1.43%
Corning Inc.	\$261,606,881	2	0.75%
General Electric Company	\$221,424,347	3	0.63%
Bedrock Holdings II LLC	\$98,565,300	4	0.28%
Live Oak Bank	\$88,359,238	5	0.25%
Fortron Industries	\$87,129,012	6	0.25%
River Ventures	\$74,933,400	7	0.21%
Mayfaire Town Center LP	\$69,712,613	8	0.20%
GF Management Co.	\$64,491,012	9	0.18%
RSE Independence	\$63,255,800	10	0.18%
Total	1,531,855,627		4.36%
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 23.46 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	2020		
	Number of Employees	Rank	Percentage of Total County Employment
New Hanover Regional Medical Center	7,500	1	6.73%
New Hanover County Board of Education	4,211	2	3.78%
Walmart Stores, Inc.	2,857	3	2.51%
General Electric Company	2,800	4	2.56%
University of NC at Wilmington	2,409	5	2.16%
New Hanover County Government	1,813	6	1.63%
PPD, Inc.	1,500	7	1.35%
Duke Energy Progress	1,136	8	1.02%
City of Wilmington	1,000	9	0.90%
Wilmington Health	917	10	0.82%
			23.46%
Source: Greater Wilmington Business Journal 2020 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 7,500 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 approximately 7,500 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. The most recent expansion was a new medical tower located at the 17th street campus which opened in June 2020. New Hanover Regional Medical Center ranked 11th in the 2020 *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".

Through an executed asset purchase agreement, Novant Health will purchase NHRMC from New Hanover County for \$1.5 billion, invest more than \$3 billion in growing and advancing NHRMC's services in the area, and expand the hospital's relationship with UNC Health and UNC School of Medicine – which will enhance medical education already in place, expand a children's clinical service-line partnership with UNC Children's Hospital and develop research clinical trials and population health studies programs. The net proceeds from this purchase will go to benefit the community through the New Hanover Community Endowment.

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 21 affiliated offices.

Education

The County is home to the University of North Carolina Wilmington (UNCW). The school offers 56 bachelor's degrees, 36 master's degrees and 4 doctoral degrees. In Fall 2020, there were nearly 17,915 students enrolled in undergraduate and graduate degree programs. UNCW's graduate student population continues to grow at double-digit rates, a sign of the high demand for the university's quality programs.

UNCW is one of only three UNC System schools included in U.S. News & World Report's list of "Top 100 Public National Universities" for 2020. . U.S. News also ranked UNCW as 8th nationally (tie) in the "2020 Best Online Bachelor's Programs" and 6th nationally (tie) among the "Best Online Program for Veterans."



Cape Fear Community College (CFCC), located in historic downtown Wilmington and Castle Hayne, is a major economic development partner in southeastern North Carolina with over 22,000 students enrolling in classes every year. CFCC offers over 250 programs in a wide range of areas including those 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

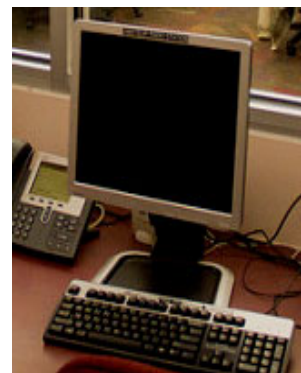
General Electric ("GE") is a longtime corporate resident of New Hanover County. GE Aviation manufactures jet engine parts that are used on commercial and military aircraft built by Boeing, Airbus and other airframe manufacturers. GE Hitachi Nuclear Energy (GEH) is a world-leading provider of advanced 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.

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.

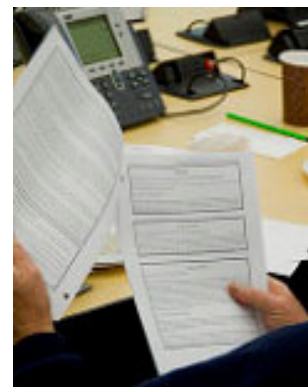
Business Services and Film

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 continues to grow and now offers personal banking. 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 in 2019, ranking 36th.



In an effort to improve traditional commercial lending processes, nCino, which was started in 2011 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. Today, more than 1,100 financial institutions in countries around the world use nCino's Bank Operating System. NCino is headquartered in Wilmington. It has also been named the 2019 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 70 percent 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 4.4 million background checks annually 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 "Hightown", "USS Christmas", "The Georgetown Project", "Swamp Thing", "Halloween Kills", "Reprisal" and "Iron Man 3". Sonar Entertainment's "Mr. Mercedes", LD Entertainment's "Words on Bathroom Walls", History Channel's "Six" and TNT's "Good Behavior" were also filmed here. 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 2019,” tourism spending by domestic visitors to the state and to New Hanover County continued to see growth. The county saw a 7.48 percent increase over 2018 expenditures and maintained its rank as eighth in the state for tourism generated revenue. The 2019 study revealed that travel and tourism directly provided more than 6,680 jobs in New Hanover County. In fact, according to a recent Visitor Profile and Expenditure Research Study, the City of Wilmington and the beach towns experienced record visitor spending and tourism employment during 2019. 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.



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. In 2020, Travel + Leisure listed both Carolina Beach and Wrightsville Beach among the “10 Best Beaches in North Carolina.”

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 1.75 miles to find more than 200 shops, cafes and nightlife. In 2020, the Everyday Wanderer travel blog listed Wilmington’s Riverwalk as one of the 10 “Best Riverwalks in the US-East of the Mississippi.”

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. In 2020, it was the host site of the national announcement of Wilmington being selected as the first World War II Heritage City.

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.

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 2,800 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, the historic 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 to construct Echo Farms Park. This has helped maintain green space in the community. Current improvements to the land and amenities include a walking trail, resurfaced clay tennis courts with lighting, parking lot upgrades, a clubhouse with restrooms, and pool amenities. Future improvements include additional clay tennis courts and outdoor exercise space 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 Grand Ballroom and its own 578 space public parking deck. Additionally, a 12,000 square foot 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 deep water 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. The Port of Wilmington is also designated as one of 17 commercial strategic ports by the U.S. Department of Defense. 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 located on a port in the State of North Carolina. 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 container volume grew by 4 percent over fiscal year 2019. In 2020, the Port completed an air draft improvement project over the Cape Fear River, opened 2,600 contiguous feet of container berth space, completed Phase 2 of its turning basin expansion project, opened a new refrigerated container yard and welcomed the largest vessel, the 14,220 TEU MV Yang Ming Warranty to the Port. According to a report from the American Council of Engineering Companies, the Port of Wilmington is the fastest growing port in the country. This growth should continue as the ongoing infrastructure improvement projects continue.

The Rail System

The county is served by CSX Corporation. It 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 20,000 route miles in 23 states, the District of Columbia, and Canada.

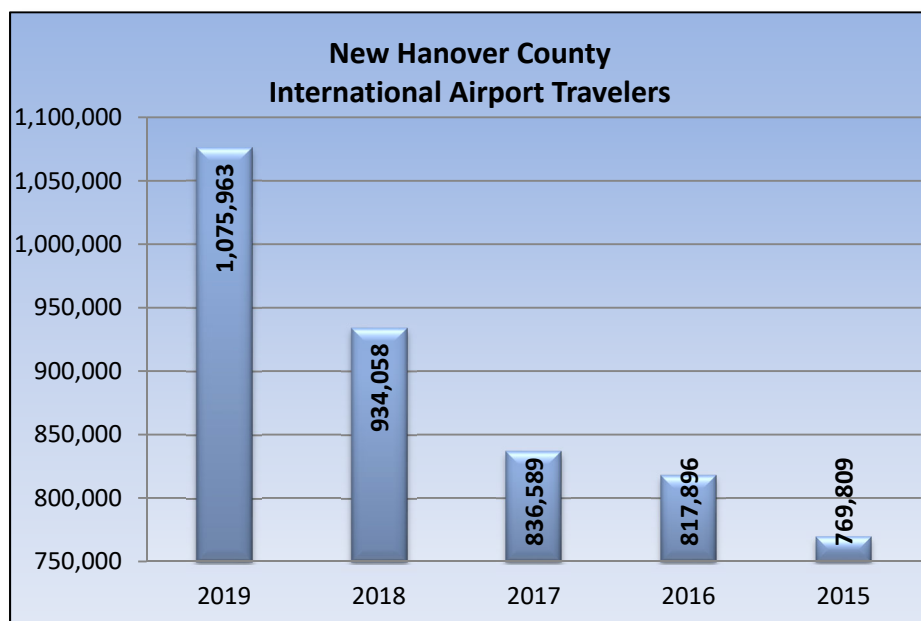


New Hanover County International Airport

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 added room to the terminal allowing for additional ticketing, lobby area and office space for the airlines. The third and final phase involves expanding the concourse area, TSA checkpoints and number of gates. Additional concessions and seating will be included in this final phase. The entire expansion project is expected to be complete in 2023.



Located midway on the East Coast, over 1,000,000 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 latest portion 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 INITIATIVES

Redevelopment of the Government Center

The County has entered into a development agreement which will create a public-private partnership to redevelop the Government Center site. The current site occupies 15 acres and houses many of the County's offices and services. It is located off of College Road, a major highway, making the location convenient and easily accessible. The new design will include county offices and an expanded Emergency Operations and 911 Center, alongside a mixed-use commercial and residential development that will include affordable housing and greenspace. The County anticipates a groundbreaking for the new building sometime in January 2021.

Stormwater Services

The County Board of Commissioners has approved the creation and implementation of a new Stormwater Services program to begin July 2020. This will ensure the continued upkeep of the storm water management system throughout the unincorporated areas of the county, and relieve property owners of the responsibility of maintaining and cleaning ditches and pipes on their property.

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

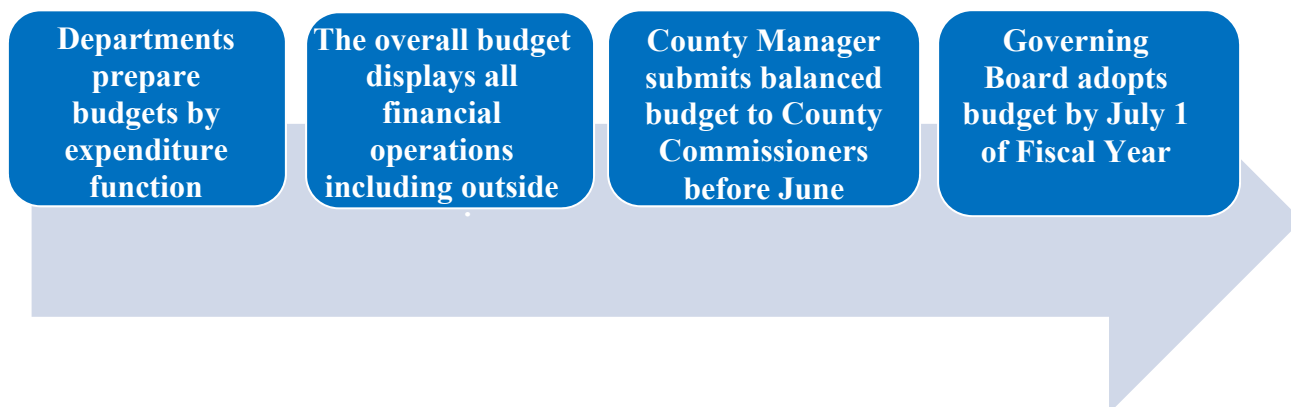
In developing and evaluating the County's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: the safeguarding of assets against loss from unauthorized use or 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, 2020 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, 2019. This was the thirty-ninth 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 2019-2020. This marks the twenty-ninth 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 2020 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,

A handwritten signature in black ink, reading 'Lisa Wurtzbacher'.

Lisa H. Wurtzbacher
Chief Financial
Officer

A handwritten signature in black ink, reading 'Martha Wayne'.

Martha G. Wayne
Deputy Chief Financial
Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**New Hanover County
North Carolina**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

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, 2020 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 12.51%, 14.35%, and 6.91% of the assets, fund balance, and revenues, respectively, of the County's nonmajor 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 .22%, .24%, and 0% of the assets, fund balance, and revenues, respectively, of the County's nonmajor governmental funds. We also did not audit the financial statements of the Parks Conservancy of New Hanover County, a blended component unit, which represents .57%, .62%, and .07% of the assets, fund balance, and revenues, respectively, of the County's nonmajor 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 the Medical Center, the ABC Board and the Industrial Authority are based solely on the reports of other auditors. 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 New Hanover County Tourism Development Authority 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, 2020, 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.

Emphasis of Matter

As discussed in Note 13 to the basic financial statements, the County corrected an error that resulted in a prior period adjustment for deferred outflows related to other post-employment benefit obligations. As a result, net position as of June 30, 2019 has been adjusted. Our opinion is not modified with respect to this matter.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that 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 16, 2020 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.

Chemy Bekaert LLP

Raleigh, North Carolina
November 16, 2020

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, 2020. 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.

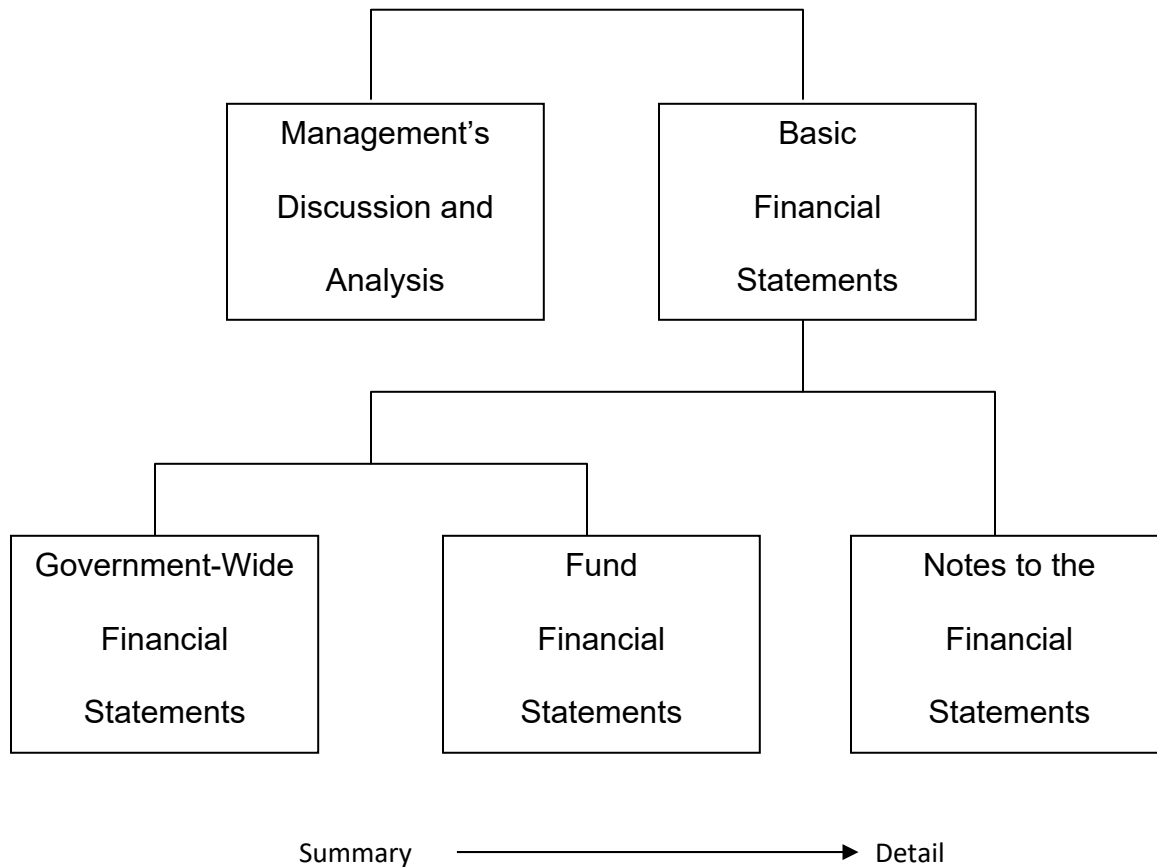
Financial Highlights

- The government's total net position decreased by \$17,885,359 before the prior period adjustment primarily due to an increase in expenses related to other post-employment benefits and pensions.
- 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 \$407,008,786 (*net deficiency*).
- As of the close of the current fiscal year, New Hanover County's governmental funds reported a combined ending fund balances of \$207,081,379, a decrease of \$3,404,623 from the prior year. Approximately 60.0 percent of this total amount, or \$125,441,841 is restricted or unspendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$57,102,925 or 18.9 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	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 257,852,061	\$ 260,862,791	\$ 27,570,951	\$ 22,663,544	\$ 285,423,012	\$ 283,526,335
Capital assets	<u>199,480,518</u>	<u>183,594,032</u>	<u>33,897,441</u>	<u>28,835,550</u>	<u>233,377,959</u>	<u>212,429,582</u>
Total assets	<u>457,332,579</u>	<u>444,456,823</u>	<u>61,468,392</u>	<u>51,499,094</u>	<u>518,800,971</u>	<u>495,955,917</u>
Deferred outflows of resources	<u>94,946,420</u>	<u>93,879,509</u>	<u>1,528,399</u>	<u>1,510,323</u>	<u>96,474,819</u>	<u>95,389,832</u>
Long-term liabilities						
outstanding	852,595,475	792,165,637	33,835,312	26,213,720	886,430,787	818,379,357
Other liabilities	<u>82,496,940</u>	<u>81,437,300</u>	<u>2,447,071</u>	<u>1,818,230</u>	<u>84,944,011</u>	<u>83,255,530</u>
Total liabilities	<u>935,092,415</u>	<u>873,602,937</u>	<u>36,282,383</u>	<u>28,031,950</u>	<u>971,374,798</u>	<u>901,634,887</u>
Deferred inflows of resources	<u>49,966,861</u>	<u>57,761,966</u>	<u>942,917</u>	<u>1,105,484</u>	<u>50,909,778</u>	<u>58,867,450</u>
Net position (deficit):						
Net investment in						
capital assets	50,305,882	95,283,987	33,027,132	28,719,346	83,333,014	124,003,333
Restricted	125,441,841	149,743,427	-	-	125,441,841	149,743,427
Unrestricted	<u>(608,528,000)</u>	<u>(638,055,985)</u>	<u>(7,255,641)</u>	<u>(4,847,363)</u>	<u>(615,783,641)</u>	<u>(642,903,348)</u>
Total net position	<u>\$ (432,780,277)</u>	<u>\$ (393,028,571)</u>	<u>\$ 25,771,491</u>	<u>\$ 23,871,983</u>	<u>\$ (407,008,786)</u>	<u>\$ (369,156,588)</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 \$407,005,810 as of June 30, 2020. As of June 30, 2019, the liabilities and deferred inflows of resources of New Hanover County exceeded assets and deferred outflows of resources by \$369,156,588. The County's net position decreased by \$17,885,359, excluding the prior period adjustment, for the fiscal year ended June 30, 2020. Comparatively, the County's net position decreased \$20,310,883 in 2019. Net position is reported in three categories: Net investment in capital assets of \$83.3 million; Restricted net position of \$125.4 million; and Unrestricted net position (deficit) of \$(615.8) 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 \$83.3 million at June 30, 2020. 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 \$125.4 million at June 30, 2020. 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 \$(615.8) million at June 30, 2020. 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 \$198.0 million of the outstanding debt on the County's financial statements was related to assets included in the public schools' financial statements and \$104.9 million related to assets included in the community college financial statements – a total of \$302.9 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.

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 99.1 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 by issuing general obligation bonds and limited obligations bonds in the fiscal year.

New Hanover County's Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 13,960,940	\$ 13,786,687	\$ 18,689,983	\$ 19,640,122	\$ 32,650,923	\$ 33,426,809
Operating grants and contributions	65,980,151	53,120,765	3,640,981	552,533	69,621,132	53,673,298
Capital grants and contributions	619,335	187,470	-	-	619,335	187,470
General revenues:						
Property taxes	220,806,788	216,754,433	-	-	220,806,788	216,754,433
Other taxes	76,993,771	81,757,943	-	-	76,993,771	81,757,943
Other	2,896,357	3,956,891	322,647	285,490	3,219,004	4,242,381
Miscellaneous	2,877,641	1,734,906	-	-	2,877,641	1,734,906
Total revenues	<u>384,134,983</u>	<u>371,299,095</u>	<u>22,653,611</u>	<u>20,478,145</u>	<u>406,788,594</u>	<u>391,777,240</u>
Expenses:						
General government	82,619,965	65,355,755	-	-	82,619,965	65,355,755
Human services	54,437,664	37,138,533	-	-	54,437,664	37,138,533
Public safety	95,807,149	90,794,737	-	-	95,807,149	90,794,737
Economic and physical development	16,137,497	5,639,002	-	-	16,137,497	5,639,002
Culture and recreational	14,865,002	15,021,880	-	-	14,865,002	15,021,880
Education	127,215,469	149,024,845	-	-	127,215,469	149,024,845
Interest and fees on long-term debt	12,715,080	12,655,525	-	-	12,715,080	12,655,525
Environmental management	-	-	20,879,103	36,457,846	20,879,103	36,457,846
Total expenses	<u>403,797,826</u>	<u>375,630,277</u>	<u>20,879,103</u>	<u>36,457,846</u>	<u>424,676,929</u>	<u>412,088,123</u>
Increase/decrease in net position before transfers	(19,662,843)	(4,331,182)	1,774,508	(15,979,701)	(17,888,335)	(20,310,883)
Transfers	<u>(125,000)</u>	<u>(14,750,794)</u>	<u>125,000</u>	<u>14,750,794</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	<u>(19,787,843)</u>	<u>(19,081,976)</u>	<u>1,899,508</u>	<u>(1,228,907)</u>	<u>(17,888,335)</u>	<u>(20,310,883)</u>
Net position - beginning, previously reported	(393,028,571)	(373,946,595)	23,871,983	25,100,890	(369,156,588)	(348,845,705)
Restatement	<u>(19,963,863)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(19,963,863)</u>	<u>-</u>
Net position - beginning, restated	<u>(412,992,434)</u>	<u>(373,946,595)</u>	<u>23,871,983</u>	<u>25,100,890</u>	<u>(389,120,451)</u>	<u>(348,845,705)</u>
Net position - ending	<u>\$ (432,780,277)</u>	<u>\$ (393,028,571)</u>	<u>\$ 25,771,491</u>	<u>\$ 23,871,983</u>	<u>\$ (407,008,786)</u>	<u>\$ (369,156,588)</u>

Governmental Activities. Governmental activities net position decreased by \$19,787,843 before the prior period adjustment, thereby attributing to the overall decline in the net position of New Hanover County. Key elements of this decrease are as follows:

- An increase in expense related to other post-employment benefits, law enforcement separation allowance, and the local government retirement pension plans.
- Maintenance costs incurred related to the Mason Inlet Relocation capital project. Maintenance expense include dredging costs in addition to other costs that are not incurred on an annual basis.
- Human services expenses increased from the prior year as a result of timing of expenses related to the construction of the new public health and social services facility which was capitalized in the current year. The health and social services facility was a multi-year construction project.

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

- Increase in operating grants and contributions as a result of funds received from FEMA for reimbursement of hurricane related expenses in addition to funds to assist with expenses related to the COVID-19 response.
- Education expenses decreased as a result of several large school projects coming to an end.

Business-Type Activities. Business-type activities net position increased by \$1,902,484. A key element of this increase was as follows:

- An increase in intergovernmental revenues as a result of reimbursement of hurricane Florence expenses from FEMA.

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 \$57,102,925, while total fund balance was \$106,610,791. 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, 2020, unassigned fund balance for the General Fund represented 18.9 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 County was in compliance with this policy as of June 30, 2020.

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 \$70,187,465, while total fund balance was \$106,610,791. The County currently has an available fund balance of 23.2 percent of General Fund expenditures and other financing uses, while total fund balance represents 35.2 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 \$3,011,834, as compared to \$7,132,135 at June 30, 2019. The decrease is a result of debt service payments being made.

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 \$46,186,072, as compared to \$42,103,590 at June 30, 2019. The majority of this fund balance, approximately 97.1 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 the result of bids coming in a lot lower than anticipated for a project.

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 \$552,883, as compared to a \$1,105,877 fund balance at June 30, 2019. 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 \$15,643,674, as compared to a \$43,041,121 fund balance at June 30, 2019. The decrease in this fund balance is due to capital outlay expenditures.

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 houses the health and social services programs. At the end of the current year, the fund balance in this fund was \$447,345, as compared to a \$6,374,941 fund balance at June 30, 2019. 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 \$34,628,780. At June 30, 2019, fund balance for other governmental funds was \$13,329,098. The increase in fund balance for the other nonmajor governmental funds is mainly due to the issuance of limited obligation bonds.

At June 30, 2020, the governmental funds of New Hanover County reported a combined fund balance of \$207,081,379, a 1.6 percent decrease over last year. This decrease in fund balance is primarily due to capital outlay expenditures.

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 \$22.1 million, due primarily to an increase in intergovernmental revenue and appropriated fund balance. The increase in intergovernmental revenue was mainly the result of various projects that were originally budgeted in the prior year and not completed before fiscal year end, thus a budget amendment was done in the current year to roll the remaining budget in order to complete the projects.

Amendments to general government activities increased budgeted expenditures by approximately \$22.1 million due primarily to an increase in budgeted general government expense of approximately \$12.1 million and an increase in public safety of \$9.2 million both of which mainly result to anticipated expenses related to COVID-19 and hurricane expenses. 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 \$(7,252,665). The change in total net position for the fiscal year ended June 30, 2020, was \$1,902,484 for the Environmental Management Fund. This compares to unrestricted net position of \$(4,847,363) in the Environmental Management Fund at June 30, 2019; as well as the change in total net position for the fund for the fiscal year ended June 30, 2019, of \$(1,228,907).

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, 2020 totals \$233,377,959 (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	
	2020	2019	2020	2019	2020	2019
Land	\$ 45,924,058	\$ 45,924,058	\$ 3,239,227	\$ 2,459,201	\$ 49,163,285	\$ 48,383,259
Buildings	183,859,412	159,478,844	21,335,698	21,178,626	205,195,110	180,657,470
Other improvements	35,892,484	34,312,359	30,940,150	28,720,841	66,832,634	63,033,200
Equipment and vehicles	73,192,143	70,104,926	17,360,099	16,956,498	90,552,242	87,061,424
Construction in progress	<u>14,161,122</u>	<u>19,637,862</u>	<u>8,390,762</u>	<u>2,775,809</u>	<u>22,551,884</u>	<u>22,413,671</u>
Total before depreciation	353,029,219	329,458,049	81,265,936	72,090,975	434,295,155	401,549,024
Less accumulated depreciation	<u>(153,548,701)</u>	<u>(145,864,017)</u>	<u>(47,368,495)</u>	<u>(43,255,425)</u>	<u>(200,917,196)</u>	<u>(189,119,442)</u>
Total net depreciation	<u>\$ 199,480,518</u>	<u>\$ 183,594,032</u>	<u>\$ 33,897,441</u>	<u>\$ 28,835,550</u>	<u>\$ 233,377,959</u>	<u>\$ 212,429,582</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, 2020, the carrying value of New Hanover County's total bonded debt outstanding was \$320,054,997, 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	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$ 294,584,997	\$ 319,049,997	\$ -	\$ -	\$ 294,584,997	\$ 319,049,997
Direct placement general obligation bonds	25,470,000	31,395,000	-	-	25,470,000	31,395,000
Direct placement installment debt	94,847,413	68,891,729	757,140	114,225	95,604,553	69,005,954
Unamortized premium and discounts	<u>28,227,720</u>	<u>26,651,515</u>	<u>113,169</u>	<u>1,979</u>	<u>28,340,889</u>	<u>26,653,494</u>
Total long-term debt	<u>\$ 443,130,130</u>	<u>\$ 445,988,241</u>	<u>\$ 870,309</u>	<u>\$ 116,204</u>	<u>\$ 444,000,439</u>	<u>\$ 446,104,445</u>

New Hanover County's total bonded and installment debt decreased by \$2,104,006 (0.5 percent) during the past fiscal year due to normal scheduled payments that were offset by the issuance of \$3,355,000 in general obligation bonds and \$36,510,000 of limited obligation bonds. General obligation debt decreased approximately \$30,390,000 and installment debt increased by approximately \$26,599,000.

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 \$2,368,869,212. The County has \$9,405,000 in bonds authorized but unissued at June 30, 2020.

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, 2021

Governmental Activities. The County has approved a \$350.8 million General Fund budget for fiscal year 2020-2021, which represents an increase of 0.25 percent from the fiscal year 2019-2020 adopted budget.

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 Chief Financial Officer, 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, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash, cash equivalents, and investments	\$ 162,453,571	\$ 24,808,026	\$ 187,261,597
Receivables - net of allowances for doubtful accounts	7,969,310	2,028,027	9,997,337
Due from other governments	34,008,302	266,865	34,275,167
Due from component units	512,963	-	512,963
Due from primary government	-	-	-
Inventory	34,747	-	34,747
Prepays	176,107	-	176,107
Restricted cash, cash equivalents, and investments	30,204,117	468,033	30,672,150
Restricted receivables - net of allowances for doubtful accounts	-	-	-
Net pension asset - RODSPF	454,072	-	454,072
Investment in affiliates	-	-	-
Other long-term assets	22,038,872	-	22,038,872
Capital assets:			
Land and construction in progress	60,085,180	11,629,989	71,715,169
Other capital assets, net of depreciation	139,395,338	22,267,452	161,662,790
Total capital assets	199,480,518	33,897,441	233,377,959
Total assets	457,332,579	61,468,392	518,800,971
Deferred Outflows of Resources	94,946,420	1,528,399	96,474,819
Liabilities:			
Accounts payable and accrued expenses	23,651,250	2,245,186	25,896,436
Accrued interest payable	5,294,674	-	5,294,674
Due to component unit	723,322	-	723,322
Due to primary government	-	-	-
Due to affiliates	-	-	-
Advances from grantors	124,672	-	124,672
Prepaid service fees	-	-	-
Long-term liabilities, net of amortized charges, discounts, and premiums:			
Net pension liability - LGERS	39,248,949	752,777	40,001,726
Total pension liability - LEOSSA	12,493,995	-	12,493,995
Total OPEB liability	399,257,402	7,657,574	406,914,976
Due within one year	52,703,022	201,885	52,904,907
Due in more than one year	401,595,129	25,424,961	427,020,090
Total long-term liabilities	454,298,151	25,626,846	479,924,997
Total liabilities	935,092,415	36,282,383	971,374,798
Deferred Inflows of Resources	49,966,861	942,917	50,909,778
Net Position (Deficit):			
Net investment in capital assets	50,305,882	33,027,132	83,333,014
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	52,972,861	-	52,972,861
Register of Deeds	165,669	-	165,669
General government	-	-	-
Human services	21,433	-	21,433
Public safety	2,567,152	-	2,567,152
Economic and physical development	49,014,848	-	49,014,848
Culture and recreation	4,851,672	-	4,851,672
Education	15,848,206	-	15,848,206
Unrestricted (deficit)	(608,528,000)	(7,255,641)	(615,783,641)
Total net position (deficit)	\$ (432,780,277)	\$ 25,771,491	\$ (407,008,786)

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

NEW HANOVER COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2020

	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	\$ 26,105,031	\$ 886,708,000	\$ 5,704,260	\$ 4,182,143
Receivables - net of allowances for doubtful accounts	4,284,741	170,221,000	12,235	1,611,128
Due from other governments	-	-	-	-
Due from component units	-	-	-	-
Due from primary government	-	-	-	723,322
Inventory	-	33,732,000	5,333,596	-
Prepays	12,943	20,047,000	71,801	27,575
Restricted cash, cash equivalents, and investments	5,750,209	19,234,000	-	-
Restricted receivables - net of allowances for doubtful accounts	72,006	1,018,000	-	-
Net pension asset - RODSPF	-	-	-	-
Investment in affiliates	-	5,222,000	-	-
Other long-term assets	-	5,483,000	-	-
Capital assets:				
Land and construction in progress	41,932,629	129,047,000	7,219,208	-
Other capital assets, net of depreciation	48,857,052	461,840,000	12,968,020	35,400
Total capital assets	90,789,681	590,887,000	20,187,228	35,400
Total assets	127,014,611	1,732,552,000	31,309,120	6,579,568
Deferred Outflows of Resources	686,916	56,256,000	774,554	-
Liabilities:				
Accounts payable and accrued expenses	4,447,253	182,691,000	2,971,927	302,871
Accrued interest payable	-	7,669,000	-	-
Due to component unit	-	-	-	-
Due to primary government	-	-	512,963	-
Due to affiliates	-	-	-	-
Advances from grantors	-	-	-	-
Prepaid service fees	-	-	-	-
Long-term liabilities, net of amortized charges, discounts, and premiums:				
Net pension liability - LGERS	1,114,762	49,090,000	1,192,047	-
Total pension liability - LEOSSA	170,721	-	-	-
Total OPEB liability	273,615	-	1,075,073	-
Due within one year	1,213,282	17,123,000	-	33,041
Due in more than one year	2,440,000	372,404,000	-	-
Total long-term liabilities	3,653,282	389,527,000	-	33,041
Total liabilities	9,659,633	628,977,000	5,752,010	335,912
Deferred Inflows of Resources	65,127	12,325,000	163,156	-
Net Position (Deficit):				
Net investment in capital assets	87,136,399	212,838,000	20,187,228	35,400
Restricted for:				
Passenger facility charges projects	3,100,825	-	-	-
Endowments, specific purpose donations and grants	-	19,441,000	-	-
Capital improvements	-	-	-	-
Working capital	-	-	1,528,068	-
Promotion, tourism, and Convention Center	-	-	-	2,946,907
Stabilization by State statute	-	-	-	1,628,587
Register of Deeds	-	-	-	-
General government	-	-	-	-
Human services	-	-	-	-
Public safety	-	-	-	-
Economic and physical development	-	-	-	-
Culture and recreation	-	-	-	-
Education	-	-	-	-
Unrestricted (deficit)	27,739,543	915,227,000	4,453,212	1,632,762
Total net position (deficit)	\$ 117,976,767	\$ 1,147,506,000	\$ 26,168,508	\$ 6,243,656

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, 2020

Functions/Programs:	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 82,619,965	\$ 3,557,369	\$ 3,869,644	\$ -
Human services	54,437,664	903,724	26,634,534	-
Public safety	95,807,149	7,571,183	21,884,240	619,335
Economic and physical development	16,137,497	-	8,585,215	-
Culture and recreation	14,865,002	1,928,664	2,137,849	-
Education	127,215,469	-	2,868,669	-
Interest and fees on long-term debt	12,715,080	-	-	-
Total governmental activities	<u>403,797,826</u>	<u>13,960,940</u>	<u>65,980,151</u>	<u>619,335</u>
Business-type activities:				
Environmental management	20,879,103	18,689,983	3,640,981	-
Total business-type activities	<u>20,879,103</u>	<u>18,689,983</u>	<u>3,640,981</u>	<u>-</u>
Total primary government	<u>\$ 424,676,929</u>	<u>\$ 32,650,923</u>	<u>\$ 69,621,132</u>	<u>\$ 619,335</u>
Component Units:				
New Hanover County Airport Authority	\$ 16,748,101	\$ 13,612,360	\$ -	\$ 6,269,565
New Hanover Regional Medical Center	1,364,215,000	1,447,427,000	-	-
New Hanover County ABC Board	38,444,654	39,729,772	-	-
New Hanover County Tourism Development Authority	6,653,285	-	-	-
Total component units	<u>\$ 1,426,061,040</u>	<u>\$ 1,500,769,132</u>	<u>\$ -</u>	<u>\$ 6,269,565</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, transfers, and special item
Change in net position
Net position, beginning previously reported
Prior period adjustment
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, 2020

Functions/Programs:	Net (Expense) Revenue and Changes in Net Position						
	Primary Government			Component Units			
	Governmental Activities	Business-Type Activities	Total	New Hanover	New Hanover	New Hanover	New Hanover
				County Airport Authority	Regional Medical Center	County ABC Board	County Tourism Development Authority
Primary Government:							
Governmental activities:							
General government	\$ (75,192,952)	\$ -	\$ (75,192,952)	\$ -	\$ -	\$ -	\$ -
Human services	(26,899,406)	-	(26,899,406)	-	-	-	-
Public safety	(65,732,391)	-	(65,732,391)	-	-	-	-
Economic and physical development	(7,552,282)	-	(7,552,282)	-	-	-	-
Culture and recreation	(10,798,489)	-	(10,798,489)	-	-	-	-
Education	(124,346,800)	-	(124,346,800)	-	-	-	-
Interest and fees on long-term debt	(12,715,080)	-	(12,715,080)	-	-	-	-
Total governmental activities	<u>(323,237,400)</u>	<u>-</u>	<u>(323,237,400)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-type activities:							
Environmental management	-	1,451,861	1,451,861	-	-	-	-
Total business-type activities	<u>-</u>	<u>1,451,861</u>	<u>1,451,861</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government	<u>(323,237,400)</u>	<u>1,451,861</u>	<u>(321,785,539)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Component Units:							
New Hanover County Airport Authority	-	-	-	3,133,824	-	-	-
New Hanover Regional Medical Center	-	-	-	-	83,212,000	-	-
New Hanover County ABC Board	-	-	-	-	-	1,285,118	-
New Hanover County Tourism Development Authority	-	-	-	-	-	-	(6,278,376)
Total component units	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,133,824</u>	<u>83,212,000</u>	<u>1,285,118</u>	<u>(6,278,376)</u>
	220,806,788	-	220,806,788	-	-	-	-
	66,881,816	-	66,881,816	-	-	-	-
	6,119,764	-	6,119,764	-	-	-	5,782,701
	3,992,191	-	3,992,191	-	-	-	-
	-	-	-	-	9,523,000	-	-
	2,896,357	322,647	3,219,004	512,253	10,271,000	49,101	73,667
	<u>2,877,641</u>	<u>-</u>	<u>2,877,641</u>	<u>-</u>	<u>-</u>	<u>1,713</u>	<u>507,618</u>
	<u>303,574,557</u>	<u>322,647</u>	<u>303,897,204</u>	<u>512,253</u>	<u>19,794,000</u>	<u>50,814</u>	<u>6,363,986</u>
	(125,000)	125,000	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>880,000</u>	<u>-</u>	<u>-</u>
	<u>303,449,557</u>	<u>447,647</u>	<u>303,897,204</u>	<u>512,253</u>	<u>20,674,000</u>	<u>50,814</u>	<u>6,363,986</u>
	(19,787,843)	1,899,508	(17,888,335)	3,646,077	103,886,000	1,335,932	85,610
	(393,028,571)	23,871,983	(369,156,588)	114,330,690	1,043,620,000	24,832,576	6,319,734
	<u>(19,963,863)</u>	<u>-</u>	<u>(19,963,863)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(161,688)</u>
	<u>(412,992,434)</u>	<u>23,871,983</u>	<u>(389,120,451)</u>	<u>114,330,690</u>	<u>1,043,620,000</u>	<u>24,832,576</u>	<u>6,158,046</u>
	<u>\$ (432,780,277)</u>	<u>\$ 25,771,491</u>	<u>\$ (407,008,786)</u>	<u>\$ 117,976,767</u>	<u>\$ 1,147,506,000</u>	<u>\$ 26,168,508</u>	<u>\$ 6,243,656</u>

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

NEW HANOVER COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020

	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	\$ 86,731,567	\$ -	\$ 45,861,394	\$ -	\$ -	\$ 673,836	\$ 29,186,774	\$ 162,453,571
Receivables - net of allowances for doubtful accounts	33,824,834	3,884,661	1,210,404	-	348,351	-	2,709,362	41,977,612
Receivables - interfund loans	1,391,963	-	-	-	-	-	-	1,391,963
Due from component units	512,963	-	-	-	-	-	-	512,963
Inventory	8,401	-	-	-	-	-	26,346	34,747
Prepays	154,743	-	-	-	-	-	21,364	176,107
Restricted cash, cash equivalents, and investments	-	-	-	565,194	20,991,639	-	8,647,284	30,204,117
Total assets	<u>\$ 122,624,471</u>	<u>\$ 3,884,661</u>	<u>\$ 47,071,798</u>	<u>\$ 565,194</u>	<u>\$ 21,339,990</u>	<u>\$ 673,836</u>	<u>\$ 40,591,130</u>	<u>\$ 236,751,080</u>
Liabilities and Fund Balances:								
Liabilities:								
Accounts payable and accrued liabilities	\$ 12,450,396	\$ -	\$ -	\$ 12,311	\$ 5,696,316	\$ 226,491	\$ 5,265,736	\$ 23,651,250
Interfund loans	-	872,827	-	-	-	-	519,136	1,391,963
Due to component unit	-	-	723,322	-	-	-	-	723,322
Advances from grantors	124,672	-	-	-	-	-	-	124,672
Total liabilities	<u>12,575,068</u>	<u>872,827</u>	<u>723,322</u>	<u>12,311</u>	<u>5,696,316</u>	<u>226,491</u>	<u>5,784,872</u>	<u>25,891,207</u>
Deferred Inflows of Resources	3,438,612	-	162,404	-	-	-	177,478	3,778,494
Fund balances:								
Non-spendable:								
Inventory	8,401	-	-	-	-	-	-	8,401
Prepays	154,743	-	-	-	-	-	47,710	202,453
Restricted:								
Stabilization for State statute	36,094,513	3,884,661	1,353,965	-	348,351	236,113	11,055,258	52,972,861
Restricted - all other	165,669	-	44,832,107	552,883	15,295,323	-	11,622,998	72,468,980
Committed	3,703,365	-	-	-	-	-	8,179	3,711,544
Assigned	9,381,175	-	-	-	-	-	769,460	10,150,635
Unassigned	57,102,925	(872,827)	-	-	-	211,232	11,125,175	67,566,505
Total fund balances	<u>106,610,791</u>	<u>3,011,834</u>	<u>46,186,072</u>	<u>552,883</u>	<u>15,643,674</u>	<u>447,345</u>	<u>34,628,780</u>	<u>207,081,379</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 122,624,471</u>	<u>\$ 3,884,661</u>	<u>\$ 47,071,798</u>	<u>\$ 565,194</u>	<u>\$ 21,339,990</u>	<u>\$ 673,836</u>	<u>\$ 40,591,130</u>	
Amounts reported in the governmental activities in the Statements of Net Position (Exhibit A) are different because:								
Charges related to refunding bond issue.								13,287,890
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.								199,480,518
Net pension asset - RODSPF								454,072
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position.								14,077,357
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.								22,038,872
Net pension liability - LGERS								(39,248,949)
Total pension liability - LEOSSA								(12,493,995)
Total OPEB liability								(399,257,402)
Liabilities for earned, but deferred inflow of resources								3,394,724
Pension related deferrals - LGERS & LEOSSA								10,682,093
Deferrals related to OPEB								7,315,989
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.								(459,592,825)
Net position of governmental activities								<u>\$ (432,780,277)</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, 2020

	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	\$ 238,763,002	\$ 36,944,465	\$ 6,119,764	\$ -	\$ -	\$ -	\$ 14,800,873	\$ 296,628,104
Intergovernmental revenues	52,078,166	3,846,628	2,013,120	-	-	-	7,675,893	65,613,807
Special assessments	-	-	118,929	-	-	-	-	118,929
Charges for services	12,238,213	-	-	-	-	-	1,722,727	13,960,940
Contributions	-	-	-	-	-	20,000	-	20,000
Investment earnings	1,503,313	12,935	611,821	14,860	497,817	52,526	311,275	3,004,547
Net decrease in fair value of investments	-	-	-	-	-	-	(108,190)	(108,190)
Miscellaneous	606,069	-	-	-	-	-	51,467	657,536
Total revenues	<u>305,188,763</u>	<u>40,804,028</u>	<u>8,863,634</u>	<u>14,860</u>	<u>497,817</u>	<u>72,526</u>	<u>24,454,045</u>	<u>379,895,673</u>
Expenditures:								
Current:								
General government	46,924,764	-	-	-	-	-	-	46,924,764
Human services	53,973,512	-	-	-	-	-	-	53,973,512
Public safety	76,131,610	-	-	-	-	-	14,143,662	90,275,272
Economic and physical development	2,513,740	-	4,152,101	-	-	-	-	6,665,841
Culture and recreation	12,384,300	-	-	-	-	-	1,541,754	13,926,054
Education - community college and schools	11,027,248	-	-	-	-	-	-	11,027,248
Education - public schools	81,854,372	-	-	-	-	-	-	81,854,372
Capital outlay	-	-	-	567,854	31,602,566	7,183,122	26,252,205	65,605,747
Debt service:								
Principal - bonds	-	33,745,000	-	-	-	-	-	33,745,000
Interest and fees	-	14,032,537	-	-	-	-	-	14,032,537
Installment debt payments	-	11,569,085	-	-	-	-	1,473,059	13,042,144
Bond issuance costs	-	-	-	-	114,691	-	-	114,691
Total expenditures	<u>284,809,546</u>	<u>59,346,622</u>	<u>4,152,101</u>	<u>567,854</u>	<u>31,717,257</u>	<u>7,183,122</u>	<u>43,410,680</u>	<u>431,187,182</u>
Revenues over (under) expenditures	<u>20,379,217</u>	<u>(18,542,594)</u>	<u>4,711,533</u>	<u>(552,994)</u>	<u>(31,219,440)</u>	<u>(7,110,596)</u>	<u>(18,956,635)</u>	<u>(51,291,509)</u>
Other Financing Sources (Uses):								
Sale of capital assets	460,484	-	-	-	-	-	1,282,830	1,743,314
Insurance claim proceeds	641,631	-	-	-	-	-	-	641,631
Long-term debt issued	4,415,959	-	-	-	3,355,000	-	32,094,041	39,865,000
Premium on long-term debt issued	560,897	-	-	-	466,993	-	4,734,051	5,761,941
Transfers from other funds	631,661	14,422,293	-	-	-	1,183,000	3,036,733	19,273,687
Transfers to other funds	(17,878,298)	-	(629,051)	-	-	-	(891,338)	(19,398,687)
Total other financing sources (uses)	<u>(11,167,666)</u>	<u>14,422,293</u>	<u>(629,051)</u>	<u>-</u>	<u>3,821,993</u>	<u>1,183,000</u>	<u>40,256,317</u>	<u>47,886,886</u>
Net change in fund balances	9,211,551	(4,120,301)	4,082,482	(552,994)	(27,397,447)	(5,927,596)	21,299,682	(3,404,623)
Fund Balances:								
Beginning of year - July 1	<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>
End of year - June 30	<u>\$ 106,610,791</u>	<u>\$ 3,011,834</u>	<u>\$ 46,186,072</u>	<u>\$ 552,883</u>	<u>\$ 15,643,674</u>	<u>\$ 447,345</u>	<u>\$ 34,628,780</u>	<u>\$ 207,081,379</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, 2020**

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

Net change in fund balances - total governmental funds	\$ (3,404,623)
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.	15,886,486
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	(8,441,151)
Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities	(767,559)
OPEB benefit payments paid and administrative costs made in the current fiscal year are not included on the Statement of Activities	(25,241,276)
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.	1,941,405
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.	1,130,735
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>(891,860)</u>
Change in net position of governmental activities	<u>\$ (19,787,843)</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, 2020**

	General Fund			Variance from
	Budgeted Amounts			Final Budget
	Original	Final	Actual	Over/Under
Revenues:				
Taxes:				
Ad valorem, including interest	\$ 171,253,483	\$ 171,253,482	\$ 171,881,186	\$ 627,704
Other	66,560,983	66,560,983	66,881,816	320,833
Total taxes	237,814,466	237,814,465	238,763,002	948,537
Special assessments	180	180	-	(180)
Intergovernmental revenue	40,582,166	53,308,668	52,078,166	(1,230,502)
Charges for services	12,193,492	12,688,485	12,238,213	(450,272)
Investment earnings	1,600,000	1,600,000	1,503,313	(96,687)
Miscellaneous	542,661	1,000,202	606,069	(394,133)
Total revenues	292,732,965	306,412,000	305,188,763	(1,223,237)
Expenditures:				
Current:				
General government	44,520,013	56,637,170	46,924,764	9,712,406
Human services	57,405,507	57,403,525	53,973,512	3,430,013
Public safety	71,131,284	80,334,705	76,131,610	4,203,095
Economic and physical development	3,407,074	3,784,066	2,513,740	1,270,326
Culture and recreation	13,413,047	12,954,234	12,384,300	569,934
Education - community college	11,027,248	11,027,248	11,027,248	-
Education - public schools	81,495,952	81,854,372	81,854,372	-
Total expenditures	282,400,125	303,995,320	284,809,546	19,185,774
Revenues over (under) expenditures	10,332,840	2,416,680	20,379,217	17,962,537
Other Financing Sources (Uses):				
Sale of capital assets	240,000	648,080	460,484	(187,596)
Insurance claims proceeds	20,000	40,304	641,631	601,327
Long term debt issued	4,868,701	4,917,805	4,415,959	(501,846)
Premium on long-term debt issuance	-	-	560,897	560,897
Transfers from other funds	-	628,895	631,661	2,766
Transfers to other funds	(17,633,822)	(18,158,298)	(17,878,298)	280,000
Appropriated fund balance	2,237,481	9,506,534	-	(9,506,534)
Administrative reserve	(65,200)	-	-	-
Total other financing sources (uses)	(10,332,840)	(2,416,680)	(11,167,666)	(9,311,883)
Net change in fund balances	\$ -	\$ -	9,211,551	\$ 8,650,654
Fund Balances:				
Beginning of year - July 1			97,416,034	
End of year - June 30			106,627,585	
A legally budgeted Public Schools fund is consolidated into the General Fund for reporting purposes:				
Fund balance - beginning of year - July 1			(16,794)	
Fund balance - end of year - June 30			(16,794)	
End of year - June 30 (Exhibit D)			\$ 106,610,791	

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, 2020

	Budgeted Amounts		Actual	Variance from Final Budget Over/Under
	Original	Final		
Revenues:				
Room occupancy taxes	\$ 6,590,762	\$ 6,590,762	\$ 6,119,764	\$ (470,998)
Special assessments	366,062	366,062	118,929	(247,133)
Intergovernmental revenue	230,000	230,000	2,013,120	1,783,120
Investment earnings	-	-	611,821	611,821
Total revenues	<u>7,186,824</u>	<u>7,186,824</u>	<u>8,863,634</u>	<u>1,676,810</u>
Expenditures:				
Current:				
Collection fee to New Hanover County	94,350	94,350	91,750	2,600
Tourism distributions to TDA and municipalities	2,590,674	2,590,674	2,392,794	197,880
Erosion control	<u>2,516,095</u>	<u>3,872,749</u>	<u>1,667,557</u>	<u>2,205,192</u>
Total expenditures	<u>5,201,119</u>	<u>6,557,773</u>	<u>4,152,101</u>	<u>2,405,672</u>
Revenues over (under) expenditures	<u>1,985,705</u>	<u>629,051</u>	<u>4,711,533</u>	<u>4,082,482</u>
Other Financing Sources (Uses):				
Appropriated fund balance	2,454,295	-	-	-
Transfers to other funds	<u>(4,440,000)</u>	<u>(629,051)</u>	<u>(629,051)</u>	-
Total other financing sources (uses)	<u>(1,985,705)</u>	<u>(629,051)</u>	<u>(629,051)</u>	-
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>4,082,482</u>	<u>\$ 4,082,482</u>
Fund Balances:				
Beginning of year - July 1			<u>42,103,590</u>	
End of year - June 30			<u>\$ 46,186,072</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, 2020

	Environmental Management Fund
Assets:	
Current assets:	
Cash and cash equivalents	\$ 24,808,026
Receivables	<u>2,294,892</u>
Total current assets	<u>27,102,918</u>
Non-current assets:	
Restricted cash and cash equivalents	468,033
Capital assets:	
Land and construction in progress	11,629,989
Other capital assets, net of depreciation	<u>22,267,452</u>
Total non-current assets	<u>34,365,474</u>
Total assets	<u>61,468,392</u>
DEFERRED OUTFLOWS OF RESOURCES	1,528,399
Liabilities:	
Current liabilities:	
Current portion of long-term obligations	201,885
Accounts payable and accrued expenses	<u>2,245,186</u>
Total current liabilities	<u>2,447,071</u>
Non-current liabilities:	
Accrued landfill closure and post-closure care costs	24,543,337
Net pension liability	752,777
Long-term obligations, net of amortized charge, discount, and premiums	881,624
Total OPEB liability	<u>7,657,574</u>
Total non-current liabilities	<u>33,835,312</u>
Total liabilities	<u>36,282,383</u>
DEFERRED INFLOWS OF RESOURCES	942,917
Net Position:	
Net investment in capital assets	33,027,132
Unrestricted	<u>(7,255,641)</u>
Total net position	<u>\$ 25,771,491</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, 2020

	Environmental Management Fund
Operating Revenues:	
Charges for services	\$ 18,172,234
Other	517,749
Total operating revenues	<u>18,689,983</u>
Operating Expenses:	
Personnel	3,681,538
System maintenance	6,565,486
Landfill post closure	5,785,123
Depreciation	4,592,383
Total operating expenses	<u>20,624,530</u>
Operating income (loss)	<u>(1,934,547)</u>
Non-Operating Revenues (Expenses):	
Investment earnings	322,647
Intergovernmental revenues	3,640,981
Loss on disposal of capital assets	(244,630)
Interest and fees	(9,943)
Total non-operating revenues (expenses)	<u>3,709,055</u>
Income (loss) before contributions and transfers	1,774,508
Transfers from other funds	<u>125,000</u>
Change in net position	1,899,508
Net position, beginning	<u>23,871,983</u>
Net position, ending	<u><u>\$ 25,771,491</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, 2020

	Environmental Management Fund
Cash Flows from Operating Activities:	
Cash received from customers	\$ 17,589,487
Cash payments for goods and services and system maintenance	(6,000,309)
Cash paid to employees for services	(2,716,153)
Other operating revenues	517,749
Net cash provided by operating activities	<u>9,390,774</u>
Cash Flows from Non-Capital Financing Activities:	
Transfers from other funds	125,000
Proceeds from intergovernmental revenue	3,640,981
Net cash provided by non-capital financing activities	<u>3,765,981</u>
Cash Flows from Capital and Related Financing Activities:	
Installment debt issued	812,680
Acquisitions and construction of capital assets	(9,898,903)
Principal paid on long-term debt	(58,575)
Interest paid on long-term debt	(9,943)
Net cash provided used by capital and related financing activities	<u>(9,154,741)</u>
Cash Flows from Investing Activities:	
Interest on investments	322,647
Net cash provided by investing activities	<u>322,647</u>
Net increase in cash and cash equivalents	4,324,661
Cash and Cash Equivalents:	
Beginning of year - July 1	20,951,398
End of year - June 30	<u>\$ 25,276,059</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ (1,934,547)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	4,592,383
Landfill closure and post-closure care costs	5,785,123
Changes in assets and liabilities:	
Increase in receivables	(582,747)
Increase in accounts payable and accrued expenses	597,588
Increase in deferred outflows of resources - pensions	70,044
Increase in deferred outflows of resources - OPEB	(88,120)
Increase in net pension liability	95,159
Increase in OPEB liability	1,018,458
Decrease in deferred inflows of resources - pensions	(5,830)
Increase in deferred inflows of resources - OPEB	(156,737)
Net cash provided by operating activities	<u>\$ 9,390,774</u>
Cash and cash equivalents	
Unrestricted	\$ 24,808,026
Restricted	468,033
	<u>\$ 25,276,059</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, 2020

	Agency Funds
Assets:	
Cash and cash equivalents	\$ 9,670,890
Accounts receivable	<u>4,380,684</u>
Total assets	<u><u>14,051,574</u></u>
Liabilities:	
Accounts payable and accrued expenses	1,513,936
Due to other governmental units	3,609,175
Escrow funds and deposits	<u>8,928,463</u>
Total liabilities	<u><u>\$ 14,051,574</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, 2020

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 239,000 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.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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 fund any future operating deficits of the Authority provides a financial burden to the County.	New Hanover County Airport Authority 1740 Airport Blvd. Wilmington, NC 28405
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 eight of the seventeen 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.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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 six counties in southeastern North Carolina and three 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 commencing in fiscal year 1999. The Medical Center is required by the operating 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.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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:

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. Although the Room Occupancy Tax Special Revenue fund does not meet criteria to be a major fund, the County has determined the fund is qualitatively material to users of the financial statements. 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 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. Although the \$160 Million School Bond Capital Project fund does not meet criteria to be a major fund, the County has determined the fund is qualitatively material to the users of the financial statements. This fund accounts for all transactions relative to the School Bond Capital Projects funded through \$160 million general obligation bonds.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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-two non-major funds. Nineteen 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 fifteen 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, Juvenile Justice Facility Capital Project and Airport Terminal Expansion Capital Project.

The County reports the following major Enterprise Fund:

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

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.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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.

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.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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, 2020

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 North Carolina Capital Management Trust (NCCMT), which consists of two SEC-registered funds, is authorized by G.S. 159-30(c)(8). One of these funds, the Government Portfolio, is a 2a7 fund which invests in treasuries and government agencies and is rated AAAm by S&P. The second fund, the Term Portfolio, is a short-term bond fund investing in treasuries, government agencies, and money market instruments allowed under G.S. 159-30. The Term Portfolio has no rating. Both the Government Portfolio and the Term Portfolio are reported at fair value.

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, 2019. 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, 2020

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	\$	56,201
Public Health Foundation Special Revenue Fund	Unexpended contributions		21,433
\$164 Million CFCC Capital Projects Fund	Unexpended debt proceeds		565,194
\$160 Million Schools Capital Projects Fund	Unexpended debt proceeds		20,991,639
Juvenile Justice Facility Capital Project Fund	Unexpended debt proceeds		8,569,650
Total Governmental Activities			<u>30,204,117</u>
Business-Type Activities:			
Environment Management Fund	Unexpended White Goods Tax		<u>468,033</u>
Total Restricted Cash			<u><u>\$ 30,672,150</u></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.

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.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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 to generally 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, 2020

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.

When the County leases capital assets to a discretely presented component unit for 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:

<u>Assets</u>	<u>Estimated Useful Lives</u>
Buildings	10-40 years
Other improvements	10-40 years
Equipment and vehicles	3-10 years

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

<u>Assets</u>	<u>Estimated Useful Lives</u>
Land improvements	10-20 years
Airfield improvements	10 years
Buildings	25 years
Building improvements, including parking facilities	5-15 years
Vehicles	5-20 years
Machinery and equipment	5-15 years

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. LCFH calculates depreciation using accelerated methods using lives of 3 to 10 years for furniture and equipment and lives of 20 to 45 years for buildings.

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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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, 2020 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, 2019 and 2018 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, 2019 and 2018 have been made.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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.

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.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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.

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.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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.

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 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.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

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.

			\$164M	\$160M	
	General	Room	CFCC	School Bond	Other
Purpose	Fund	Occupancy	Capital Project	Capital Project	Governmental
		Fund	Fund	Fund	Funds
Restricted, all other:					
Register of Deeds	\$ 165,669	\$ -	\$ -	\$ -	\$ -
Human services	-	-	-	-	21,433
Public safety	-	-	-	-	2,567,152
Economic and physical development	-	44,832,107	-	-	4,182,741
Culture and recreation	-	-	-	-	4,851,672
Education	-	-	552,883	15,295,323	-
Total	<u>\$ 165,669</u>	<u>\$ 44,832,107</u>	<u>\$ 552,883</u>	<u>\$ 15,295,323</u>	<u>\$ 11,622,998</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 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.

	General	Other
Purpose	Fund	Governmental
		Funds
Public safety	\$ -	\$ 8,179
LEO pension liability	3,703,365	-
Total	<u>\$ 3,703,365</u>	<u>\$ 8,179</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

- **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	Governmental Funds
Subsequent year's expenditures	\$ 4,815,988	\$ 683,169
Post-employment benefits	4,564,437	-
Capital improvement plan	750	-
Revolving loans	-	86,291
Total	<u>\$ 9,381,175</u>	<u>\$ 769,460</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

- **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.

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	\$ 106,610,791
Less:	
Inventories	8,401
Prepays	154,743
Stabilization by State statute	36,094,513
Register of Deeds	<u>165,669</u>
Total available fund balance	<u>\$ 70,187,465</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, 2020

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	\$ 3,419,594
Room Occupancy Tax	143,561
Special Fire District	40,490
Local Law Enforcement Block Grant	4,950
Revolving Loan Program	2,433
Bike/Pedestrian Paths	307,477
Capital Improvement Projects	1,450,394
Federal Forfeited Property	92,014
Masons Inlet Relocation	92,477
Juvenile Justice Facility	6,355,663
Health and Human Services Facility	236,113
	<u>\$ 12,145,166</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, 2020

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 (\$639,861,656) 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	\$ 13,287,890
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)	199,480,518
Net pension asset - RODSPF	454,072
Contributions to the pension plan in the current fiscal year	14,077,357
Other long-term assets are not available to pay for current period expenditures	22,038,872
Liabilities for deferred inflows of resources reported in the fund statements but not for government-wide	3,394,724
Pension related deferrals - LGERS & LEOSSA	10,682,093
Deferrals related to OPEB	7,315,989
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	(414,902,410)
Unamortized premiums and discounts	(28,227,720)
Accrued interest payable	(5,294,674)
Compensated absences	(10,893,021)
Total net pension obligation (LEOSSA)	(12,493,995)
Net pension obligation (LGERS)	(39,248,949)
Total OPEB liability	(399,257,402)
Claims and judgments	(275,000)
Total adjustment	<u>\$ (639,861,656)</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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 (\$16,383,220) as follows:

(continued on next page)

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Capital outlay expenditures recorded in the fund statements but capitalized as assets in the Statement of Activities	\$ 25,910,826
Loss on disposal of assets	(41,751)
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	(9,982,589)
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	(39,865,000)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities - LGERS & LEOSSA	9,484,018
OPEB benefit payments paid and administrative costs made in the current fiscal year are not included on the Statement of Activities	4,593,339
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	44,299,316
Changes on unamortized debt discounts and premiums	(1,576,205)
Net amortization of deferred charges related to refunded bond issue	(1,525,791)
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	(201,585)
Compensated absences	(691,860)
Claims and judgments	(200,000)
OPEB expense	(35,234,207)
Pension expense - LGERS & LEOSSA	(13,293,136)
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	965,679
Decrease in deferred inflows of resources - special assessments	(106,262)
Decrease in deferred inflows of resources - miscellaneous revenue	(77,800)
Reversal of deferred inflow of resources - tax revenue - June 30, 2019	(2,013,499)
Recording of deferred inflow of resources - taxes receivable in the fund statements as of June 30, 2020	<u>3,173,287</u>
Total adjustment	<u>\$ (16,383,220)</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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 \$42,374,752 during the fiscal year ended June 30, 2020.

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, 2020, 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 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, 2020

Deficit Fund Balance of Individual Funds not appropriated in subsequent year's budget ordinance. For the fiscal year ended June 30, 2020, one individual fund had a deficit fund balance. The deficit in the Healing Transition Facility Capital Project is a result of timing of borrowing debt proceeds. The deficit fund is:

Deficit Fund Balance	
Fund	Amount
Healing Transition Facility Capital Project	\$ (490,501)

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.

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, 2020, the County's deposits had a carrying amount of \$11,866,692 and a bank balance of \$13,069,953. Of the bank balance, \$827,635 was covered by federal depository insurance and \$12,242,318 was covered by collateral held under the Pooling Method.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

At June 30, 2020, the Authority's deposits had a carrying amount of \$19,368,625 and a bank balance of \$19,479,764. 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, 2019, the Medical Center's deposits had a carrying amount of \$43,664,000 and a bank balance of \$49,911,000. 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, 2019, 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 \$2,860,000 and \$2,860,000, respectively. Bank balances in excess of federal depository insurance limits are uninsured and uncollateralized.

At September 30, 2019, 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 \$6,079,000 and \$6,104,000, respectively. Bank balances in excess of federal depository insurance limits are uninsured and uncollateralized.

At September 30, 2019, 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 \$3,468,000 and \$3,573,000, respectively.

At September 30, 2019, 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 \$701,000 and \$701,000, respectively. Bank balances in excess of federal depository insurance limits are uninsured and uncollateralized.

At June 30, 2020, the ABC Board's deposits had a carrying amount of \$5,668,460 and a bank balance of \$5,860,566. All of the bank balance was covered by federal depository insurance or collateralized under the pooling method.

At June 30, 2020, the TDA's deposits had a carrying amount of \$195,960 and a bank balance of \$186,604. 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, 2020

Investments. At June 30, 2020, the County had the following investments and maturities:

Investment Type	Valuation Measurement	Fair Value	Less Than	6 to 12	More Than
	Method		6 Months	Months	12 Months
US Treasury	Fair Value-Level 1	\$ 28,066,475	\$ 7,500,000	\$ 18,000,000	\$ 2,500,000
US Government Agencies	Fair Value-Level 2	47,232,136	14,500,000	9,700,000	23,000,000
Commercial Paper	Fair Value-Level 2	13,472,414	13,500,000	-	-
NC Capital Management Trust - Government portfolio	Amortized Cost	113,634,232	113,634,232	-	-
NC Capital Management Trust - Term portfolio	Fair Value-Level 1	8,560,515	8,560,515	-	-
Mutual Funds - Airlie Foundation	Fair Value-Level 1	4,423,987	-	-	-
Certificate of Deposit - Agency	Fair Value-Level 1	223,190	-	-	-
Money Market	Fair Value-Level 1	34,007	-	-	-
Total		<u>\$ 215,646,956</u>	<u>\$ 157,694,747</u>	<u>\$ 27,700,000</u>	<u>\$ 25,500,000</u>

* As of June 30, 2020, the NCCMT Term Portfolio has a duration of .15 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. The NCCMT Government Portfolio has an AAAM rating from S&P. The NCCMT Term Portfolio has no rating.

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.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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 and Term Portfolio.

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, 2020, the County's investments in commercial paper were rated A1 by Moody's Investors Service and P1 by Standard & Poor's. The County's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2020. 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 duration of 11 years and A-1 by Standard and Poor's as of June 30, 2020.

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.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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, unless specifically exempted by the Finance Director. The County was in compliance with this policy. More than 5% of the County's U.S. Government Agencies investments are in Federal Farm Credit Bank, Federal Home Loan Bank, and the Federal National Management Association. These investments make up 9.09%, 6.08%, and 6.08% of the County's investments excluding investments with NC Capital Management Trust, respectively.

At June 30, 2020, the Authority's securities issued by Credit Suisse First Boston, Natixis, MUFG Bank LTD, Credit Agricole, and Toyota each represent 20% of the Authority's investment portfolio.

At September 30, 2019, the Medical Center's investment balance (including \$29,542,000 from Lower Cape Fear Hospice and \$819,592,000 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	\$ 38,950,000	\$ -	\$ 34,350,000	\$ -	\$ 4,600,000	\$ -
US Government Agencies	146,995,000	-	9,988,000	408,000	105,101,000	31,498,000
NC Capital Management Trust - Cash Portfolio	217,264,000	-	-	-	-	-
Department of State Treasurer - Short-Term Investment Fund (STI	125,000	-	-	-	-	-
Department of State Treasurer Trust Funds Investment Program - Equity Investment Fund	357,699,000	-	-	-	-	-
Bond Funds	9,324,000	-	-	-	-	-
Mutual Funds	28,894,000	-	-	-	-	-
Commercial Paper	49,883,000	-	-	-	-	-
Total	<u>\$ 849,134,000</u>	<u>\$ -</u>	<u>\$ 44,338,000</u>	<u>\$ 408,000</u>	<u>\$ 109,701,000</u>	<u>\$ 31,498,000</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.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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, 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; 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, 2019.

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, 2020, securities issued/backed by Fannie Mae, Freddie Mac, and Ginnie Mae represent 8.2%, 3.0%, and 7.1% of the Medical Center's investment portfolio, respectively.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

At June 30, 2020, the TDA had \$4,709,504 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, 2020:

	<u>Total</u>
Cash on hand and undeposited items	\$ 90,989
Deposits	11,866,692
Investments	<u>215,646,956</u>
Total	<u><u>\$ 227,604,637</u></u>
Primary government, unrestricted	\$ 187,261,597
Primary government, restricted	30,672,150
Agency Funds, unrestricted	<u>9,670,890</u>
Total	<u><u>\$ 227,604,637</u></u>

Cash, cash equivalents, and investments of the Authority can be summarized as follows as of June 30, 2020:

	<u>Total</u>
Cash on hand	\$ 1,000
Deposits	19,368,625
Investments in North Carolina Management Trust -	
Cash Portfolio	7,534,740
Commercial Paper	<u>4,950,875</u>
Total	<u><u>\$ 31,855,240</u></u>
Unrestricted	\$ 26,105,031
Restricted	<u>5,750,209</u>
Total	<u><u>\$ 31,855,240</u></u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Cash, cash equivalents, and investments of the Medical Center can be summarized as follows as of September 30, 2019:

	<u>Total</u>
Cash on hand	\$ 36,000
Deposits	56,772,000
Investments	<u>849,134,000</u>
Total	<u><u>\$ 905,942,000</u></u>
Unrestricted	\$ 886,708,000
Restricted	<u>19,234,000</u>
Total	<u><u>\$ 905,942,000</u></u>

Cash, cash equivalents, and investments of the ABC Board can be summarized as follows as of June 30, 2020:

	<u>Total</u>
Cash on hand	\$ 35,800
Deposits	<u>5,668,460</u>
Total	<u><u>\$ 5,704,260</u></u>

Cash, cash equivalents, and investments of the TDA can be summarized as follows as of June 30, 2020:

	<u>Total</u>
Deposits	\$ 195,960
Investments	<u>4,709,504</u>
Total	<u><u>\$ 4,905,464</u></u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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 \$7,750,000 at June 30, 2020, 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, 2020.

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 \$8,198,176 at June 30, 2020, which is recorded as other long-term receivables of governmental activities on the Statement of Net Position. The related long-term debt balances of \$17,199,019 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, 2020.

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 in addition to Limited Obligation Bonds in 2020 to pay capital costs for the renovation and expansion of the terminal. 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 \$5,051,861 at June 30, 2020, 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, 2020.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

In 2019, the County entered into an agreement with the Lower Cape Fear Water and Sewer Authority (Sewer Authority) in which the County would loan up to \$1,506,438 for the completion of a project to replace a raw water line that crossed under US 421. The County issued limited obligations bonds in 2020 to fund this project. Accordingly, the County is servicing the outstanding debt. The County has recorded a receivable in its governmental activities in the government-wide statements from the Sewer Authority in an amount that represents their portion of the debt issuance. The term and interest rate of the receivable corresponds to the terms and interest rate of the aforementioned debt. The long-term receivable balance from the Sewer Authority is \$1,038,835 at June 30, 2020, which is recorded as other long-term receivables of governmental activities on the Statement of Net Position. The related long-term debt balance, is reported as long-term obligations of governmental activities on the Statement of Net Position at June 30, 2020.

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, 2020:

	Property Taxes (Other Sources)	Other Governmental Units	Other Sources	Total
Governmental Activities:				
General:				
Local sales tax	\$ -	\$ 16,288,134	\$ -	\$ 16,288,134
Grants	-	8,988,814	-	8,988,814
Other	<u>3,958,231</u>	<u>2,222,033</u>	<u>2,367,622</u>	<u>8,547,886</u>
Subtotal	3,958,231	27,498,981	2,367,622	33,824,834
Debt Service	-	3,884,661	-	3,884,661
Special Revenue	251,381	923,492	1,392,076	2,566,949
Capital Projects	<u>-</u>	<u>1,701,168</u>	<u>-</u>	<u>1,701,168</u>
Total governmental activities	<u>4,209,612</u>	<u>34,008,302</u>	<u>3,759,698</u>	<u>41,977,612</u>
Business-Type Activities:				
Enterprise	-	266,865	2,028,026	2,294,891
Fiduciary Activities:				
Agency Fund	<u>3,360,731</u>	<u>-</u>	<u>1,019,953</u>	<u>4,380,684</u>
Total	<u>\$ 7,570,343</u>	<u>\$ 34,275,167</u>	<u>\$ 6,807,677</u>	<u>\$ 48,653,187</u>
Primary Government, unrestricted				\$ 44,272,503
Agency Funds, unrestricted				<u>4,380,684</u>
Total				<u>\$ 48,653,187</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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	\$ 4,285,836
Allowance for other uncollectible receivables	<u>5,880,973</u>
Total governmental activities	<u>\$ 10,166,809</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 \$120,344,000.

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):

	<u>Total Property Valuation</u>	<u>Rate per \$100</u>	<u>Levy</u>
2019 Levy - County-wide (1)		\$ 0.5550	\$ 195,656,238
Add: Discoveries and fees			<u>69,602</u>
Subtotal			195,725,840
Less: Abatements and adjustments			<u>390,512</u>
Total adjusted levy	<u>\$ 35,138,609,531</u>		<u>\$ 195,335,328</u>
Collections			<u>\$ 193,576,815</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, 2020

Analysis of General Fund property taxes receivable by year:

Tax Year	Taxes Receivable June 30, 2019	2019 Levy Discoveries and Fees	Collections	Abatements and Adjustments	Taxes Receivable June 30, 2020
Prior	\$ 7,463,978	\$ 36	\$ 1,078,961	\$ 101,986	\$ 6,283,067
2019	-	195,725,840	193,576,815	390,512	1,758,513
Total	<u>\$ 7,463,978</u>	<u>\$ 195,725,876</u>	<u>\$ 194,655,776</u>	<u>\$ 492,498</u>	8,041,580
Less: Allowance for uncollectible property taxes					<u>4,083,349</u>
Net property taxes receivable					<u>\$ 3,958,231</u>

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

	Total Property Valuation	Rate per \$100	Levy
2019 Levy - County-wide (1)		\$ 0.0775	\$ 10,862,947
Add: Discoveries and fees			<u>13,360</u>
Subtotal			10,876,307
Less: Abatements and adjustments			<u>1,902</u>
Total adjusted levy	<u>\$ 13,998,127,574</u>		<u>\$ 10,874,405</u>
Collections			<u>\$ 10,775,399</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, 2020

Analysis of Special Fire District property taxes receivable by year:

Tax Year	Taxes Receivable June 30, 2019	2019 Levy Discoveries and Fees	Collections	Abatements and Adjustments	Taxes Receivable June 30, 2020
Prior	\$ 415,936	\$ -	\$ 57,360	\$ 3,713	\$ 354,863
2019	-	10,876,307	10,775,399	1,902	99,006
Total	<u>\$ 415,936</u>	<u>\$ 10,876,307</u>	<u>\$ 10,832,759</u>	<u>\$ 5,615</u>	453,869
Less: Allowance for uncollectible property taxes					<u>202,488</u>
Net property taxes receivable					<u>\$ 251,381</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, 2020. 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
2016	\$ 867,603
2017	922,315
2018	865,658
2019	861,453
Total	<u>\$ 3,517,029</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Capital Assets. Capital assets activity of the primary government for the year ended June 30, 2020 is as follows:

	<u>Balance July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2020</u>
Governmental Activities:				
Non-Depreciable Capital Assets:				
Land	\$ 45,924,058	\$ -	\$ -	\$ 45,924,058
Construction in progress	<u>19,637,862</u>	<u>21,845,460</u>	<u>27,322,200</u>	<u>14,161,122</u>
Total non-depreciable capital assets	<u>65,561,920</u>	<u>21,845,460</u>	<u>27,322,200</u>	<u>60,085,180</u>
Depreciable Capital Assets:				
Buildings	159,478,844	24,380,568	-	183,859,412
Other improvements	34,312,359	1,580,125	-	35,892,484
Equipment and vehicles	<u>70,104,926</u>	<u>5,426,873</u>	<u>2,339,656</u>	<u>73,192,143</u>
Total depreciable capital assets	<u>263,896,129</u>	<u>31,387,566</u>	<u>2,339,656</u>	<u>292,944,039</u>
Less Accumulated Depreciation:				
Buildings	63,978,770	3,878,346	-	67,857,116
Other improvements	25,413,647	1,383,903	-	26,797,550
Equipment and vehicles	<u>56,471,600</u>	<u>4,720,340</u>	<u>2,297,905</u>	<u>58,894,035</u>
Total accumulated depreciation	<u>145,864,017</u>	<u>\$ 9,982,589</u>	<u>\$ 2,297,905</u>	<u>153,548,701</u>
Total depreciable capital assets, net	<u>118,032,112</u>			<u>139,395,338</u>
Governmental activities capital assets, net	<u>\$ 183,594,032</u>			<u>\$ 199,480,518</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Business Type Activities:				
Non-Depreciable Capital Assets:				
Land	\$ 2,459,201	\$ 780,026	\$ -	\$ 3,239,227
Construction in progress	2,775,809	8,873,973	3,259,020	8,390,762
Total non-depreciable capital assets	5,235,010	9,653,999	3,259,020	11,629,989
Depreciable Capital Assets:				
Buildings	21,178,626	157,072	-	21,335,698
Other improvements	28,720,841	2,219,309	-	30,940,150
Equipment and vehicles	16,956,498	1,127,544	723,943	17,360,099
Total depreciable capital assets	66,855,965	3,503,925	723,943	69,635,947
Less Accumulated Depreciation:				
Buildings	15,765,801	457,470	-	16,223,271
Other improvements	20,113,951	2,720,819	-	22,834,770
Equipment and vehicles	7,375,673	1,414,094	479,313	8,310,454
Total accumulated depreciation	43,255,425	\$ 4,592,383	\$ 479,313	47,368,495
Total depreciable capital assets, net	23,600,540			22,267,452
Business-type activities capital assets, net	\$ 28,835,550			\$ 33,897,441

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

Governmental Activities:

General government	\$ 1,649,115
Human services	714,184
Public safety	5,698,311
Culture and recreation	1,920,979
Total depreciation, governmental activities	\$ 9,982,589

Business-Type Activities:

Environmental management	\$ 4,592,383
Total depreciation, business-type activities	\$ 4,592,383

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Capital assets activity for the Authority for the year ended June 30, 2020 is as follows:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Non-Depreciable Capital Assets:				
Land	\$ 15,427,125	\$ 311,471	\$ -	\$ 15,738,596
Easements	888,167	-	-	888,167
Construction in progress	<u>14,578,882</u>	<u>22,207,368</u>	<u>11,480,384</u>	<u>25,305,866</u>
Total non-depreciable capital assets	<u>30,894,174</u>	<u>22,518,839</u>	<u>11,480,384</u>	<u>41,932,629</u>
Depreciable Capital Assets:				
Land improvements	1,808,135	-	-	1,808,135
Building and improvements - (Airfield and building)	152,345,911	8,692,676	461,620	160,576,967
Vehicles	1,709,918	161,488	59,793	1,811,613
Machinery and equipment	<u>4,591,323</u>	<u>3,037,755</u>	<u>543,499</u>	<u>7,085,579</u>
Total depreciable capital assets	<u>160,455,287</u>	<u>11,891,919</u>	<u>1,064,912</u>	<u>171,282,294</u>
Less Accumulated Depreciation:				
Land improvements	502,457	90,338	-	592,795
Building and improvements - (Airfield and building)	111,290,127	7,057,037	461,350	117,885,814
Vehicles	1,090,202	83,431	42,770	1,130,863
Machinery and equipment	<u>2,852,186</u>	<u>415,101</u>	<u>451,517</u>	<u>2,815,770</u>
Total accumulated depreciation	<u>115,734,972</u>	<u>7,645,907</u>	<u>955,637</u>	<u>122,425,242</u>
Total depreciable capital assets, net	<u>44,720,315</u>			<u>48,857,052</u>
Business-type activities capital assets, net	<u>\$ 75,614,489</u>			<u>\$ 90,789,681</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Capital assets activity for the Medical Center for the year ended September 30, 2019 is as follows:

	Balance October 1, 2018	Increases	Decreases	Balance September 30, 2019
Non-Depreciable Capital Assets:				
Land	\$ 23,057,000	\$ -	\$ -	\$ 23,057,000
Construction in progress	<u>89,563,000</u>	<u>76,945,000</u>	<u>60,518,000</u>	<u>105,990,000</u>
Total non-depreciable capital assets	<u>112,620,000</u>	<u>76,945,000</u>	<u>60,518,000</u>	<u>129,047,000</u>
Depreciable Capital Assets:				
Buildings and leasehold improvements	628,800,000	24,921,000	11,785,000	641,936,000
Equipment	<u>407,261,000</u>	<u>35,965,000</u>	<u>19,038,000</u>	<u>424,188,000</u>
Total depreciable capital assets	<u>1,036,061,000</u>	<u>60,886,000</u>	<u>30,823,000</u>	<u>1,066,124,000</u>
Less Accumulated Depreciation:				
Buildings and leasehold improvements and equipment	<u>570,035,000</u>	<u>55,847,000</u>	<u>21,598,000</u>	<u>604,284,000</u>
Total accumulated depreciation	<u>570,035,000</u>	<u>\$55,847,000</u>	<u>\$21,598,000</u>	<u>604,284,000</u>
Total depreciable capital assets, net	<u>466,026,000</u>			<u>461,840,000</u>
Capital assets, net	<u>\$ 578,646,000</u>			<u>\$ 590,887,000</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Capital assets activity for the ABC Board at June 30, 2020 is as follows:

	Balance			Balance
	July 1, 2019	Increases	Decreases	June 30, 2020
Non-Depreciable Capital Assets:				
Land	\$ 6,230,430	\$ 330,483	\$ -	\$ 6,560,913
Construction in progress	1,268,667	-	610,372	658,295
Total non-depreciable capital assets	<u>7,499,097</u>	<u>330,483</u>	<u>610,372</u>	<u>7,219,208</u>
Depreciable Capital Assets:				
Buildings and improvements	15,175,844	2,713,119	886,688	17,002,275
Fixtures and equipment	1,532,116	170,331	90,989	1,611,458
Vehicles	261,050	-	-	261,050
Total depreciable capital assets	<u>16,969,010</u>	<u>2,883,450</u>	<u>977,677</u>	<u>18,874,783</u>
Less: Accumulated depreciation	<u>5,867,198</u>	<u>683,902</u>	<u>644,337</u>	<u>5,906,763</u>
Total depreciable capital assets, net	<u>11,101,812</u>	<u>\$ 2,199,548</u>	<u>\$ 333,340</u>	<u>12,968,020</u>
Capital assets, net	<u>\$ 18,600,909</u>			<u>\$ 20,187,228</u>

Capital assets activity for the TDA for the year ended June 30, 2020 is as follows:

	Balance			Balance
	July 1, 2019	Increases	Decreases	June 30, 2020
Depreciable Capital Assets:				
Equipment	\$ 185,522	\$ 24,101	\$ 8,917	\$ 200,706
Total depreciable capital assets	185,522	24,101	8,917	200,706
Less: Accumulated depreciation	<u>154,645</u>	<u>19,578</u>	<u>8,917</u>	<u>165,306</u>
Total depreciable capital assets, net	<u>30,877</u>	<u>4,523</u>	<u>-</u>	<u>35,400</u>
Capital assets, net	<u>\$ 30,877</u>	<u>\$ 4,523</u>	<u>\$ -</u>	<u>\$ 35,400</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

B. Payables

Accounts payable and accrued expenses at the government-wide level at June 30, 2020 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental Activities:			
General	\$ 8,822,359	\$ 3,628,037	\$ 12,450,396
Special revenue	300,731	375,134	675,865
Capital projects	<u>10,524,989</u>	<u>-</u>	<u>10,524,989</u>
Total governmental activities	<u>\$ 19,648,079</u>	<u>\$ 4,003,171</u>	<u>\$ 23,651,250</u>
Business-Type Activities:			
Environmental management	<u>\$ 2,139,587</u>	<u>\$ 105,599</u>	<u>\$ 2,245,186</u>
Total business-type activities	<u>\$ 2,139,587</u>	<u>\$ 105,599</u>	<u>\$ 2,245,186</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, 2020

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, Authority, and ABC Board 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, 2020, was 9.70% of compensation for law enforcement officers and 9.00%, 9.01%, and 9.18%, 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 \$9,379,670, \$244,405 and \$272,966, respectively, for the year ended June 30, 2020.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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, 2020, the County, Authority, and ABC Board reported liabilities of \$40,001,726, \$1,114,762, and \$1,192,047, respectively, for their proportionate share of the net pension liabilities. The net pension liabilities were measured as of June 30, 2019. The total pension liability used to calculate the net pension liabilities were determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 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, 2020, the County, Authority, and ABC Board's proportions were 1.465%, 0.041% and 0.0437%, respectively, which were increase/(decreases) of 0.0118%, 0.00023% and 0.0028%, respectively, from their proportions measured as of June 30, 2019.

For the year ended June 30, 2020, the County, Authority, and ABC Board's recognized pension expense of \$17,955,591, \$512,455, and \$283,101, respectively.

At June 30, 2020, 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	\$ 6,849,308	\$ -
Changes in assumptions	6,519,618	-
Net difference between projected and actual earnings on pension plan investments	975,697	-
Changes in proportion and differences between County contributions and proportionate share of contributions	87,197	155,849
County contributions subsequent to the measurement date	9,379,670	-
Total	<u>\$ 23,811,490</u>	<u>\$ 155,849</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

At June 30, 2020, 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	\$ 190,876	\$ -
Changes in assumptions	181,688	-
Net difference between projected and actual earnings on pension plan investments	27,191	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	19,956	-
Authority contributions subsequent to the measurement date	244,405	-
Total	<u>\$ 664,116</u>	<u>\$ -</u>

At June 30, 2020, 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	\$ 204,109	\$ -
Changes in assumptions	194,284	-
Net difference between projected and actual earnings on pension plan investments	29,075	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	38,910	1,792
Board contributions subsequent to the measurement date	272,966	-
Total	<u>\$ 739,344</u>	<u>\$ 1,792</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

\$9,379,670, \$244,405 and \$272,966 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, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

County:

Year ended June 30:

2021	\$ 7,061,393
2022	2,211,458
2023	3,875,045
2024	1,128,075
	<u>\$ 14,275,971</u>

Authority:

Year ended June 30:

2021	\$ 207,983
2022	65,922
2023	111,525
2024	34,281
	<u>\$ 419,711</u>

ABC Board:

Year ended June 30:

2021	\$ 225,914
2022	80,029
2023	120,499
2024	38,144
	<u>\$ 464,586</u>

Actuarial Assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary increases	3.50%
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, 2020

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, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2014 through December 31, 2018.

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, 2019 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 2018 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, 2020

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, Authority's, and ABC Board's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the County's, Authority's, and ABC Board'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)	\$ 91,491,263	\$ 40,001,726	\$ (2,796,510)

Authority:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Authority's proportionate share of the net pension liability (asset)	\$ 2,549,665	\$ 1,114,762	\$ (77,933)

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)	\$ 2,726,431	\$ 1,192,047	\$ (83,336)

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.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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, 2019, the LEO System's membership consisted of:

	<u>County</u>	<u>Airport</u>
Retirees receiving benefits	24	-
Active plan members	<u>363</u>	<u>10</u>
Total	<u>387</u>	<u>10</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, 2020

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, 2018 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	3.26%

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 Healthy Annuitant base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted 104% for males and 100% for females.

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 \$491,024 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, 2020, 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, 2020

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2020, the County and Authority reported a total pension liability of \$12,493,995 and \$170,721, respectively. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was rolled forward to December 31, 2019 utilizing update procedures incorporating the actuarial assumption. For the year ended June 30, 2020, the County and Authority recognized pension expense of \$1,2,77507 and \$16,421, respectively.

At June 30, 2020, 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	\$ 932,626	\$ -
Changes of assumptions	695,064	398,582
County benefit payments and plan administrative expenditures paid subsequent to the measurement date	251,288	-
Total	<u>\$ 1,878,978</u>	<u>\$ 398,582</u>

At June 30, 2020, 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	\$ 4,978	\$ 6,581
Changes of assumptions	8,222	4,148
Authority benefit payments and plan administrative expense made subsequent to the measurement date	-	-
Total	<u>\$ 13,200</u>	<u>\$ 10,729</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

The County paid \$251,288 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, 2021. 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:

Year ended June 30:

2021	\$	280,716
2022		280,716
2023		299,667
2024		193,061
2025		162,045
Thereafter		<u>12,903</u>
	\$	<u><u>1,229,108</u></u>

Authority:

Year ended June 30:

2021	\$	84
2022		84
2023		310
2024		912
2025		<u>1,081</u>
	\$	<u><u>2,471</u></u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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 3.26 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 (2.26 percent) or 1-percent point higher (4.26 percent) than the current rate:

County:

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Total pension liability	\$ 13,611,115	\$ 12,493,995	\$ 11,474,887

Authority:

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Total pension liability	\$ 181,032	\$ 170,721	\$ 160,863

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, 2018	\$ 11,009,837
Service cost	603,012
Interest on the total pension liability	391,821
Difference between expected and actual experience in the measurement of the total pension liability	581,845
Changes of assumptions and other inquiries	398,504
Benefit payments	(491,024)
Ending balance of the total pension liability	<u>\$ 12,493,995</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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, 2018	\$	147,030
Service cost		10,426
Interest on the total pension liability		5,352
Differences between expected and actual experience in the measurement of total pension liability		4,111
Changes of assumptions and other inputs		3,802
Ending balance of the total pension liability	\$	<u>170,721</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, 2018 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, 2020

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, 2020 were \$3,848,607, which consisted of \$2,377,802 from the County and \$1,470,805 from the law enforcement employees and general employees. Contributions of the Authority for the year ended June 30, 2020 were \$33,683, which consisted of \$11,923 from the Authority and \$27,760 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 \$122,794 for the year ended June 30, 2020. The plan provides for voluntary contributions on the part of all employees. Voluntary contributions by employees not engaged in law enforcement were \$87,609 for the year ended June 30, 2020.

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, 2020

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 \$26,572 for the year ended June 30, 2020.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2020, the County reported an asset of \$454,072 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2019. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 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, 2020, the County's proportion was 2.3000% a decrease of 0.3296% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2020, the County recognized pension expense of \$51,158. At June 30, 2020, 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	\$ -	\$ 21,896
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	4,646	-
Changes in proportion and differences between County contributions and proportionate share of contributions	56,256	-
County contributions subsequent to the measurement date	26,572	-
Total	<u>\$ 87,474</u>	<u>\$ 21,896</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

\$26,572 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, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2021	\$ 15,505
2022	20,445
2023	12,026
2024	(8,970)
	<u>\$ 39,006</u>

Actuarial Assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
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, 2018 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, 2020 is 1.4%.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

The information above is based on 30 year expectations developed with the consulting actuary for the 2020 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.

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)	\$ (30,590)	\$ 454,072	\$ (20,568)

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, 2018, 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. The total pension liability for the Law Enforcement Officers' Special Separation Allowance ("LEOSSA") was measured as of December 31, 2019, with an actuarial valuation date of December 31, 2018.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
Proportionate Share of Net Pension Liability (Asset)	\$ 40,001,726	\$ (454,072)	\$ -	\$ 39,547,654
Proportion of the Net Pension Liability (Asset)	1.4650%	2.3000%	n/a	n/a
 Total Pension Liability	 \$ -	 \$ -	 \$ 12,493,995	 \$ 12,493,995
 Pension Expense	 \$ 17,955,591	 \$ 51,158	 \$ 1,277,507	 \$ 19,284,256
	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
Deferred Outflows of Resources				
Differences between expected and actual experience	\$ 6,849,308	\$ -	\$ 932,626	\$ 7,781,934
Changes of assumptions	6,519,618	-	695,064	7,214,682
Net difference between projected and actual earnings on plan investments	975,697	4,646	-	980,343
Changes in proportion and differences between contributions and proportionate share of contribution	87,197	56,256	-	143,453
County contributions (LGERS,ROD)/benefit payments and administrative costs paid subsequent to the measurement date	9,379,670	26,572	254,288	9,660,530
Deferred Inflows of Resources				
Differences between expected and actual experience	\$ -	\$ 21,896	\$ -	\$ 21,896
Changes of assumptions	-	-	398,582	398,582
Changes in proportion and differences between contributions and proportionate share of contribution	155,849	-	-	155,849

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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	\$ 512,455	\$ 16,421	\$ 528,876
Proportionate share of the net pension liability	4.0820%	n/a	n/a
 Total Pension Liability	 \$ 1,114,762	 \$ 170,721	 \$ 1,285,483
	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$ 190,876	\$ 4,978	\$ 195,854
Changes of assumptions	181,688	8,222	189,910
Net difference between projected and actual earnings on plan investments	27,191	-	27,191
Changes in proportion and differences between contributions and proportionate share of contributions	19,956	-	19,956
Benefit payments and administrative costs paid subsequent to the measurement date	244,405	-	244,405
Deferred Inflows of Resources			
Differences between expected and actual experience	-	6,583	6,583
Changes of assumptions	-	4,148	4,148

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, 2020

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.

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 \$14,530,000 and \$15,551,000 for the years ended September 30, 2019 and 2018, respectively.

Pension, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2019 and 2018, the Medical Center reported a net pension obligation of \$45,843,000 and \$50,113,000, respectively. The net pension obligation was measured as of September 30, 2018 and 2017, respectively. The total pension liability used to calculate the net pension obligation was determined by an actuarial valuation as of January 1, 2019 and 2017, respectively. The total pension liability was then rolled forward to the measurement date of September 30, 2018 and 2017, respectively, utilizing updated procedures incorporating the actuarial assumptions.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

For the year ended September 30, 2019 and 2018, the Medical Center recognized pension expense of \$14,421,000 and \$15,823,000, respectively. At September 30, 2019, 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	\$ 7,376,000	\$ -
Net difference between projected and actual earnings on pension plan investments	-	8,621,000
Assumption changes	-	3,613,000
Contributions made in fiscal year ended September 30, 2019	14,530,000	-
Total	<u>\$ 21,906,000</u>	<u>\$ 12,234,000</u>

\$14,530,000 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:

2020	\$ 1,320,000
2021	(3,594,000)
2022	(2,231,000)
2023	(457,000)
2024	104,000
	<u>\$ (4,858,000)</u>

Medical Center Actuarial Assumptions. The total pension liability in the January 1, 2018 and 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, 2020

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, 2019 and 2018, 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	100.00%	

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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, 2018	\$ 50,113,000
Changes for the year:	
Service cost	9,794,000
Interest	20,440,000
Difference between expected and actual experience	1,722,000
Assumption changes	(349,000)
Contributions - employers	(15,551,000)
Net investment income	(20,569,000)
Benefit payments, including refunds of employee contrib	1,000
Administrative expenses	242,000
Other changes	-
Net changes	(4,270,000)
Balance at September 30, 2019	\$ 45,843,000

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 (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Net pension liability	\$ 80,875,000	\$ 45,843,000	\$ 20,536,000

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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.

PMH 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 \$583,000 and \$567,000 for the years ended September 30, 2019 and 2018, respectively.

Pension, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2019 and 2018, PMH reported a net pension liability of \$3,247,000 and \$3,179,000, respectively. The total pension liability used to calculate the net pension obligation was determined by an actuarial valuation as of January 1, 2018 and 2017, respectively. The total pension liability was then rolled forward to the measurement date of September 30, 2018 and 2017, respectively, utilizing updated procedures incorporating the actuarial assumptions.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

For the year ended September 30, 2019, PMH recognized pension expense of \$580,000. At September 30, 2019, 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	\$ 113,000	\$ -
Net difference between projected and actual earnings on pension plan investments	11,000	-
Assumption changes	-	91,000
Contributions made in fiscal year ended September 30, 2019	583,000	-
Total	<u>\$ 707,000</u>	<u>\$ 91,000</u>

\$583,000 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, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:

2020	\$ 58,000
2021	(23,000)
2022	(15,000)
2023	13,000
	<u>\$ 33,000</u>

PMH 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, 2020

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, 2019 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%	

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, 2018	\$ 3,179,000
Changes for the year:	
Service cost	261,000
Interest	632,000
Difference between expected and actual experience	56,000
Assumption changes	(55,000)
Contributions - employers	(567,000)
Net investment income	(338,000)
Administrative expenses	79,000
Other changes	-
Net changes	68,000
Balance at September 30, 2019	\$ 3,247,000

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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	\$ 4,555,000	\$ 3,247,000	\$ 2,178,000

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 \$14,404,000 and \$12,840,000 for the years ended September 30, 2019 and 2018, respectively. Employee contribution percentages were 3.9% and 3.7% of total payroll for the years ended September 30, 2019 and 2018, respectively. There were no employer matching contributions by the Medical Center for the years ended September 30, 2019 and 2018.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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 \$951,000 and \$911,000, and employee optional contributions totaled approximately \$1,951,000 and \$1,783,000, for the years ended September 30, 2019 and 2018, respectively. Employer contribution percentages were 2.28% and 2.26%, and employee contribution percentages were 4.67% and 4.42% of total payroll for the years ended September 30, 2019 and 2018, 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.

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, 2020 and 2019 were \$77,451 and \$66,124, respectively.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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, 2020, the TDA's contributions to the plan totaled \$100,819, 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 two supplemental retirement plans under IRC Section 457(f) to certain eligible employees. The Medical Center has recorded a liability of approximately \$1,966,000 and \$1,501,000 as of September 30, 2019 and 2018, respectively, in accordance with the provisions of these plans.

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, 2019 and 2018, 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 County 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.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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.

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

<u>Years of Service in Retirement System</u>	<u>County 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, 2019, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	429
Active plan members	<u>1,687</u>
	<u><u>2,116</u></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, 2019, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	3
Active plan members	<u>44</u>
	<u><u>47</u></u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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.

Membership of the healthcare benefits plan for the ABC Board consisted of the following at June 30, 2019, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	8
Active plan members	54
	<hr/>
	62
	<hr/>

Total OPEB Liability.

The County's total OPEB liability of \$406,914,976 was measured as of June 30, 2019, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2019 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	3.89%
Measurement date	3.50%
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 at the last Thursday of June by the Bond Buyer.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

The Authority's total OPEB liability of \$273,615 was measured as of June 30, 2019, and was based on a June 30, 2019 actuarial valuation.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2019 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	3.50%
Healthcare cost trend rates	7.00%

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 ABC Board's total OPEB liability of \$1,075,073 was measured as of June 30, 2019, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2019 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	3.50%
Healthcare cost trend rates	
Pre-Medicare	7.00% for 2019 decreasing to an ultimate rate of 4.50% by 2026
Medicare	5.00% for 2019 decreasing to an ultimate rate of 4.50% by 2021

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, 2020

Changes in the Total OPEB Liability.

County:

Balance at June 30, 2018	\$ 348,000,326
Changes for the year:	
Service cost	17,106,521
Interest	13,495,861
Differences between expected and actual experience	(1,814,873)
Changes in assumptions or other inputs	32,273,649
Benefit payments	(2,146,508)
Net changes	<u>58,914,650</u>
Balance at June 30, 2019	<u>\$ 406,914,976</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.89% to 3.50%.

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 or 1-percentage point higher than the current discount rate:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	\$ 508,271,290	\$ 406,914,976	\$ 330,689,340

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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	\$ 320,453,696	\$ 406,914,976	\$ 525,625,214

Authority:

Balance at June 30, 2018	\$ 307,921
Changes for the year:	
Service cost	20,181
Interest	11,514
Differences between expected and actual experience	(48,222)
Changes in assumptions or other inputs	6,321
Benefit payments	<u>(24,100)</u>
Net changes	<u>(34,306)</u>
Balance at June 30, 2019	<u><u>\$ 273,615</u></u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.89% to 3.50%.

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, 2019 valuations were based on the review of recent plan experience performed concurrently with the June 30, 2019 valuation.

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 or 1-percentage point higher than the current discount rate:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	\$ 294,603	\$ 273,615	\$ 254,169

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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 Authority'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 (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Total OPEB liability	\$ 259,427	\$ 273,615	\$ 289,983

ABC Board:

Balance at June 30, 2019	\$ 1,083,961
Changes for the year:	
Service cost	38,205
Interest	41,475
Changes of benefit terms	-
Differences between expected and actual experience	(36,124)
Changes in assumptions or other inputs	(16,560)
Benefit payments	(35,884)
Net changes	(8,888)
Balance at June 30, 2020	<u>\$ 1,075,073</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.89% to 3.50%.

Mortality rates were based on the RP-2014 total data set for healthy annuitants mortality table, with adjustments for LGERS experience and generational mortality improvements using scale MP-2015.

The actuarial assumptions used in the June 30, 2019 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, 2020

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 (2.50%) or 1-percentage point higher (4.50%) than the current discount rate:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	\$ 1,275,756	\$ 1,075,073	\$ 917,229

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	\$ 904,278	\$ 1,075,073	\$ 1,297,868

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended June 30, 2020, the County, Authority, and ABC Board recognized OPEB expense of \$29,708,914, \$23,800, and \$48,200, respectively.

At June 30, 2020, 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	\$ 24,615,243	\$ 1,580,696
Changes in assumptions	28,109,307	48,368,985
Benefit payments and administrative costs made subsequent to the measurement date	4,681,437	-
Total	<u>\$ 57,405,987</u>	<u>\$ 49,949,681</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

At June 30, 2020, 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	\$ 4,166	\$ 41,459
Changes in assumptions	5,434	12,937
Total	<u>\$ 9,600</u>	<u>\$ 54,396</u>

At June 30, 2020, 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	\$ 79	\$ 32,069
Changes in assumptions	-	129,295
Benefit payments and administrative costs made subsequent to the measurement date	35,131	-
Total	<u>\$ 35,210</u>	<u>\$ 161,364</u>

\$4,681,437, \$0, and \$35,131 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:

2021	\$ (893,468)
2022	(893,468)
2023	(893,468)
2024	(893,468)
2025	(691,836)
Thereafter	7,040,577
	<u>\$ 2,774,869</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Authority:

Year ended June 30:

2021	\$	(7,895)
2022		(7,895)
2023		(7,895)
2024		(7,878)
2025		(6,488)
Thereafter		(6,745)
	\$	<u>(44,796)</u>

ABC Board:

Year ended June 30:

2021	\$	(26,080)
2022		(26,080)
2023		(26,080)
2024		(26,080)
2025		(26,080)
Thereafter		(30,885)
	\$	<u>(161,285)</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, 2020

4. Long-Term Debt of the County

A. Debt Related to Capital Activities

Of the total Governmental Activities debt listed only \$68,167,040 relates to assets the County holds title. Unspent restricted cash related to the debt that relates to assets for which the County holds title amounts to \$8,569,650.

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

Capital assets, net of accumulated depreciation		\$	199,480,518
Deferred outflows of resources			13,287,890
Less: capital debt			
Gross debt	\$	(443,130,130)	
Debt related to assets to which the County does not capitalize		310,605,980	
Unspent debt proceeds, non-school related debt		<u>(29,938,376)</u>	<u>(162,462,526)</u>
Net investment in capital assets			<u>\$ 50,305,882</u>

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

Capital assets, net of accumulated depreciation		\$	33,897,441
Less: capital debt			
Gross debt	\$	(870,309)	
Unspent debt proceeds		<u>-</u>	<u>(870,309)</u>
Net investment in capital assets			<u>\$ 33,027,132</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

The following is a summary of changes in the County's long-term obligations for the year fiscal year ended June 30, 2020:

Governmental Activities	Balance July 1, 2019,	Additions/ Transfers	Retirements	Balance June 30, 2020	Due Within One Year
General obligation bonds	\$ 319,049,997	\$ 3,355,000	\$ 27,820,000	\$ 294,584,997	\$ 28,410,000
Direct placement general obligation bonds	31,395,000	-	5,925,000	25,470,000	4,660,000
Direct placement installment debt	68,891,729	36,510,000	10,554,316	94,847,413	14,414,181
Unamortized premiums and discounts	26,651,515	5,765,895	4,189,690	28,227,720	-
Compensated absences	10,201,161	5,080,065	4,388,205	10,893,021	5,118,841
Total pension liability (LEOSSA)	11,009,837	2,539,583	1,055,425	12,493,995	-
Net pension liability (LGERs)	33,812,511	23,054,130	17,617,692	39,248,949	-
Total OPEB liability	341,361,210	61,783,026	3,886,834	399,257,402	-
Claims and judgments	75,000	200,000	-	275,000	100,000
Total governmental activities	<u>\$ 842,447,960</u>	<u>\$ 138,287,699</u>	<u>\$ 75,437,162</u>	<u>\$ 905,298,497</u>	<u>\$ 52,703,022</u>

Net pension liability, total pension liability, and total other postemployment liability for governmental activities are typically 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, 2019	Additions/ Transfers	Retirements	Balance June 30, 2020	Due Within One Year
Direct placement installment debt	\$ 114,225	\$ 700,000	\$ 57,085	\$ 757,140	\$ 127,141
Unamortized premiums and discounts	1,979	112,680	1,490	113,169	-
Accrued landfill closure and post-closure care costs	18,758,214	5,785,123	-	24,543,337	-
Net pension liability (LGERs)	657,618	433,058	337,899	752,777	-
Total OPEB liability	6,639,116	1,183,239	164,781	7,657,574	-
Compensated absences	180,789	96,486	64,075	213,200	74,744
Total business-type activities	<u>\$ 26,351,941</u>	<u>\$ 8,310,586</u>	<u>\$ 625,330</u>	<u>\$ 34,037,197</u>	<u>\$ 201,885</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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, 2020:

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 February 1 and 9, 2006 due in remaining semi-annual installments on a weekly rate - determined by a remarketing agent due semi-annually through February 1, 2026. \$4,500,000 principal.

Serviced by Debt Service Fund.

\$ 4,500,000

\$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.

\$9,794,998 principal plus unamortized premium of \$132,975.

Serviced by Debt Service Fund.

9,927,973

\$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. \$34,155,000 principal plus unamortized premium of \$1,529,554. Serviced by Debt Service Fund.

35,684,554

\$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. \$37,500,000 principal plus unamortized premium of \$2,941,481. Serviced by Debt Service Fund.

40,441,481

\$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. \$25,470,000 principal.

Serviced by Debt Service Fund.

25,470,000

\$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. \$66,595,000 principal plus unamortized premium of \$5,476,542 less unamortized charge of \$28,648. Serviced by Debt Service Fund.

72,042,894

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

\$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. \$45,230,000 principal plus unamortized premium of \$4,204,957. Serviced by Debt Service Fund.	49,434,957
\$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. \$30,785,000 principal plus unamortized premium of \$2,260,406. Serviced by Debt Service Fund.	33,045,406
\$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. \$62,670,000 principal plus unamortized premium of \$4,583,236. Serviced by Debt Service Fund.	67,253,236
\$3,355,000 2020 general obligation bonds due in remaining annual installments ranging from \$165,000 to \$170,000 through February 1, 2040; interest rates ranging from 2.125% to 5.00%, due semi-annually through February 1, 2040. \$3,355,000 principal plus unamortized premium of \$466,993. Serviced by Debt Service Fund	<u>3,821,995</u>
Total General and Public School Special Revenue Funds (Governmental activities)	<u>\$ 341,622,496</u>
Total Enterprise Funds (Business-type activities)	-
Total General Fund Obligation Bonds, net of unamortized charges and premiums	<u>\$ 341,622,496</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Direct placement Installment debt consists of the following at June 30, 2020:

\$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 \$13,830,022 plus unamortized premium of \$317,832 Serviced by the Debt Service Fund, Fire District Special Revenue, and enterprise funds.	\$ 14,147,854
\$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 \$1,806,106. Serviced by the Debt Service Fund.	1,806,106
\$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 \$8,820,000 plus unamortized premium of \$557,498. Serviced by the Debt Service Fund and Fire District Special Revenue.	9,377,498
\$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 \$8,840,000 plus unamortized premium of \$490,433. Serviced by Debt Service Fund.	9,330,433
\$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 \$2,745,000. Serviced by the Debt Service Fund.	2,745,000
\$37,210,000 2020A limited obligation bonds issued February 6, 2020, due in annual installments through February 1, 2040; interest rates ranging from 2.25% to 5.00%; principal of \$37,210,000 plus unamortized premium of \$5,406,829. Serviced by the Debt Service Fund, special revenue funds, and enterprise funds.	42,616,829
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>22,353,425</u>
Total installment debt - governmental and business-type activities	<u>\$ 102,377,145</u>
Total installment debt - governmental activities	<u>\$ 101,507,634</u>
Total installment debt - business-type activities	<u>\$ 870,309</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Annual maturity requirements on the County's long-term debt (except compensated absences, net pension liability, total pension liability, total other postemployment liability, claims and judgments and accrued landfill closure and post-closure care costs) with related interest as of June 30, 2020, are as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2021	\$ 47,484,181	\$ 16,345,216	\$ 127,141	\$ 29,718	\$ 63,986,256
2022	40,499,851	14,561,037	70,000	26,600	55,157,488
2023	37,200,423	12,878,568	70,000	23,800	50,172,791
2024	32,341,763	11,400,369	70,000	21,000	43,833,132
2025	32,103,349	1,032,848	70,000	18,200	33,224,397
2026-2030	124,524,021	31,107,723	350,000	44,100	156,025,844
2031-2035	72,820,042	11,389,855	-	-	84,209,897
2036-2040	27,928,780	1,717,487	-	-	29,646,267
Total	<u>414,902,410</u>	<u>100,433,103</u>	<u>757,141</u>	<u>163,418</u>	<u>516,256,072</u>
Less: Unamortized discounts	(28,648)	-	-	-	(28,648)
Add: Unamortized Premiums	28,256,368	-	113,168	-	28,369,536
Net	<u>\$ 443,130,130</u>	<u>\$ 100,433,103</u>	<u>\$ 870,309</u>	<u>\$ 163,418</u>	<u>\$ 544,596,960</u>

Other. The County's legal debt margin at June 30, 2020 was \$2,368,869,212.

Debt authorized but unissued at June 30, 2020 is as follows:

School Bonds	<u>\$ 9,405,000</u>
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General Obligation Bonds. On February 11, 2020, the County issued \$3,355,000 in general obligation bonds bearing an average coupon of 3.14%. 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 and 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, 2020

Limited Obligation Bonds. On February 6, 2020 the County issued \$36,510,000 of limited obligation bonds Series A of which proceeds, \$12,790,000 will be used to pay capital costs for the renovation and expansion of the terminal at Wilmington International Airport pursuant to an interlocal agreement with Wilmington International Airport, \$14,645,000 will be used to pay capital costs for construction of a replacement juvenile justice facility, \$2,375,000 will be used to pay capital costs for the acquisition of and improvements to Echo Farms Park, \$1,710,000 will be used to pay capital costs for the improvements to the County's Senior Resource Center, \$3,550,000 will be used for capital costs for the acquisition of vehicles and equipment for various County purposes, and \$1,440,000 will be used for the capital costs for the relocation of a raw water line pursuant to an interlocal agreement with Lower Cape Fear Water and Sewer Authority. Semi-annual payments begin on February 1, 2021 with interest rates ranging from 2.375% to 5.00% and maturing on February 1, 2040.

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 0.69% to 4.29%, as a result of the County's bond refunding with Limited Obligation Bonds in 2014.

The Authority incurred long-term debt in 2019 of \$14,350,000 to assist with the financing of the terminal expansion 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 are currently ranging from 3.00% to 5.00%. There was \$13,441,718 available to draw upon by the Authority at June 30, 2020.

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, 2020:

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Due Within</u> <u>One Year</u>
Principal:					
\$4,570,000 issue	\$ 3,050,000	\$ -	\$ 305,000	\$ 2,745,000	\$ 305,000
\$14,350,000 issue	-	908,282	-	908,282	908,282
	<u>\$ 3,050,000</u>	<u>\$ 908,282</u>	<u>\$ 305,000</u>	<u>\$ 3,653,282</u>	<u>\$ 1,213,282</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

The Authority had drawn down \$908,282 of the \$14,350,000 debt as of June 30, 2020. Despite this fact, the principal payment due on this issue in the fiscal year ending June 30, 2021 is \$1,830,000. This amount combined with the \$305,000 of principal due on the \$4,750,000 issue results in \$2,135,000 of principal payments due in the fiscal year ending June 30, 2021.

Debt service requirements are as follows:

Year Ending June 30	Principal	Interest	Total
2021	\$ 2,135,000	\$ 623,668	\$ 2,758,668
2022	2,135,000	567,199	2,702,199
2023	2,135,000	484,120	2,619,120
2024	2,130,000	400,431	2,530,431
2025	2,130,000	316,485	2,446,485
2026-2029	4,870,000	399,990	5,269,990
Total	\$ 15,535,000	\$ 2,791,893	\$ 18,326,893

Long-Term Debt of the Medical Center. Changes in long-term debt of the Medical Center during the year ended September 30, 2019 are as follows:

	Balance October 1, 2018	Additions	Retirements	Balance September 30, 2019	Due Within One Year
Revenue bonds	\$ 368,995,000	\$ -	\$ 18,750,000	\$ 350,245,000	\$ 16,780,000
Unamortized discounts and (premiums)	31,347,000	-	2,598,000	28,749,000	-
Capital leases	9,000	-	9,000	-	-
Supplemental retirement plans	1,736,000	866,000	401,000	2,201,000	-
Net pension liability	53,292,000	68,000	4,270,000	49,090,000	-
Interest rate swap agreements	2,103,000	848,000	-	2,951,000	-
Note payable to primary governm	2,132,000	-	2,132,000	-	-
Other obligations	5,644,000	-	332,000	5,312,000	343,000
Total	\$ 465,258,000	\$ 1,782,000	\$ 28,492,000	\$ 438,548,000	\$ 17,123,000

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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, 2019 of \$2,951,000 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, 2019 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	\$ (214,000)
Series 2008A-2	4,665,000	December 14, 2005	October 1, 2023	(214,000)
Series 2008B-1	15,080,000	December 14, 2005	October 1, 2026	(1,299,000)
Series 2008B-2	8,120,000	December 14, 2005	October 1, 2026	(1,293,000)
Basis Swap	50,000,000	January 25, 2002	October 21, 2021	69,000
Total				<u>\$ (2,951,000)</u>

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, 2019 and 2018, the net change in fair value of \$(842,000) and \$1,678,000, respectively, has been recorded as a component of net (decrease) increase in fair value of investments.

As a result of the negative position, the Medical Center is not exposed to credit risk at September 30, 2019. However, should interest rates change and the fair value of the swap become positive, the Medical Center would be exposed to credit risk in the amount of the swap's fair value.

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.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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, 2019, the basis swap has an estimated fair value of approximately \$69,000 which is recorded as an asset for interest rate swaps. As of September 30, 2018, the basis swap had an estimated fair value of approximately \$176,000, which was recorded as an asset. Under GASB 53, the basis swap qualifies as an investment derivative and changes in fair value of (\$107,000) and \$248,000 for years ended September 30, 2019 and 2018, 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. During the year ended September 30, 2019, the interest rate swap was terminated upon paying off the Series 2007 Bonds, which resulted in a loss to Hospice of \$98,000.

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, 2019:

Series 2006 Revenue Bonds

Serial revenue bonds with interest rates ranging from 4.0% to 4.13% maturing through 2019	\$ 5,120,000
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Series 2008 Revenue Bonds

Series 2008A Variable Rate Revenue Bonds, demand obligations, with mandatory redemptions annually through 2038	15,755,000
Series 2008B Variable Rate Revenue Bonds, demand obligations, with mandatory redemptions annually through 2038	15,755,000

Series 2011 Revenue Bonds

Serial revenue bonds with interest rates ranging from 3.0% to 5.0% maturing annually through 2025	36,385,000
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	33,785,000
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NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Series 2017 Revenue Bonds

Serial revenue bonds with interest rates from 3.0% to 5.0%, maturing annually through 2048	<u>210,555,000</u>
Total long-term debt	350,245,000
Unamortized discount	<u>28,749,000</u>
Total long-term debt, net of unamortized discount and loss	<u>\$ 378,994,000</u>
Due within one year	<u>\$ 16,780,000</u>
Due in more than one year	<u>\$ 362,214,000</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 \$1,322,409,000 and \$1,173,606,000 for the years ending September 30, 2019 and 2018, respectively, are security for the revenue bonds.

Total funds held by the trustee (including amounts as bond paying agent) at September 30, 2019 and 2018, were approximately \$35,796,000 and \$50,671,000, 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 measures 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, 2020

Annual maturity requirements on outstanding revenue bonds of the Medical Center with related interest as of September 30, 2019 are as follows:

Year Ending September 30	Principal	Interest	Total
2020	\$ 16,780,000	\$ 16,670,000	\$ 33,450,000
2021	17,220,000	14,855,000	32,075,000
2022	17,890,000	14,074,000	31,964,000
2023	18,685,000	13,262,000	31,947,000
2024-2028	107,360,000	52,484,000	159,844,000
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>\$ 350,245,000</u>	<u>\$ 178,654,000</u>	<u>\$ 528,899,000</u>

Interest paid related to these bonds is approximately \$14,672,000 and \$14,835,000 during fiscal years ended September 30, 2019 and 2018, respectively.

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

Long-Term Debt of the TDA. Changes in long-term liabilities of the TDA for the year ended June 30, 2020 are as follows:

	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020	Due Within One Year
Accrued vacation	\$ 25,402	\$ 7,639	\$ -	\$ 33,041	\$ 33,041
	<u>\$ 25,402</u>	<u>\$ 7,639</u>	<u>\$ -</u>	<u>\$ 33,041</u>	<u>\$ 33,041</u>

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.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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 \$750,000.

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:

Year Ending June 30	Operating Lease Payments
2021	\$ 2,576,213
2022	1,614,312
2023	1,543,214
2024	1,377,207
2025	1,305,911
Thereafter	23,579,907
Total	<u>\$ 31,996,764</u>

Approximately \$14.3 million of the above minimum payments to be received are from one tenant, subject to a 40-year lease, beginning in 2006, approximately \$4.5 million from a tenant, subject to a 20-year lease, beginning in 2013, and approximately \$4.2 million from a tenant, subject to a 30-year lease, beginning in January 2020.

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, 2020

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

Year Ending September 30	Operating Lease Obligations
2020	\$ 5,055,000
2021	5,442,000
2022	4,455,000
2023	4,283,000
2024	4,047,000
Thereafter	8,892,000
Total	<u>\$ 32,174,000</u>

Rent expense on operating leases for the Medical Center totaled approximately \$11,069,000 and \$10,509,000 in 2019 and 2018, respectively.

CHA leases office space and equipment under various noncancellable operating lease agreements that expire between 2019 and 2028. Scheduled payments on CHA's operating lease commitments are as follows:

Year Ending September 30	Operating Lease Obligations
2020	\$ 5,864,000
2021	3,563,000
2022	1,923,000
2023	911,000
2024	518,000
Thereafter	1,016,000
Total	<u>\$ 13,795,000</u>

Included in CHA's commitments is \$9,352,000 to the Medical Center.

Rent expense on operating leases for the CHA totaled approximately \$6,837,000 and \$6,564,000 in 2019 and 2018, including payments of \$2,319,000 and \$2,475,000 to the Medical Center, respectively.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

LCFH leases office space under various noncancellable operating lease agreements, which expire over the next year. Rent expense related to these agreements totaled approximately \$53,000 and \$52,000 in 2019 and 2018, respectively.

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 ten additional years. The lease was renewed in 2019 for an additional ten 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
2020	\$ 331,000
2021	263,000
2022	266,000
2023	260,000
2024	215,000
Thereafter	659,000
Total	<u>\$ 1,994,000</u>

Rent expense on operating leases for PMH totaled \$355,000 and \$422,000 in 2019 and 2018, respectively.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

The TDA is committed under an operating lease for a building facility, mail machine, and a copier. As of June 30, 2020 the facility lease is month to month and will not be included in the schedule below. For the year ended June 30, 2020, the total lease expenditures under the operating lease totaled \$65,050. The future minimum lease commitments under the operating lease are as follows:

Year Ending June 30	Operating Lease Obligations
2021	\$ 13,432
2022	13,432
2023	10,036
2024	8,337
Total	<u>\$ 45,237</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, 2020, the amount of industrial revenue bonds outstanding was \$1,209,424.

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 \$24,543,337, reported as landfill closure and post-closure care liability at June 30, 2020 represents (1) a cumulative amount of \$13,020,531 for final closure and post-closure care based on the full use of the total estimated capacity of the landfill and (2) \$11,522,806 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 2020. 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, 2020

Deferred Outflows and Inflows of Resources. The deferred outflows and deferred inflows of resources at June 30, 2020 are composed of the following elements:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Charge on refunding of debt	\$ 13,287,890	\$ -
Pensions - difference between expected and actual experience:		
LGERS	6,849,308	-
Register of Deeds	-	21,896
LEOSSA	932,626	-
OPEB	24,615,243	1,580,696
Pensions - changes of assumptions (LGERS, ROD)	6,519,618	-
Pensions - changes of assumptions (LEOSSA)	695,064	398,582
Pensions - changes of assumptions (OPEB)	28,109,307	48,368,984
Pensions - difference between projected and actual investment earnings (LGERS, ROD)	980,343	-
Pensions - charge in proportion and difference between employer contributions and proportionate share of contributions (LGERS, ROD)	143,453	155,849
Benefit payments made and administrative expenses for LEOSSA	254,288	-
Benefit payments made and administrative expenses for OPEB	4,681,437	-
Employer contributions subsequent to the measurement date (LGERS, ROD)	9,406,242	-
Prepaid property taxes not yet earned (General)	-	383,771
Total government-wide	<u>\$ 96,474,819</u>	<u>\$ 50,909,778</u>
Deferred inflows - business type activities	<u>\$ 1,528,399</u>	<u>\$ 942,917</u>
Deferred inflows - governmental activities	<u>\$ 94,946,420</u>	<u>\$ 49,966,861</u>
Prepaid property taxes not yet earned (General)		\$ 383,771
Taxes receivable, net (General), less penalties		2,999,660
Taxes receivable, net (Special revenue), less penalties		173,626
Special assessments receivable, net (Special revenue)		166,256
Scattered site/SARF receivables (General)		55,181
Total governmental funds		<u>\$ 3,778,494</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Interfund Receivables and Payables. Amounts classified on the balance sheet as “Receivables – interfund loans” and “Interfund loans” at June 30, 2020 included the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Debt Service Fund	\$ 872,827
General Fund	Local Law Enforcement Block Grant	28,635
General Fund	Healing Transition Facility Capital Project	490,501
		<u>\$ 1,391,963</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, 2020	\$ 512,963
Component Unit:	Primary Government:	
NHC Tourism Development Authority	Room Occupancy Tax Fund for room occupancy tax held by the County	723,322
		<u>\$ 1,236,285</u>

B. Other

Interfund Transfers. Interfund transfers presented in the fund financial statements for the year ended June 30, 2020, can be summarized as follows:

	<u>Transfers In:</u>						<u>Total</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	\$ -	\$ 14,192,753	\$ 1,183,000	\$ 1,546,545	\$ 831,000	\$ 125,000	\$17,878,298
Room Occupancy Tax fund	-	-	-	-	629,051	-	629,051
Nonmajor capital project funds	631,661	229,540	-	30,137	-	-	891,338
Total	<u>\$ 631,661</u>	<u>\$ 14,422,293</u>	<u>\$ 1,183,000</u>	<u>\$ 1,576,682</u>	<u>\$ 1,460,051</u>	<u>\$ 125,000</u>	<u>\$19,398,687</u>

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.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

5. Major Customers

Approximately 49% of Environmental Management revenues can be attributed to its largest two largest customers. Transactions with the two customers accounted for the following as of June 30, 2020:

<u>Customer</u>	<u>Revenues</u>	<u>Percentage</u>	<u>Accounts Receivable</u>
A	\$ 7,164,808	39%	\$ 1,207,509
B	1,885,789	10%	297,658
	<u>\$ 9,050,597</u>		<u>\$ 1,505,167</u>

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, 2020:

<u>Customer</u>	<u>Revenues</u>	<u>Percentage</u>	<u>Accounts Receivable</u>
A	\$ 3,355,483	45%	\$ 241,344
B	1,082,976	14%	57,176
C	1,003,564	13%	23,287
	<u>\$ 5,442,023</u>		<u>\$ 321,807</u>

Medicare services represented 35% and Medicaid services represented 10% of net patient service revenue of the Medical Center for the fiscal year ended September 30, 2019.

LCFH's revenues are 91% from Medicare and 3% from Medicaid for the fiscal year ended September 30, 2019.

CHA's revenues are 66% from Medicare and 5% from Medicaid for the fiscal year ended September 30, 2019.

PMH's revenues are 47% from Medicare and 20% from Medicaid for the fiscal year ended September 30, 2019.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

6. Joint Ventures

The County, in conjunction with Brunswick, Carteret, Columbus, Jones, Onslow, and Pender counties, participates in a joint venture to operate Trillium Health Resources Southern Region, (the “Center”). The counties appoint two members, respectively, to the fifteen-member board of the Center. 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, 2020. 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 \$11,027,248 to the College for operating purposes, during the fiscal year ended June 30, 2020. In addition, the County made debt service payments of \$15,201,664 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, 2020. 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, 2019 and 2018.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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 \$37,291 to the Council during the fiscal year ended June 30, 2020.

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 fifteen members of the Sewer Authority. The long-term receivable balance from the Sewer Authority is \$1,038,835 as of June 30, 2020.

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 \$1,348,150 in connection with debt the County is servicing for CFPUA for the fiscal year ended June 30, 2020. See Note 10 for further details.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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, 2020, the balance of the County's ADM unallocated account related to corporate income taxes was \$6,549. 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, 2020, 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, 2020, the County drew down in the public school building capital funds \$0 of ADM allocation and \$2,072,397 of lottery allocation.

During the fiscal year ended June 30, 2020, the County's lottery project allocation was \$1,874,313. Since 2008, \$24,473,535 has been approved by the State for construction projects. During the fiscal years ended June 30, 2008 through June 30, 2020, the County drew down \$21,963,927 of these funds, leaving a disbursing account balance of \$2,509,608.

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 AmWins Brokerage equal to the replacement cost values of owned property, subject to a loss limit of \$236,109,214 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, and Employee Benefits 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 \$5,000,000 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 and cyber liability in the amount of \$3,000,000 from Indian Harbor per occurrence.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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 Safety National Casualty Corp, 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 \$2,732,236 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 AmWins Brokerage. 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, 2020	June 30, 2019
Unpaid claims at July 1	\$ 2,337,601	\$ 2,176,510
Provisions for claims	24,941,724	22,640,878
Payments for claims	(23,861,052)	(21,441,227)
Administrative fees	(1,080,672)	(1,038,560)
Unpaid claims at June 30	<u>\$ 2,337,601</u>	<u>\$ 2,337,601</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, 2020

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 has replacement cost coverage for owned property subject to a limit of \$58.9 million, auto liability coverage of \$1 million with physical damage on owned audits paid at actual cash value, public officials liability and employment practices liability coverage of \$2 million, 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 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 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 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 2019 and 2018 with a deductible of \$100,000 for all perils except named windstorm. For 2019 and 2018, the minimum deductible for named storms is \$5,000,000 per location, with a maximum deductible of \$25,000,000 per location. For 2019 and 2018, 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 2019 and 2018, the Medical Center was also self-insured for professional liability and general claims liability up to \$5,000,000. There was a \$25,000,000 annual aggregate retention in 2019 and 2018. In both 2019 and 2018, 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, 2020

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, 2019	September 30, 2018	September 30, 2017
Unpaid claims at October 1	\$ 26,794,000	\$ 22,243,000	\$ 22,690,000
Provisions for claims	92,420,000	84,481,000	79,918,000
Payments for claims	(83,330,000)	(75,724,000)	(76,360,000)
Administrative fees	(2,361,000)	(4,206,000)	(4,005,000)
Unpaid claims at September 30	<u>\$ 33,523,000</u>	<u>\$ 26,794,000</u>	<u>\$ 22,243,000</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, 2020

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, 2020, 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, 2020 total approximately \$280,000.

During 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result of the spread of COVID-19, economic uncertainties have arisen that could negatively impact the County's revenue and operations for an indeterminable time period. Other financial impacts could occur that are unknown at this time.

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 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, 2020, the Authority paid fees and expenses totaling \$322,941, which is included in contracted services.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Estimated future commitments under the agreement are as follows:

2021	\$	375,000
2022		<u>168,000</u>
Total	\$	<u>543,000</u>

The Authority has entered into several contracts and agreements as of June 30, 2020, primarily related to construction projects and equipment. The remaining commitment under these contracts and agreements is approximately \$43,133,000.

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 believes 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 prospectively.

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.

CHA has engaged Carolinas Physician Network (the "CPN"); a physician practice network within the non-profit corporation of Atrium Health, through contractual agreements, to operate and manage most 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 most of the medical practices owned by CHA and provides 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 and may be renewed for successive one-year terms. During the years ended

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

September 30, 2019 and 2018, CHA paid \$94,947,000 and \$93,559,000, respectively, to CPN under these agreements, including \$81,667,000 and \$81,357,000, respectively, for physician fees, and \$13,270,000 and \$12,202,000, respectively, for all other administrative services. CHA had \$10,819,000 and \$2,236,000 of physician fees payable to CPN as of September 30, 2019 and 2018, respectively.

The ABC Board contracts with the New Hanover County Sheriff's Department to provide law enforcement services. At June 30, 2020, the commitment for both contracts to the Sheriff's Department totaled \$513,060.

The ABC Board also has a commitment remaining on a contract for support for its accounting system in the amount of \$75,737 at June 30, 2020.

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 Board of County Commissioners approved an asset purchase agreement for the Medical Center to join Novant Health in October 2020. Proceeds from the transaction will be used for public benefit.

12. Storm Related Losses

During September 2018, the Medical Center 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. The Medical Center's 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, 2019. Losses of \$6,637,000 and \$15,872,000 recorded due to Hurricane Florence were included in other non-operating expense for 2019 and 2018, respectively.

13. Prior Period Adjustment

The County implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, in the fiscal year ending June 30, 2018. The implementation of the statement required the County to record beginning total OPEB liability and the effects on net position of benefit payments and administrative expenses paid by the County related to OPEB during the measurement period. During implementation, the County inadvertently recorded benefit payments made subsequent to the measurement period for current employees as deferred inflows in addition to those made for retirees. The County identified the error in the current year and is recording a prior period adjustment so prior periods reflect only benefit payments made for retirees subsequent to the measurement date as deferred outflows. As a result, net position of the County decreased \$19,963,863.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

The Authority maintained a simplified employee pension (SEP), a non-contributory defined contribution, plan through June 30, 2020. Upon a review of various benefits, it was determined that all employees 21 years of age and employed by the Authority for at least three of the preceding five years earning the minimum income as determined by the IRS qualified for the SEP plan. The Authority has contracted with a tax attorney and submitted a VCP (voluntary compliance program) application to the IRS to correct the contribution plan for the years 2003 through 2018. The correction covers the year the Authority was created by legislation through the last year that contributions had already been submitted.

An additional SEP payable of \$161,688 was created to account for the correction of the past contributions. This amount includes interest each year for each eligible employee and will be disbursed upon final approval from the IRS through the VCP program. As a result, June 30, 2019 fund balance and net position were restated for the Authority. This prior period adjustment resulted in a decrease to beginning net position of \$161,688.

NEW HANOVER COUNTY, NORTH CAROLINA

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

	<u>2020</u>	<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) %	1.465%	1.453%	1.447%	1.416%	1.480%	1.369%	1.315%
County's proportionate share of the net pension liability (asset) \$	\$40,001,726	\$34,470,129	\$22,112,110	\$30,045,897	\$6,662,167	\$(8,076,454)	\$15,844,773
County's covered payroll	\$97,617,233	\$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	40.98%	37.96%	25.57%	34.99%	8.47%	-10.71%	22.41%
Plan fiduciary net position as a percentage of the total pension liability	90.68%	94.18%	91.47%	98.09%	98.79%	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 SEVEN FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 9,379,670	\$ 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>9,379,670</u>	<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>	<u>\$ -</u>
County's covered payroll	\$ 101,171,578	\$ 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	9.27%	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 SEVEN FISCAL YEARS *

	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset) %	2.300%	2.630%	2.746%	2.747%	2.600%	2.496%	2.590%
County's proportionate share of the net pension liability (asset) \$	\$ (454,072)	\$ (435,537)	\$ (468,669)	\$ (513,646)	\$ (602,489)	\$ (565,854)	\$ (553,265)
County's covered payroll	\$ 95,011	\$ 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	-477.92%	-566.45%	-566.45%	-641.34%	-832.70%	-976.20%	-930.64%
Plan fiduciary net position as a percentage of the total pension liability	164.11%	153.77%	160.17%	197.29%	193.88%	190.50%	188.75%

* 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 SEVEN FISCAL YEARS *

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 9,025	\$ 7,420	\$ 6,780	\$ 6,056	\$ 5,406	\$ 5,115	\$ 4,098
Contributions in relation to the							
contractually required contribution	<u>26,572</u>	<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>\$ (17,547)</u>	<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	\$ 100,279	\$ 95,011	\$ 89,679	\$ 82,738	\$ 80,090	\$ 72,354	\$ 57,965
Contributions as a percentage of							
covered payroll	26.50%	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 FOUR FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 11,009,837	\$ 10,390,651	\$ 9,025,548	\$ 8,764,750
Service cost	603,012	614,883	512,697	525,336
Interest on the total pension liability	391,821	322,043	341,465	306,832
Differences between expected and actual experience in the measurement of the total pension liability	581,845	544,177	160,396	-
Changes of assumptions or other inputs	398,504	(463,105)	709,164	(231,341)
Benefit payments	<u>(491,024)</u>	<u>(398,812)</u>	<u>(358,619)</u>	<u>(340,029)</u>
Ending balance of the total pension liability	<u>\$ 12,493,995</u>	<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 FOUR FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 12,493,995	\$ 11,009,837	\$ 10,390,651	\$ 9,025,548
Covered payroll	24,588,856	23,222,223	21,990,856	21,309,047
Total pension liability as a percentage of covered payroll	50.81%	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 THREE FISCAL YEARS**

Total OPEB Liability	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 17,106,521	\$ 16,612,112	\$ 19,209,269
Interest	13,495,861	11,388,098	10,060,854
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(1,814,873)	32,549,043	747,780
Changes in assumptions or other inputs	32,273,649	(30,866,839)	(40,871,684)
Benefit payments	<u>(2,146,508)</u>	<u>(3,117,721)</u>	<u>(3,887,607)</u>
Net change in total OPEB liability	58,914,650	26,564,693	(14,741,388)
Total OPEB liability - beginning	<u>348,000,326</u>	<u>321,435,633</u>	<u>336,177,021</u>
Total OPEB liability - ending	<u>\$ 406,914,976</u>	<u>\$ 348,000,326</u>	<u>\$ 321,435,633</u>
Covered payroll	\$ 83,418,661	\$ 83,418,661	\$ 75,788,365
Total OPEB liability as a percentage of covered payroll	487.80%	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%
2020	3.50%

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, 2020

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Cash and investments	\$ 8,437,054	\$ 20,749,720	\$ 29,186,774
Restricted cash	77,634	8,569,650	8,647,284
Receivables:			
Intergovernmental	923,493	1,352,817	2,276,310
Other sources, net	433,052	-	433,052
Inventory	26,346	-	26,346
Prepays	21,364	-	21,364
Total assets	<u>\$ 9,918,943</u>	<u>\$ 30,672,187</u>	<u>\$ 40,591,130</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 675,865	\$ 4,589,871	\$ 5,265,736
Interfund loans	28,635	490,501	519,136
Total liabilities	<u>704,500</u>	<u>5,080,372</u>	<u>5,784,872</u>
Deferred Inflows of Resources			
Taxes receivable	177,478	-	177,478
Total deferred inflows of resources	<u>177,478</u>	<u>-</u>	<u>177,478</u>
Fund Balances:			
Non-spendable	47,710	-	47,710
Restricted:			
Stabilization for State statute	1,404,418	9,650,840	11,055,258
Restricted, all other	6,860,160	4,762,838	11,622,998
Committed	-	8,179	8,179
Assigned	769,460	-	769,460
Unassigned	(44,783)	11,169,958	11,125,175
Total fund balances	<u>9,036,965</u>	<u>25,591,815</u>	<u>34,628,780</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,918,943</u>	<u>\$ 30,672,187</u>	<u>\$ 40,591,130</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, 2020

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Taxes	\$ 14,800,873	\$ -	\$ 14,800,873
Intergovernmental revenues	134,023	7,541,870	7,675,893
Charges for services	1,722,727	-	1,722,727
Investment earnings	131,539	179,736	311,275
Net decrease in fair value of investments	(108,190)	-	(108,190)
Miscellaneous	51,467	-	51,467
Total revenues	<u>16,732,439</u>	<u>7,721,606</u>	<u>24,454,045</u>
Expenditures:			
Current:			
Public safety	14,143,662	-	14,143,662
Culture and recreation	1,541,754	-	1,541,754
Capital outlay	1,347,629	24,904,576	26,252,205
Debt service:			
Installment debt payments	1,473,059	-	1,473,059
Total expenditures	<u>18,506,104</u>	<u>24,904,576</u>	<u>43,410,680</u>
Revenues over (under) expenditures	<u>(1,773,665)</u>	<u>(17,182,970)</u>	<u>(18,956,635)</u>
Other Financing Sources (Uses):			
Long-term debt issued	574,041	31,520,000	32,094,041
Premium on long-term debt issued	92,404	4,641,647	4,734,051
Sale of capital assets	42,830	1,240,000	1,282,830
Transfers to other funds	-	(891,338)	(891,338)
Transfers from other funds	1,576,682	1,460,051	3,036,733
Total other financing sources (uses)	<u>2,285,957</u>	<u>37,970,360</u>	<u>40,256,317</u>
Net change in fund balances	512,292	20,787,390	21,299,682
Fund Balances:			
Beginning of year - July 1	<u>8,524,673</u>	<u>4,804,425</u>	<u>13,329,098</u>
End of year - June 30	<u>\$ 9,036,965</u>	<u>\$ 25,591,815</u>	<u>\$ 34,628,780</u>

NEW HANOVER COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
 JUNE 30, 2020

	Special Fire District	Local Law Enforcement Block Grant	Emergency Telephone System Grant	Revolving Loan Program
Assets:				
Cash and investments	\$ 2,922,683	\$ -	\$ 509,173	\$ 102,724
Restricted cash	-	-	-	-
Receivables:				
Intergovernmental	866,688	56,805	-	-
Other sources, net	252,333	-	54,409	-
Inventory	-	-	-	-
Prepays	-	-	-	-
Total assets	<u>\$ 4,041,704</u>	<u>\$ 56,805</u>	<u>\$ 563,582</u>	<u>\$ 102,724</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 443,806	\$ 11,198	\$ 113,858	\$ -
Interfund loans	-	28,635	-	-
Total liabilities	<u>443,806</u>	<u>39,833</u>	<u>113,858</u>	<u>-</u>
Deferred Inflows of Resources				
Taxes receivable	<u>177,478</u>	-	-	-
Total deferred inflows of resources	<u>177,478</u>	-	-	-
Fund Balances:				
Non-spendable:				
Inventory	-	-	-	-
Prepays	-	-	-	-
Restricted:				
Stabilization for State statute	1,159,511	61,755	54,409	2,433
Restricted, all other	1,684,051	-	303,004	-
Committed	-	-	-	-
Assigned	576,858	-	92,311	100,291
Unassigned	-	(44,783)	-	-
Total fund balances	<u>3,420,420</u>	<u>16,972</u>	<u>449,724</u>	<u>102,724</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,041,704</u>	<u>\$ 56,805</u>	<u>\$ 563,582</u>	<u>\$ 102,724</u>

NEW HANOVER COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
 JUNE 30, 2020

	Parks Conservancy of NHC	Airlie Gardens Foundation, Inc.	Public Health Foundation	Total Nonmajor Special Revenue Governmental Funds
Assets:				
Cash and investments	\$ -	\$ 4,902,474	\$ -	\$ 8,437,054
Restricted cash	56,201	-	21,433	77,634
Receivables:				
Intergovernmental	-	-	-	923,493
Other sources, net	-	126,310	-	433,052
Inventory	-	26,346	-	26,346
Prepays	-	21,364	-	21,364
Total assets	<u>\$ 56,201</u>	<u>\$ 5,076,494</u>	<u>\$ 21,433</u>	<u>\$ 9,918,943</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ 107,003	\$ -	\$ 675,865
Interfund loans	-	-	-	28,635
Total liabilities	<u>-</u>	<u>107,003</u>	<u>-</u>	<u>704,500</u>
Deferred Inflows of Resources				
Taxes receivable	-	-	-	177,478
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>177,478</u>
Fund Balances:				
Non-spendable:				
Inventory	-	26,346	-	26,346
Prepays	-	21,364	-	21,364
Restricted:				
Stabilization for State statute	-	126,310	-	1,404,418
Restricted, all other	56,201	4,795,471	21,433	6,860,160
Committed	-	-	-	-
Assigned	-	-	-	769,460
Unassigned	-	-	-	(44,783)
Total fund balances	<u>56,201</u>	<u>4,969,491</u>	<u>21,433</u>	<u>9,036,965</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 56,201</u>	<u>\$ 5,076,494</u>	<u>\$ 21,433</u>	<u>\$ 9,918,943</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, 2020

	Special Fire District	Local Law Enforcement Block Grant	Emergency Telephone System Grant	Revolving Loan Program
Revenues:				
Taxes:				
Ad valorem, including interest	\$ 10,821,349	\$ -	\$ -	\$ -
Other taxes	3,326,614	-	652,910	-
Total taxes	14,147,963	-	652,910	-
Charges for services	17,387	-	-	-
Intergovernmental revenues	77,218	56,805	-	-
Investment earnings	30,389	297	5,892	1,266
Net decrease in fair value of investments	-	-	-	-
Miscellaneous	24,016	-	-	16,251
Total revenues	14,296,973	57,102	658,802	17,517
Expenditures:				
Current:				
Operating costs	13,378,347	56,805	708,410	-
Capital outlay	1,347,629	-	-	-
Debt service:				
Installment debt payments	1,473,059	-	-	-
Total expenditures	16,199,035	56,805	708,410	-
Revenues over (under) expenditures	(1,902,062)	297	(49,608)	17,517
Other Financing Sources (Uses):				
Long-term debt issued	574,041	-	-	-
Premium on long-term debt issuance	92,404	-	-	-
Insurance claim proceeds	42,830	-	-	-
Transfer from other funds	1,576,682	-	-	-
Total other financing sources (uses)	2,285,957	-	-	-
Net change in fund balances	383,895	297	(49,608)	17,517
Fund Balances:				
Beginning of year - July 1	3,036,525	16,675	499,332	85,207
End of year - June 30	\$ 3,420,420	\$ 16,972	\$ 449,724	\$ 102,724

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, 2020

	Parks Conservancy of NHC	Airlie Gardens Foundation, Inc.	Public Health Foundation	Total Nonmajor Special Revenue Governmental Funds
Revenues:				
Taxes:				
Ad valorem, including interest	\$ -	\$ -	\$ -	\$ 10,821,349
Other taxes	-	-	-	3,979,524
Total taxes	-	-	-	14,800,873
Charges for services	-	1,705,340	-	1,722,727
Intergovernmental revenues	-	-	-	134,023
Investment earnings	15	93,680	-	131,539
Net decrease in fair value of investments	-	(108,190)	-	(108,190)
Miscellaneous	11,200	-	-	51,467
Total revenues	11,215	1,690,830	-	16,732,439
Expenditures:				
Current:				
Operating costs	5,857	1,535,897	100	15,685,416
Capital outlay	-	-	-	1,347,629
Debt service:				
Installment debt payments	-	-	-	1,473,059
Total expenditures	5,857	1,535,897	100	18,506,104
Revenues over (under) expenditures	5,358	154,933	(100)	(1,773,665)
Other Financing Sources (Uses):	-	-	-	-
Long-term debt issued	-	-	-	574,041
Premium on long-term debt issuance	-	-	-	92,404
Insurance claim proceeds	-	-	-	42,830
Transfer from other funds	-	-	-	1,576,682
Total other financing sources (uses)	-	-	-	2,285,957
Net change in fund balances	5,358	154,933	(100)	512,292
Fund Balances:				
Beginning of year - July 1	50,843	4,814,558	21,533	8,524,673
End of year - June 30	\$ 56,201	\$ 4,969,491	\$ 21,433	\$ 9,036,965

NEW HANOVER COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECT GOVERNMENTAL FUNDS
 JUNE 30, 2020

	Juvenile Justice Facility Capital Project	Public School Building Capital Fund Project	Controlled Substance Tax Capital Project	Federal Forfeited Property Capital Project	Masons Inlet Relocation Capital Project
Assets:					
Cash and investments	\$ -	\$ -	\$ 81,317	\$ 601,450	\$ 4,280,866
Restricted cash	8,569,650	-	-	-	-
Receivables:					
Intergovernmental	-	889,082	-	795	-
Total assets	<u>\$ 8,569,650</u>	<u>\$ 889,082</u>	<u>\$ 81,317</u>	<u>\$ 602,245</u>	<u>\$ 4,280,866</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ 1,422,613	\$ 889,082	\$ 2,540	\$ 8,117	\$ 5,649
Interfund loans	-	-	-	-	-
Total liabilities	<u>1,422,613</u>	<u>889,082</u>	<u>2,540</u>	<u>8,117</u>	<u>5,649</u>
Fund Balances:					
Restricted:					
Stabilization for State statute	6,355,663	889,082	-	92,808	92,476
Restricted, all other	-	-	78,777	501,320	4,182,741
Committed	-	-	-	-	-
Unassigned	<u>791,374</u>	<u>(889,082)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>7,147,037</u>	<u>-</u>	<u>78,777</u>	<u>594,128</u>	<u>4,275,217</u>
Total liabilities and fund balances	<u>\$ 8,569,650</u>	<u>\$ 889,082</u>	<u>\$ 81,317</u>	<u>\$ 602,245</u>	<u>\$ 4,280,866</u>

NEW HANOVER COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECT GOVERNMENTAL FUNDS
 JUNE 30, 2020

	Bike/ Pedestrian Paths Capital Project	Capital Improvement Projects Capital Project	Special Fire District Revenue Improvement Projects Capital Project	Healing Transition Facility Capital Project	Airport Terminal Expansion Capital Project	Nonmajor Capital Project Governmental Funds
Assets:						
Cash and investments	\$ 251,613	\$ 2,043,714	\$ 8,179	\$ -	\$ 13,482,581	\$ 20,749,720
Restricted cash	-	-	-	-	-	8,569,650
Receivables:						
Intergovernmental	-	462,940	-	-	-	1,352,817
Total assets	<u>\$ 251,613</u>	<u>\$ 2,506,654</u>	<u>\$ 8,179</u>	<u>\$ -</u>	<u>\$ 13,482,581</u>	<u>\$ 30,672,187</u>
Liabilities and Fund Balances:						
Liabilities:						
Accounts payable and accrued liabilities	\$ 55,131	\$ 1,009,508	\$ -	\$ -	\$ 1,197,231	\$ 4,589,871
Interfund loans	-	-	-	490,501	-	490,501
Total liabilities	<u>55,131</u>	<u>1,009,508</u>	<u>-</u>	<u>490,501</u>	<u>1,197,231</u>	<u>5,080,372</u>
Fund Balances:						
Restricted:						
Stabilization for State statute	307,477	1,913,334	-	-	-	9,650,840
Restricted, all other	-	-	-	-	-	4,762,838
Committed	-	-	8,179	-	-	8,179
Unassigned	(110,995)	(416,188)	-	(490,501)	12,285,350	11,169,958
Total fund balances	<u>196,482</u>	<u>1,497,146</u>	<u>8,179</u>	<u>(490,501)</u>	<u>12,285,350</u>	<u>25,591,815</u>
Total liabilities and fund balances	<u>\$ 251,613</u>	<u>\$ 2,506,654</u>	<u>\$ 8,179</u>	<u>\$ -</u>	<u>\$ 13,482,581</u>	<u>\$ 30,672,187</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, 2020

	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	\$ -	\$ -	\$ 2,072,397	\$ -	\$ 126,485	\$ 769,659	\$ 3,288,168
Investment earnings	34,595	-	-	-	617	5,527	89,501
Total revenues	34,595	-	2,072,397	-	127,102	775,186	3,377,669
Expenditures:							
Supplies	-	-	-	-	55,178	202,569	-
Bond issuance costs	148,933	-	-	2,773	-	-	-
Capital outlay	8,809,173	-	2,072,397	16,841	34,765	127,114	7,298,644
Contracted services	-	-	-	-	-	13,119	-
Total expenditures	8,958,106	-	2,072,397	19,614	89,943	342,802	7,298,644
Revenues over (under) expenditures	(8,923,511)	-	-	(19,614)	37,159	432,384	(3,920,975)
Other Financing Sources (Uses):							
Long-term debt issued	14,645,000	-	-	-	-	-	-
Premium on long-term debt issuance	2,406,043	-	-	-	-	-	-
Gain on disposal of capital assets	-	-	-	1,240,000	-	-	-
Transfers to other funds	-	(24,321)	-	(71,337)	-	(2,767)	-
Transfers from other funds	-	-	-	-	-	-	629,051
Total other financing sources (uses)	17,051,043	(24,321)	-	1,168,663	-	(2,767)	629,051
Net change in fund balances	8,127,532	(24,321)	-	1,149,049	37,159	429,617	(3,291,924)
Fund Balances:							
Beginning of year - July 1	(980,495)	24,321	-	(1,149,049)	41,618	164,511	7,567,141
End of year - June 30	\$ 7,147,037	\$ -	\$ -	\$ -	\$ 78,777	\$ 594,128	\$ 4,275,217

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, 2020

	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	Airport Terminal Expansion Capital Project	Total Nonmajor Capital Project Governmental Funds
Revenues:									
Intergovernmental revenues	\$ 553,132	\$ -	\$ -	\$ 732,029	\$ -	\$ -	\$ -	\$ -	\$ 7,541,870
Investment earnings	918	948	1,310	10,197	111	3	-	36,009	179,736
Total revenues	554,050	948	1,310	742,226	111	3	-	36,009	7,721,606
Expenditures:									
Supplies	-	-	-	-	-	-	-	-	257,747
Bond issuance costs	-	-	-	40,889	-	-	-	127,993	320,588
Capital outlay	129,038	-	-	3,469,458	-	1,213	248,966	2,105,513	24,313,122
Contracted services	-	-	-	-	-	-	-	-	13,119
Total expenditures	129,038	-	-	3,510,347	-	1,213	248,966	2,233,506	24,904,576
Revenues over (under) expenditures	425,012	948	1,310	(2,768,121)	111	(1,210)	(248,966)	(2,197,497)	(17,182,970)
Other Financing Sources (Uses):									
Long-term debt issued	-	-	-	4,085,000	-	-	-	12,790,000	31,520,000
Premium on long-term debt issuance	-	-	-	542,757	-	-	-	1,692,847	4,641,647
Gain on disposal of capital assets	-	-	-	-	-	-	-	-	1,240,000
Transfers to other funds	-	(61,617)	(101,160)	(600,000)	-	(30,136)	-	-	(891,338)
Transfers from other funds	151,000	-	-	680,000	-	-	-	-	1,460,051
Total other financing sources (uses)	151,000	(61,617)	(101,160)	4,707,757	-	(30,136)	-	14,482,847	37,970,360
Net change in fund balances	576,012	(60,669)	(99,850)	1,939,636	111	(31,346)	(248,966)	12,285,350	20,787,390
Fund Balances:									
Beginning of year - July 1	(379,530)	60,669	99,850	(442,490)	8,068	31,346	(241,535)	-	4,804,425
End of year - June 30	\$ 196,482	\$ -	\$ -	\$ 1,497,146	\$ 8,179	\$ -	\$ (490,501)	\$ 12,285,350	\$ 25,591,815

NEW HANOVER COUNTY, NORTH CAROLINA

GENERAL FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Assets:		
Cash and investments	\$ 86,731,567	\$ 80,262,003
Receivables:		
Interfund loans	1,391,963	3,094,731
Intergovernmental	27,090,576	24,413,666
Other sources, net	6,734,258	4,499,411
Due from component units	512,963	504,049
Inventory	8,401	9,929
Prepays	154,743	85,674
	<u> </u>	<u> </u>
Total assets	<u>\$ 122,624,471</u>	<u>\$ 112,869,463</u>
Liabilities and Fund Balances:		
Liabilities:		
Accounts payable and accrued liabilities	\$ 12,450,396	\$ 12,665,021
Advances from grantor	124,672	405,956
	<u> </u>	<u> </u>
Total liabilities	<u>12,575,068</u>	<u>13,070,977</u>
Deferred Inflows of Resources		
Prepaid property taxes not yet earned	383,771	339,869
Taxes receivable	2,999,660	1,879,091
Scattered site/SARF receivables	55,181	132,981
Health PCM receivable	-	47,305
	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>3,438,612</u>	<u>2,399,246</u>
Fund Balances:		
Non-spendable:		
Inventory	8,401	9,929
Prepays	154,743	85,674
Restricted:		
Stabilization for State statute	36,094,513	34,445,640
Register of Deeds	165,669	271,537
Committed:		
LEO Special Separation Allowance	3,703,365	3,391,592
Assigned:		
Subsequent years' expenditures	4,815,988	2,237,481
Post-employment benefits	4,564,437	4,300,000
Capital improvement plan	750	750
Unassigned	57,102,925	52,656,637
	<u> </u>	<u> </u>
Total fund balances	<u>106,610,791</u>	<u>97,399,240</u>
Total liabilities and fund balances	<u>\$ 122,624,471</u>	<u>\$ 112,869,463</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, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Taxes:				
Ad valorem taxes	\$ 171,253,482	\$ 171,881,186	\$ 627,704	\$ 170,067,117
Other	66,560,983	66,881,816	320,833	66,994,670
Total taxes	237,814,465	238,763,002	948,537	237,061,787
Special assessments	180	-	(180)	-
Intergovernmental revenue	53,308,668	52,078,166	(1,230,502)	44,923,524
Charges for services	12,688,485	12,238,213	(450,272)	11,878,928
Investment earnings	1,600,000	1,503,313	(96,687)	1,985,146
Miscellaneous	1,000,202	606,069	(394,133)	722,342
Total revenues	306,412,000	305,188,763	(1,223,237)	296,571,727
Expenditures:				
Current:				
General government	56,637,170	46,924,764	9,712,406	44,044,846
Human services	57,403,525	53,973,512	3,430,013	51,412,360
Public safety	80,334,705	76,131,610	4,203,095	73,763,958
Economic and physical development	3,784,066	2,513,740	1,270,326	1,789,784
Culture and recreation	12,954,234	12,384,300	569,934	13,085,516
Education - community college	11,027,248	11,027,248	-	10,852,593
Education - public schools	81,854,372	81,854,372	-	82,521,692
Total expenditures	303,995,320	284,809,546	19,185,774	277,470,749
Revenues over (under) expenditures	2,416,680	20,379,217	17,962,537	19,100,978
Other Financing Sources (Uses):				
Long term debt issued	4,917,805	4,415,959	(501,846)	3,177,967
Premium on long-term debt issuance	-	560,897	560,897	-
Sales of capital assets	648,080	460,484	(187,596)	73,581
Insurance claim proceeds	40,304	641,631	601,327	524,497
Transfers from other funds	628,895	631,661	2,766	943,435
Transfer to other funds	(18,158,298)	(17,878,298)	280,000	(32,983,451)
Appropriated fund balance	9,506,534	-	(9,506,534)	-
Total other financing sources (uses)	(2,416,680)	(11,167,666)	(8,750,986)	(28,263,971)
Net change in fund balances	\$ -	9,211,551	\$ 9,211,551	(9,162,993)
Fund Balances:				
Beginning of year - July 1		97,416,034		106,579,027
End of year - June 30		\$ 106,627,585		\$ 97,416,034

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, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Investment earnings	\$ -	\$ -	\$ -	\$ 5,728
Total revenues	-	-	-	5,728
Expenditures:				
Current:				
Payments to schools:				
Operating expenditures	-	-	-	-
Capital expenditures	-	-	-	-
Total expenditures	-	-	-	-
Revenues over (under) expenditures	-	-	-	5,728
Other Financing Sources (Uses):				
Transfers from other funds	-	-	-	-
Transfer to other funds	-	-	-	(650,000)
Appropriated fund balance	-	-	-	-
Total other financing sources (uses)	-	-	-	(650,000)
Net change in fund balance	\$ -	-	\$ -	(644,272)
Fund Balance:				
Beginning of year - July 1		(16,794)		627,478
End of year - June 30		<u>\$ (16,794)</u>		<u>\$ (16,794)</u>

NEW HANOVER COUNTY, NORTH CAROLINA

DEBT SERVICE FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Assets:		
Cash and investments	\$ -	\$ 2,977,424
Receivables:		
Intergovernmental	3,707,235	4,022,927
Other sources, net	<u>177,426</u>	<u>131,784</u>
Total assets	<u>\$ 3,884,661</u>	<u>\$ 7,132,135</u>
Liabilities and Fund Balance:		
Liabilities:		
Interfund loan	\$ 872,827	\$ -
Total liabilities	<u>872,827</u>	<u>-</u>
Fund Balance:		
Restricted:		
Stabilization by State statute	3,884,661	4,154,711
Assigned:		
Subsequent years' expenditures	-	2,977,424
Unassigned	<u>(872,827)</u>	<u>-</u>
Total fund balance	<u>3,011,834</u>	<u>7,132,135</u>
Total liabilities and fund balance	<u>\$ 3,884,661</u>	<u>\$ 7,132,135</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, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Taxes:				
Ad valorem taxes	\$ 22,382,252	\$ 22,653,539	\$ 271,287	\$ 22,342,017
Other	14,704,883	14,290,926	(413,957)	14,407,266
Total taxes	37,087,135	36,944,465	(142,670)	36,749,283
Intergovernmental revenue	3,841,240	3,846,628	5,388	3,952,257
Investment earnings	-	12,935	12,935	9,349
Total revenues	40,928,375	40,804,028	(124,347)	40,710,889
Expenditures:				
Debt service:				
Principal	33,745,000	33,745,000	-	29,715,000
Interest and fees	14,244,798	14,032,537	212,261	13,474,353
Installment lease payments	12,316,278	11,569,085	747,193	10,551,936
Total expenditures	60,306,076	59,346,622	959,454	53,741,289
Revenues over (under) expenditures	(19,377,701)	(18,542,594)	835,107	(13,030,400)
Other Financing Sources (Uses):				
Transfer from other funds	14,422,358	14,422,293	(65)	14,723,904
Appropriated fund balance	4,955,343	-	(4,955,343)	-
Total other financing sources (uses)	19,377,701	14,422,293	(4,955,408)	14,723,904
Net change in fund balance	\$ -	(4,120,301)	\$ (4,120,301)	1,693,504
Fund Balance:				
Beginning of year - July 1		7,132,135		5,438,631
End of year - June 30		\$ 3,011,834		\$ 7,132,135

NEW HANOVER COUNTY, NORTH CAROLINA

ROOM OCCUPANCY TAX FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Assets:		
Cash and investments	\$ 45,861,394	\$ 41,875,001
Receivables:		
Other sources, net	<u>1,210,404</u>	<u>1,246,018</u>
Total assets	<u>\$ 47,071,798</u>	<u>\$ 43,121,019</u>
Liabilities and Fund Balance:		
Liabilities:		
Due to component unit	<u>\$ 723,322</u>	<u>\$ 748,738</u>
Total liabilities	<u>723,322</u>	<u>748,738</u>
Deferred Inflows of Resources		
Taxes receivable	(3,852)	(3,827)
Special assessments receivable	<u>166,256</u>	<u>272,518</u>
Total deferred inflows of resources	<u>162,404</u>	<u>268,691</u>
Fund Balance:		
Restricted:		
Economic and physical development	44,832,107	40,683,094
Stabilization by State statute	<u>1,353,965</u>	<u>1,420,496</u>
Total fund balance	<u>46,186,072</u>	<u>42,103,590</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 47,071,798</u>	<u>\$ 43,121,019</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, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Room occupancy taxes	\$ 6,590,762	\$ 6,119,764	\$ (470,998)	\$ 7,152,943
Special assessments	366,062	118,929	(247,133)	3,526,540
Intergovernmental revenue	230,000	2,013,120	1,783,120	3,290,000
Investment earnings	-	611,821	611,821	665,851
Total revenues	<u>7,186,824</u>	<u>8,863,634</u>	<u>1,676,810</u>	<u>14,635,334</u>
Expenditures:				
Current:				
Collection fee to New Hanover County	94,350	91,750	2,600	91,750
Tourism distributions to TDA and municipalities	2,590,674	2,392,794	197,880	3,159,795
Erosion control	<u>3,872,749</u>	<u>1,667,557</u>	<u>2,205,192</u>	<u>306,651</u>
Total expenditures	<u>6,557,773</u>	<u>4,152,101</u>	<u>2,405,672</u>	<u>3,558,196</u>
Revenues over (under) expenditures	<u>629,051</u>	<u>4,711,533</u>	<u>4,082,482</u>	<u>11,077,138</u>
Other Financing Sources (Uses):				
Transfer to other funds	<u>(629,051)</u>	<u>(629,051)</u>	-	<u>(6,505,000)</u>
Total other financing sources (uses)	<u>(629,051)</u>	<u>(629,051)</u>	-	<u>(6,505,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>4,082,482</u>	<u>\$ 4,082,482</u>	<u>4,572,138</u>
Fund Balance:				
Beginning of year - July 1		<u>42,103,590</u>		<u>37,531,452</u>
End of year - June 30		<u>\$ 46,186,072</u>		<u>\$ 42,103,590</u>

NEW HANOVER COUNTY, NORTH CAROLINA

SPECIAL FIRE DISTRICT FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Assets:		
Cash and investments	\$ 2,922,683	\$ 2,431,585
Receivables:		
Intergovernmental	866,688	923,970
Other sources, net	<u>252,333</u>	<u>223,072</u>
Total assets	<u><u>\$ 4,041,704</u></u>	<u><u>\$ 3,578,627</u></u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable and accrued liabilities	<u>\$ 443,806</u>	<u>\$ 403,868</u>
Total liabilities	<u>443,806</u>	<u>403,868</u>
Deferred Inflows of Resources		
Taxes receivable	<u>177,478</u>	<u>138,234</u>
Total deferred inflows of resources	<u>177,478</u>	<u>138,234</u>
Fund Balance:		
Restricted:		
Stabilization by State statute	1,159,511	1,235,322
Public safety	1,684,051	1,801,203
Assigned:		
Subsequent years' expenditures	<u>576,858</u>	<u>-</u>
Total fund balance	<u>3,420,420</u>	<u>3,036,525</u>
Total liabilities, deferred inflows of resources, and fund balance	<u><u>\$ 4,041,704</u></u>	<u><u>\$ 3,578,627</u></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, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad valorem taxes, including interest	\$ 10,425,149	\$ 10,821,349	\$ 396,200	\$ 10,424,345
Other taxes	3,476,586	3,326,614	(149,972)	3,285,962
Miscellaneous	8,496	24,016	15,520	26,448
Intergovernmental revenue	130,645	77,218	(53,427)	-
Charges for services	64,448	17,387	(47,061)	64,689
Investment earnings	20,000	30,389	10,389	39,018
Total revenues	<u>14,125,324</u>	<u>14,296,973</u>	<u>171,649</u>	<u>13,840,462</u>
Expenditures:				
Current:				
Operating expenditures	13,922,965	13,378,347	544,618	12,441,785
Capital outlay	1,327,487	1,347,629	(20,142)	855,637
Installment debt payments	1,476,257	1,473,059	3,198	1,355,603
Total expenditures	<u>16,726,709</u>	<u>16,199,035</u>	<u>527,674</u>	<u>14,653,025</u>
Revenues over (under) expenditures	<u>(2,601,385)</u>	<u>(1,902,062)</u>	<u>699,323</u>	<u>(812,563)</u>
Other Financing Sources (Uses):				
Appropriated fund balance	58,143	-	(58,143)	-
Long-term debt issued	686,560	574,041	(112,519)	587,507
Premium on long-term debt issuance	-	92,404	92,404	-
Insurance claim proceeds	-	42,830	42,830	40,729
Transfer from other funds	1,856,682	1,576,682	(280,000)	1,146,381
Transfer to other funds	-	-	-	(250,925)
Total other financing sources (uses)	<u>2,601,385</u>	<u>2,285,957</u>	<u>(315,428)</u>	<u>1,523,692</u>
Net change in fund balance	<u>\$ -</u>	<u>383,895</u>	<u>\$ 383,895</u>	<u>711,129</u>
Fund Balance:				
Beginning of year - July 1		<u>3,036,525</u>		<u>2,325,396</u>
End of year - June 30		<u>\$ 3,420,420</u>		<u>\$ 3,036,525</u>

NEW HANOVER COUNTY, NORTH CAROLINA

LOCAL LAW ENFORCEMENT BLOCK GRANT FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Assets:		
Cash and investments	\$ -	\$ 16,675
Receivables:		
Intergovernmental	56,805	-
Total assets	<u>\$ 56,805</u>	<u>\$ 16,675</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 11,198	\$ -
Interfund loan	28,635	-
Total liabilities	<u>39,833</u>	<u>-</u>
Fund Balance:		
Restricted:		
Stabilization by State statute	\$ 61,755	\$ -
Public safety	-	16,675
Unassigned	(44,783)	-
Total fund balance	<u>16,972</u>	<u>16,675</u>
Total liabilities and fund balance	<u>\$ 56,805</u>	<u>\$ 16,675</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, 2020
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Intergovernmental revenue	\$ 132,963	\$ 56,805	\$ (76,158)	\$ -
Investment earnings	-	297	297	275
Total revenues	<u>132,963</u>	<u>57,102</u>	<u>(75,861)</u>	<u>275</u>
Expenditures:				
Current:				
Operating expenditures	<u>132,963</u>	<u>56,805</u>	<u>76,158</u>	<u>-</u>
Total expenditures	<u>132,963</u>	<u>56,805</u>	<u>76,158</u>	<u>-</u>
Revenues over (under) expenditures	<u>-</u>	<u>297</u>	<u>297</u>	<u>275</u>
Net change in fund balance	<u>\$ -</u>	<u>297</u>	<u>\$ 297</u>	<u>275</u>
Fund Balance:				
Beginning of year - July 1		<u>16,675</u>		<u>16,400</u>
End of year - June 30		<u>\$ 16,972</u>		<u>\$ 16,675</u>

NEW HANOVER COUNTY, NORTH CAROLINA

EMERGENCY TELEPHONE SYSTEM FUND - ARTICLE 3

COMPARATIVE BALANCE SHEET

JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Assets:		
Cash and investments	\$ 509,173	\$ 495,345
Receivables:		
Other sources, net	<u>54,409</u>	<u>48,876</u>
Total assets	<u>\$ 563,582</u>	<u>\$ 544,221</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	<u>\$ 113,858</u>	<u>\$ 44,889</u>
Total liabilities	<u>113,858</u>	<u>44,889</u>
Fund Balance:		
Restricted:		
Public safety	303,004	444,534
Stabilization by State statute	54,409	54,798
Assigned:		
Subsequent years' expenditures	<u>92,311</u>	<u>-</u>
Total fund balance	<u>449,724</u>	<u>499,332</u>
Total liabilities and fund balance	<u>\$ 563,582</u>	<u>\$ 544,221</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, 2020
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Other taxes	\$ 652,910	\$ 652,910	\$ -	\$ 586,514
Investment earnings	-	5,892	5,892	7,730
Total revenues	652,910	658,802	5,892	594,244
Expenditures:				
Current:				
Operating expenditures	923,026	708,410	214,616	701,702
Total expenditures	923,026	708,410	214,616	701,702
Revenues over (under) expenditures	(270,116)	(49,608)	220,508	(107,458)
Other Financing Sources (Uses):				
Appropriated fund balance	270,116	-	(270,116)	-
Transfer to other funds	-	-	-	-
Total other financing sources (uses)	270,116	-	(270,116)	-
Net change in fund balance	\$ -	(49,608)	\$ (49,608)	(107,458)
Fund Balance:				
Beginning of year - July 1		499,332		606,790
End of year - June 30		\$ 449,724		\$ 499,332

NEW HANOVER COUNTY, NORTH CAROLINA

REVOLVING LOAN PROGRAM
COMPARATIVE BALANCE SHEET
JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Assets:		
Cash and investments	\$ 102,724	\$ 85,207
Total assets	<u>\$ 102,724</u>	<u>\$ 85,207</u>
Liabilities and Fund Balance:		
Fund Balance:		
Restricted:		
Stabilization by State statute	\$ 2,433	\$ -
Assigned:		
Revolving loans	86,291	85,207
Subsequent years' expenditures	<u>14,000</u>	<u>-</u>
Total fund balance	<u>102,724</u>	<u>85,207</u>
Total liabilities and fund balance	<u>\$ 102,724</u>	<u>\$ 85,207</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, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Miscellaneous revenue	\$ 10,000	\$ 16,251	\$ 6,251	\$ 4,900
Investment earnings	-	1,266	1,266	1,369
Total revenues	10,000	17,517	7,517	6,269
Expenditures:				
Current:				
Operating expenditures	24,000	-	24,000	-
Total expenditures	24,000	-	24,000	-
Revenues over (under) expenditures	(14,000)	17,517	31,517	6,269
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	\$ -	17,517	\$ 17,517	6,269
Fund Balance:				
Beginning of year - July 1		85,207		78,938
End of year - June 30		\$ 102,724		\$ 85,207

NEW HANOVER COUNTY, NORTH CAROLINA

PARKS CONSERVANCY OF NEW HANOVER COUNTY
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Assets:		
Restricted cash	\$ 56,201	\$ 50,843
Total assets	<u>\$ 56,201</u>	<u>\$ 50,843</u>
Liabilities and Fund Balance:		
Fund Balance:		
Restricted:		
Culture and recreation	\$ 56,201	\$ 50,843
Total fund balance	<u>56,201</u>	<u>50,843</u>
Total liabilities and fund balance	<u>\$ 56,201</u>	<u>\$ 50,843</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, 2020
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Contributions	\$ -	\$ 11,200	\$ 11,200	\$ 22,821
Investment earnings	-	15	15	43
Total revenues	-	11,215	11,215	22,864
Expenditures:				
Current:				
Operating expenditures	-	5,857	(5,857)	9,808
Total expenditures	-	5,857	(5,857)	9,808
Revenues over (under) expenditures	\$ -	5,358	\$ 5,358	13,056
Fund Balance:				
Beginning of year - July 1		50,843		37,787
End of year - June 30		\$ 56,201		\$ 50,843

NEW HANOVER COUNTY, NORTH CAROLINA

AIRLIE GARDENS FOUNDATION, INC.
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Assets:		
Cash and investments	\$ 4,902,474	\$ 4,815,099
Receivables:		
Other sources, net	126,310	81,187
Inventory	26,346	21,956
Prepays	21,364	15,959
Total assets	<u>\$ 5,076,494</u>	<u>\$ 4,934,201</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 107,003	\$ 119,643
Total liabilities	<u>107,003</u>	<u>119,643</u>
Fund Balance:		
Non-spendable:		
Inventory	26,346	21,956
Prepays	21,364	15,959
Restricted:		
Culture and recreation	4,795,471	4,695,456
Stabilization by State statute	126,310	81,187
Total fund balance	<u>4,969,491</u>	<u>4,814,558</u>
Total liabilities and fund balance	<u>\$ 5,076,494</u>	<u>\$ 4,934,201</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, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Public support and revenue	\$ -	\$ 1,705,340	\$ 1,705,340	\$ 1,843,070
Investment earnings	-	93,680	93,680	76,206
Net decrease in fair value of investments	-	(108,190)	(108,190)	75,206
Total revenues	-	1,690,830	1,690,830	1,994,482
Expenditures:				
Current:				
Operating expenditures	-	1,535,897	(1,535,897)	1,593,736
Total expenditures	-	1,535,897	(1,535,897)	1,593,736
Revenues over (under) expenditures	\$ -	154,933	\$ 154,933	400,746
Fund Balance:				
Beginning of year - July 1		4,814,558		4,413,812
End of year - June 30		\$ 4,969,491		\$ 4,814,558

NEW HANOVER COUNTY, NORTH CAROLINA

PUBLIC HEALTH FOUNDATION
COMPARATIVE BALANCE SHEET
JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Assets:		
Restricted cash	\$ 21,433	\$ 21,533
Total assets	<u>\$ 21,433</u>	<u>\$ 21,533</u>
Liabilities and Fund Balance:		
Fund Balance:		
Restricted:		
Human services	\$ 21,433	\$ 21,533
Total fund balance	<u>21,433</u>	<u>21,533</u>
Total liabilities and fund balance	<u>\$ 21,433</u>	<u>\$ 21,533</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, 2020
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	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		21,533		21,633
End of year - June 30		\$ 21,433		\$ 21,533

NEW HANOVER COUNTY, NORTH CAROLINA

\$164 MILLION CFCC BOND EXPENDITURE CAPITAL PROJECT FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Assets:		
Restricted cash	\$ 565,194	\$ 1,738,187
Total assets	<u>\$ 565,194</u>	<u>\$ 1,738,187</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 12,311	\$ 632,310
Total liabilities	<u>12,311</u>	<u>632,310</u>
Fund Balance:		
Restricted:		
Education	<u>552,883</u>	<u>1,105,877</u>
Total fund balance	<u>552,883</u>	<u>1,105,877</u>
Total liabilities and fund balance	<u>\$ 565,194</u>	<u>\$ 1,738,187</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, 2020

	Project	Actual		
	Authorization	Prior	Current	Total
		Years	Year	to Date
Revenues:				
Investment earnings	\$ 317,488	\$ 563,095	\$ 14,860	\$ 577,955
Total	<u>317,488</u>	<u>563,095</u>	<u>14,860</u>	<u>577,955</u>
Expenditures:				
Capital outlay:				
Bond issuance costs	57,744	57,744	-	57,744
Construction	<u>167,179,983</u>	<u>166,319,712</u>	<u>567,854</u>	<u>166,887,566</u>
Total expenditures	<u>167,237,727</u>	<u>166,377,456</u>	<u>567,854</u>	<u>166,945,310</u>
Revenues over (under) expenditures	<u>(166,920,239)</u>	<u>(165,814,361)</u>	<u>(552,994)</u>	<u>(166,367,355)</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>\$ 1,105,877</u>	<u>(552,994)</u>	<u>\$ 552,883</u>
Fund Balance:				
Beginning of year - July 1			<u>1,105,877</u>	
End of year - June 30			<u>\$ 552,883</u>	

NEW HANOVER COUNTY, NORTH CAROLINA

\$160M SCHOOL BOND EXPENDITURE CAPITAL PROJECT FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Assets:		
Restricted cash and investments	\$ 20,991,639	\$ 48,212,663
Receivables:		
Intergovernmental	<u>348,351</u>	<u>608,253</u>
Total assets	<u>\$ 21,339,990</u>	<u>\$ 48,820,916</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	<u>\$ 5,696,316</u>	<u>\$ 5,779,795</u>
Total liabilities	<u>5,696,316</u>	<u>5,779,795</u>
Fund Balance:		
Restricted:		
Stabilization by State statute	348,351	608,253
Education	<u>15,295,323</u>	<u>42,432,868</u>
Total fund balance	<u>15,643,674</u>	<u>43,041,121</u>
Total liabilities and fund balance	<u>\$ 21,339,990</u>	<u>\$ 48,820,916</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, 2020

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ -	\$ 1,398,597	\$ 497,817	\$ 1,896,414
Total revenues	-	1,398,597	497,817	1,896,414
Expenditures:				
Capital outlay:				
Bond issuance cost	461,572	366,772	114,691	481,463
Construction	165,313,300	119,995,521	31,602,566	151,598,087
Total expenditures	165,774,872	120,362,293	31,717,257	152,079,550
Revenues over (under) expenditures	(165,774,872)	(118,963,696)	(31,219,440)	(150,183,136)
Other Financing Sources (Uses):				
Long-term debt issued	160,000,000	147,240,000	3,355,000	150,595,000
Premiums on long-term debt issued	4,157,572	13,147,517	466,993	13,614,510
Transfers from other funds	1,617,300	1,617,300	-	1,617,300
Total other financing sources (uses)	165,774,872	162,004,817	3,821,993	165,826,810
Net change in fund balance	\$ -	\$ 43,041,121	(27,397,447)	\$ 15,643,674
Fund Balance:				
Beginning of year - July 1			43,041,121	
End of year - June 30			\$ 15,643,674	

NEW HANOVER COUNTY, NORTH CAROLINA

JUVENILE JUSTICE FACILITY CAPITAL PROJECT FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Assets:		
Restricted cash	\$ 8,569,650	\$ -
Total assets	<u>\$ 8,569,650</u>	<u>\$ -</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 1,422,613	\$ 236,657
Interfund loan	-	743,838
Total liabilities	<u>1,422,613</u>	<u>980,495</u>
Fund Balance:		
Restricted:		
Stabilization by State statute	6,355,663	511,186
Unassigned	791,374	(1,491,681)
Total fund balance	<u>7,147,037</u>	<u>(980,495)</u>
Total liabilities and fund balance	<u>\$ 8,569,650</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, 2020

	Project	Actual		
	Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ -	\$ -	\$ 34,595	\$ 34,595
Total revenues	-	-	34,595	34,595
Expenditures:				
Capital outlay:				
Bond issuance cost	161,944	-	148,933	148,933
Construction	16,894,912	980,495	8,809,173	9,789,668
Total expenditures	17,056,856	980,495	8,958,106	9,938,601
Revenues over (under) expenditures	(17,056,856)	(980,495)	(8,923,511)	(9,904,006)
Other Financing Sources (Uses):				
Long-term debt issued	17,056,856	-	14,645,000	14,645,000
Premiums on long-term debt issued	-	-	2,406,043	2,406,043
Total other financing sources (uses)	17,056,856	-	17,051,043	17,051,043
Net change in fund balance	\$ -	\$ (980,495)	8,127,532	\$ 7,147,037
Fund Balance:				
Beginning of year - July 1			(980,495)	
End of year - June 30			\$ 7,147,037	

NEW HANOVER COUNTY, NORTH CAROLINA

HERITAGE PARK AND MARQUIS HILLS SEWER EXPANSION CAPITAL PROJECT FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Assets:		
Cash and investments	\$ -	\$ 24,321
Total assets	<u>\$ -</u>	<u>\$ 24,321</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>
Fund Balance:		
Restricted:		
General Government	-	24,321
Unassigned	<u>-</u>	<u>-</u>
Total fund balance	<u>-</u>	<u>24,321</u>
Total liabilities and fund balance	<u>\$ -</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, 2020

	Project	Actual		
	Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ 508	\$ 507	\$ -	\$ 507
Total revenues	<u>508</u>	<u>507</u>	<u>-</u>	<u>507</u>
Expenditures:				
Capital outlay:				
Construction	<u>17,277,614</u>	<u>14,116,875</u>	<u>-</u>	<u>14,116,875</u>
Total expenditures	<u>17,277,614</u>	<u>14,116,875</u>	<u>-</u>	<u>14,116,875</u>
Revenues over (under) expenditures	<u>(17,277,106)</u>	<u>(14,116,368)</u>	<u>-</u>	<u>(14,116,368)</u>
Other Financing Sources (Uses):				
Long-term debt issued	16,962,184	13,801,445	-	13,801,445
Transfers from other funds	339,244	339,244	-	339,244
Transfers to other funds	<u>(24,322)</u>	<u>-</u>	<u>(24,321)</u>	<u>(24,321)</u>
Total other financing sources (uses)	<u>17,277,106</u>	<u>14,140,689</u>	<u>(24,321)</u>	<u>14,116,368</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 24,321</u>	<u>(24,321)</u>	<u>\$ -</u>
Fund Balance:				
Beginning of year - July 1			<u>24,321</u>	
End of year - June 30			<u>\$ -</u>	

NEW HANOVER COUNTY, NORTH CAROLINA

PUBLIC SCHOOL BUILDING CAPITAL FUND CAPITAL PROJECT FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Assets:		
Receivables:		
Intergovernmental	\$ 889,082	\$ 687,265
Total assets	<u>\$ 889,082</u>	<u>\$ 687,265</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 889,082	\$ 3,898
Interfund loan	<u>-</u>	<u>683,367</u>
Total liabilities	<u>889,082</u>	<u>687,265</u>
Fund Balance:		
Restricted:		
Stabilization by State statute	889,082	687,265
Unassigned	<u>(889,082)</u>	<u>(687,265)</u>
Total fund balance	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 889,082</u>	<u>\$ 687,265</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, 2020

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Intergovernmental revenues	\$ 22,642,656	\$ 18,866,999	\$ 2,072,397	\$ 20,939,396
Total revenues	<u>22,642,656</u>	<u>18,866,999</u>	<u>2,072,397</u>	<u>20,939,396</u>
Expenditures:				
Capital outlay:				
Construction	<u>22,642,656</u>	<u>18,866,999</u>	<u>2,072,397</u>	<u>20,939,396</u>
Total expenditures	<u>22,642,656</u>	<u>18,866,999</u>	<u>2,072,397</u>	<u>20,939,396</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance:				
Beginning of year - July 1			-	
End of year - June 30			<u>\$ -</u>	

NEW HANOVER COUNTY, NORTH CAROLINA

PINE VALLEY BRANCH LIBRARY CAPITAL PROJECT FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Assets:		
Cash and investments	\$ -	\$ -
Restricted cash	-	-
Total assets	<u>\$ -</u>	<u>\$ -</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ -	\$ 454,884
Interfund loan	-	694,165
Total liabilities	<u>-</u>	<u>1,149,049</u>
Fund Balance:		
Restricted:		
Stabilization by State Statute	-	30,400
Unassigned	-	(1,179,449)
Total fund balance	<u>-</u>	<u>(1,149,049)</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ -</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, 2020

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Contributions	\$ 640,000	\$ 640,000	\$ -	\$ 640,000
Investment earnings	2,675	2,674	-	2,674
Total revenues	<u>642,675</u>	<u>642,674</u>	<u>-</u>	<u>642,674</u>
Expenditures:				
Capital outlay:				
Construction	6,238,373	6,221,517	16,841	6,238,358
	-	-	2,773	2,773
Total expenditures	<u>6,238,373</u>	<u>6,221,517</u>	<u>19,614</u>	<u>6,241,131</u>
Revenues over (under) expenditures	<u>(5,595,698)</u>	<u>(5,578,843)</u>	<u>(19,614)</u>	<u>(5,598,457)</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
Transfers to other funds	(71,337)	-	(71,337)	(71,337)
Gain on disposal of capital assets	<u>1,240,000</u>	<u>-</u>	<u>1,240,000</u>	<u>1,240,000</u>
Total other financing sources (uses)	<u>5,595,698</u>	<u>4,429,794</u>	<u>1,168,663</u>	<u>5,598,457</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (1,149,049)</u>	1,149,049	<u>\$ -</u>
Fund Balance:				
Beginning of year - July 1			<u>(1,149,049)</u>	
End of year - June 30			<u>\$ -</u>	

NEW HANOVER COUNTY, NORTH CAROLINA

CONTROLLED SUBSTANCE TAX CAPITAL PROJECT FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Assets:		
Cash and investments	\$ 81,317	\$ 41,544
Receivables:		
Other sources	-	253
Total assets	<u>\$ 81,317</u>	<u>\$ 41,797</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 2,540	\$ 179
Total liabilities	<u>2,540</u>	<u>179</u>
Fund Balance:		
Restricted:		
Stabilization for State statute	-	253
Public Safety	78,777	41,365
Total fund balance	<u>78,777</u>	<u>41,618</u>
Total liabilities and fund balance	<u>\$ 81,317</u>	<u>\$ 41,797</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, 2020

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Intergovernmental revenues	\$ 2,018,548	\$ 1,898,239	\$ 126,485	\$ 2,024,724
Miscellaneous	50,382	50,382	-	50,382
Investment earnings	31,279	30,776	617	31,393
Total revenues	<u>2,100,209</u>	<u>1,979,397</u>	<u>127,102</u>	<u>2,106,499</u>
Expenditures:				
Supplies	1,242,432	1,165,941	55,178	1,221,119
Capital outlay	803,684	717,746	34,765	752,511
Contracted services	20,444	20,443	-	20,443
Total expenditures	<u>2,066,560</u>	<u>1,904,130</u>	<u>89,943</u>	<u>1,994,073</u>
Revenues over (under) expenditures	<u>33,649</u>	<u>75,267</u>	<u>37,159</u>	<u>112,426</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>\$ 41,618</u>	37,159	<u>\$ 78,777</u>
Fund Balance:				
Beginning of year - July 1			<u>41,618</u>	
End of year - June 30			<u>\$ 78,777</u>	

NEW HANOVER COUNTY, NORTH CAROLINA

FEDERAL FORFEITED PROPERTY CAPITAL PROJECT FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Assets:		
Cash and investments	\$ 601,450	\$ 164,511
Receivables:		
Other sources	795	-
Total assets	<u>\$ 602,245</u>	<u>\$ 164,511</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 8,117	\$ -
Total liabilities	<u>8,117</u>	<u>-</u>
Fund Balance:		
Restricted:		
Stabilization by State statute	92,808	-
Public safety	501,320	164,511
Total fund balance	<u>594,128</u>	<u>164,511</u>
Total liabilities and fund balance	<u>\$ 602,245</u>	<u>\$ 164,511</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, 2020

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Intergovernmental revenue	\$ 8,309,586	\$ 7,571,817	\$ 769,659	\$ 8,341,476
Miscellaneous	223,735	223,734	-	223,734
Investment earnings	51,702	47,397	5,527	52,924
Total revenues	<u>8,585,023</u>	<u>7,842,948</u>	<u>775,186</u>	<u>8,618,134</u>
Expenditures:				
Supplies	2,120,412	1,782,121	202,569	1,984,690
Capital outlay	4,905,220	4,412,341	127,114	4,539,455
Contracted services	406,481	337,790	13,119	350,909
Total expenditures	<u>7,432,113</u>	<u>6,532,252</u>	<u>342,802</u>	<u>6,875,054</u>
Revenues over (under) expenditures	<u>1,152,910</u>	<u>1,310,696</u>	<u>432,384</u>	<u>1,743,080</u>
Other Financing Sources (Uses):				
Transfers to other funds	(1,220,410)	(1,213,685)	(2,767)	(1,216,452)
Gain on disposal of capital assets	67,500	67,500	-	67,500
Total other financing sources (uses)	<u>(1,152,910)</u>	<u>(1,146,185)</u>	<u>(2,767)</u>	<u>(1,148,952)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 164,511</u>	429,617	<u>\$ 594,128</u>
Fund Balance:				
Beginning of year - July 1			<u>164,511</u>	
End of year - June 30			<u>\$ 594,128</u>	

NEW HANOVER COUNTY, NORTH CAROLINA

MASONS INLET RELOCATION CAPITAL PROJECT FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Assets:		
Cash and investments	\$ 4,280,866	\$ 7,609,176
Receivables:		
Other sources	-	-
Total assets	<u>\$ 4,280,866</u>	<u>\$ 7,609,176</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 5,649	\$ 42,035
Total liabilities	<u>5,649</u>	<u>42,035</u>
Fund Balance:		
Restricted:		
Stabilization by State statute	92,476	331,960
Economic and physical development	<u>4,182,741</u>	<u>7,235,181</u>
Total fund balance	<u>4,275,217</u>	<u>7,567,141</u>
Total liabilities and fund balance	<u>\$ 4,280,866</u>	<u>\$ 7,609,176</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, 2020

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ 100,000	\$ 234,068	\$ 89,501	\$ 323,569
Intergovernmental revenue	5,583,947	1,341,079	3,288,168	4,629,247
Contributions	-	214,792	-	214,792
Sales tax refund	162	162	-	162
Total revenues	5,684,109	1,790,101	3,377,669	5,167,770
Expenditures:				
Land	340,153	340,153	-	340,153
Construction	30,966,128	18,875,928	7,298,644	26,174,572
Total expenditures	31,306,281	19,216,081	7,298,644	26,514,725
Revenues over (under) expenditures	(25,622,172)	(17,425,980)	(3,920,975)	(21,346,955)
Other Financing Sources (Uses):				
Transfers from other funds	25,622,172	24,993,121	629,051	25,622,172
Total other financing sources (uses)	25,622,172	24,993,121	629,051	25,622,172
Net change in fund balance	\$ -	\$ 7,567,141	(3,291,924)	\$ 4,275,217
Fund Balance:				
Beginning of year - July 1			7,567,141	
End of year - June 30			\$ 4,275,217	

NEW HANOVER COUNTY, NORTH CAROLINA

PUBLIC HEALTH AND SOCIAL SERVICES FACILITY CAPITAL PROJECT FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Assets:		
Cash and investments	\$ 673,836	\$ 10,793,762
Total assets	<u>\$ 673,836</u>	<u>\$ 10,793,762</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 226,491	\$ 4,418,821
Total liabilities	<u>226,491</u>	<u>4,418,821</u>
Fund Balance:		
Restricted:		
Stabilization by State statute	236,113	6,413,993
Unassigned	<u>211,232</u>	<u>(39,052)</u>
Total fund balance	<u>447,345</u>	<u>6,374,941</u>
Total liabilities and fund balance	<u>\$ 673,836</u>	<u>\$ 10,793,762</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, 2020

	Project	Actual		
	Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Contributions	\$ 1,202,978	\$ 1,182,978	\$ 20,000	\$ 1,202,978
Investment earnings	386,963	342,968	52,526	395,494
Total revenues	<u>1,589,941</u>	<u>1,525,946</u>	<u>72,526</u>	<u>1,598,472</u>
Expenditures:				
Construction	\$ 24,949,920	\$ 17,178,010	\$ 7,183,122	\$ 24,361,132
Total expenditures	<u>24,949,920</u>	<u>17,178,010</u>	<u>7,183,122</u>	<u>24,361,132</u>
Revenues over (under) expenditures	<u>(23,359,979)</u>	<u>(15,652,064)</u>	<u>(7,110,596)</u>	<u>(22,762,660)</u>
Other Financing Sources (Uses):				
Transfers from other funds	4,009,979	2,826,979	1,183,000	4,009,979
Gain on disposal of capital assets	<u>19,350,000</u>	<u>19,200,026</u>	<u>-</u>	<u>19,200,026</u>
Total other financing sources (uses)	<u>23,359,979</u>	<u>22,027,005</u>	<u>1,183,000</u>	<u>23,210,005</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 6,374,941</u>	<u>(5,927,596)</u>	<u>\$ 447,345</u>
Fund Balance:				
Beginning of year - July 1			<u>6,374,941</u>	
End of year - June 30			<u>\$ 447,345</u>	

NEW HANOVER COUNTY, NORTH CAROLINA

BIKE/PEDESTRIAN PATHS CAPITAL PROJECT FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Assets:		
Cash and investments	\$ 251,613	\$ -
Total assets	<u>\$ 251,613</u>	<u>\$ -</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 55,131	\$ 2,420
Interfund loan	<u>-</u>	<u>377,110</u>
Total liabilities	<u>55,131</u>	<u>379,530</u>
Fund Balance:		
Restricted:		
Stabilization for State statute	307,477	4,703
Unassigned	<u>(110,995)</u>	<u>(384,233)</u>
Total fund balance	<u>196,482</u>	<u>(379,530)</u>
Total liabilities and fund balance	<u>\$ 251,613</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, 2020

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Intergovernmental revenues	\$ 1,320,046	\$ 235,342	\$ 553,132	\$ 788,474
Contributions	22,500	22,500	-	22,500
Investment earnings	-	2,254	918	3,172
Total revenues	<u>1,342,546</u>	<u>260,096</u>	<u>554,050</u>	<u>814,146</u>
Expenditures:				
Capital outlay:				
Construction	<u>2,729,188</u>	<u>1,844,918</u>	<u>129,038</u>	<u>1,973,956</u>
Total expenditures	<u>2,729,188</u>	<u>1,844,918</u>	<u>129,038</u>	<u>1,973,956</u>
Revenues over (under) expenditures	<u>(1,386,642)</u>	<u>(1,584,822)</u>	<u>425,012</u>	<u>(1,159,810)</u>
Other Financing Sources (Uses):				
Transfers from other funds	1,356,292	1,205,292	151,000	1,356,292
Gain on disposal of capital assets	<u>30,350</u>	-	-	-
Total other financing sources (uses)	<u>1,386,642</u>	<u>1,205,292</u>	<u>151,000</u>	<u>1,356,292</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (379,530)</u>	576,012	<u>\$ 196,482</u>
Fund Balance:				
Beginning of year - July 1			<u>(379,530)</u>	
End of year - June 30			<u>\$ 196,482</u>	

NEW HANOVER COUNTY, NORTH CAROLINA

COBB ANNEX REPAIRS CAPITAL PROJECT FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Assets:		
Restricted cash	\$ -	\$ 60,669
Total assets	<u>\$ -</u>	<u>\$ 60,669</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ -	\$ -
Interfund loan	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>
Fund Balance:		
Restricted:		
Stabilization for State statute	-	-
General government	<u>-</u>	<u>60,669</u>
Total fund balance	<u>-</u>	<u>60,669</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 60,669</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, 2020

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ 6,974	\$ 5,997	\$ 948	\$ 6,945
Total revenues	<u>6,974</u>	<u>5,997</u>	<u>948</u>	<u>6,945</u>
Expenditures:				
Capital outlay:				
Bond issuance costs	-	51,827	-	51,827
Construction	<u>4,469,790</u>	<u>4,464,058</u>	<u>-</u>	<u>4,464,058</u>
Total expenditures	<u>4,469,790</u>	<u>4,515,885</u>	<u>-</u>	<u>4,515,885</u>
Revenues over (under) expenditures	<u>(4,462,816)</u>	<u>(4,509,888)</u>	<u>948</u>	<u>(4,508,940)</u>
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
Transfers to other funds	<u>(61,644)</u>	<u>-</u>	<u>(61,617)</u>	<u>(61,617)</u>
Total other financing sources (uses)	<u>4,462,816</u>	<u>4,570,557</u>	<u>(61,617)</u>	<u>4,508,940</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 60,669</u>	<u>(60,669)</u>	<u>\$ -</u>
Fund Balance:				
Beginning of year - July 1			<u>60,669</u>	
End of year - June 30			<u>\$ -</u>	

NEW HANOVER COUNTY, NORTH CAROLINA

320 CHESTNUT STREET RENOVATION CAPITAL PROJECT FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Assets:		
Restricted cash	\$ -	\$ 99,850
Total assets	<u>\$ -</u>	<u>\$ 99,850</u>
Liabilities and Fund Balance:		
Fund Balance:		
Restricted:		
General government	\$ -	\$ 99,850
Total fund balance	<u>-</u>	<u>99,850</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 99,850</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, 2020

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ 8,349	\$ 6,999	\$ 1,310	\$ 8,309
Total revenues	<u>8,349</u>	<u>6,999</u>	<u>1,310</u>	<u>8,309</u>
Expenditures:				
Capital outlay:				
Bond issuance costs	-	124,755	-	124,755
Construction	<u>10,001,442</u>	<u>9,511,601</u>	<u>-</u>	<u>9,511,601</u>
Total expenditures	<u>10,001,442</u>	<u>9,636,356</u>	<u>-</u>	<u>9,636,356</u>
Revenues over (under) expenditures	<u>(9,993,093)</u>	<u>(9,629,357)</u>	<u>1,310</u>	<u>(9,628,047)</u>
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
Transfers to other funds	<u>(101,197)</u>	<u>-</u>	<u>(101,160)</u>	<u>(101,160)</u>
Total other financing sources (uses)	<u>9,993,093</u>	<u>9,729,207</u>	<u>(101,160)</u>	<u>9,628,047</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 99,850</u>	<u>(99,850)</u>	<u>\$ -</u>
Fund Balance:				
Beginning of year - July 1			<u>99,850</u>	
End of year - June 30			<u>\$ -</u>	

NEW HANOVER COUNTY, NORTH CAROLINA

CAPITAL IMPROVEMENT PROJECTS CAPITAL PROJECT FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Assets:		
Cash and investments	\$ 2,043,714	\$ -
Receivables:		
Intergovernmental	462,940	-
Total assets	<u>\$ 2,506,654</u>	<u>\$ -</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 1,009,508	\$ 87,743
Interfund loan	-	354,747
Total liabilities	<u>1,009,508</u>	<u>442,490</u>
Fund Balance:		
Restricted:		
Stabilization by State statute	1,913,334	590,107
Unassigned	<u>(416,188)</u>	<u>(1,032,597)</u>
Total fund balance	<u>1,497,146</u>	<u>(442,490)</u>
Total liabilities and fund balance	<u>\$ 2,506,654</u>	<u>\$ -</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, 2020

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Contributions	\$ 529,452	\$ 529,452	\$ -	\$ 529,452
Intergovernmental revenues	1,701,495	850,000	732,029	1,582,029
Investment earnings	51,828	51,828	10,197	62,025
Total revenues	<u>2,282,775</u>	<u>1,431,280</u>	<u>742,226</u>	<u>2,173,506</u>
Expenditures:				
Capital outlay:				
Bond issuance costs	45,462	-	40,889	40,889
Construction	15,446,136	10,370,106	3,469,458	13,839,564
Total expenditures	<u>15,491,598</u>	<u>10,370,106</u>	<u>3,510,347</u>	<u>13,880,453</u>
Revenues over (under) expenditures	<u>(13,208,823)</u>	<u>(8,938,826)</u>	<u>(2,768,121)</u>	<u>(11,706,947)</u>
Other Financing Sources (Uses):				
Long-term debt issued	4,632,487	-	4,085,000	4,085,000
Premiums on long-term debt issued	-	-	542,757	542,757
Sale of capital assets	502,580	502,580	-	502,580
Transfers from other funds	8,861,492	8,181,492	680,000	8,861,492
Transfers to other funds	(787,736)	(187,736)	(600,000)	(787,736)
Total other financing sources (uses)	<u>13,208,823</u>	<u>8,496,336</u>	<u>4,707,757</u>	<u>13,204,093</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (442,490)</u>	1,939,636	<u>\$ 1,497,146</u>
Fund Balance:				
Beginning of year - July 1			<u>(442,490)</u>	
End of year - June 30			<u>\$ 1,497,146</u>	

NEW HANOVER COUNTY, NORTH CAROLINA

SPECIAL FIRE DISTRICT REVENUE IMPROVEMENT PROJECTS CAPITAL PROJECT FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Assets:		
Cash and investments	\$ 8,179	\$ 8,068
Total assets	<u>\$ 8,179</u>	<u>\$ 8,068</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>
Fund Balance:		
Committed - public safety	<u>8,179</u>	<u>8,068</u>
Total fund balance	<u>8,179</u>	<u>8,068</u>
Total liabilities and fund balance	<u>\$ 8,179</u>	<u>\$ 8,068</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, 2020

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ -	\$ 1,675	\$ 111	\$ 1,786
Total revenues	-	1,675	111	1,786
Expenditures:				
Capital outlay:				
Construction	345,000	338,607	-	338,607
Total expenditures	345,000	338,607	-	338,607
Revenues over (under) expenditures	(345,000)	(336,932)	111	(336,821)
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	\$ -	\$ 8,068	111	\$ 8,179
Fund Balance:				
Beginning of year - July 1			8,068	
End of year - June 30			\$ 8,179	

NEW HANOVER COUNTY, NORTH CAROLINA

SPECIAL FIRE DISTRICT REVENUE OGDEN FIRE STATION CAPITAL PROJECT FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Assets:		
Restricted cash	\$ -	\$ 46,346
Total assets	<u>\$ -</u>	<u>\$ 46,346</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ -	\$ 15,000
Interfund loan	-	-
Total liabilities	<u>-</u>	<u>15,000</u>
Fund Balance:		
Restricted		
Stabilization by state statute	-	1,680
Committed - public safety	-	29,666
Total fund balance	<u>-</u>	<u>31,346</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 46,346</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, 2020

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ 1,060	\$ 991	\$ 3	\$ 994
Total revenues	<u>1,060</u>	<u>991</u>	<u>3</u>	<u>994</u>
Expenditures:				
Capital outlay:				
Land	650,000	650,000	-	650,000
Construction	<u>4,611,503</u>	<u>4,613,818</u>	<u>1,213</u>	<u>4,615,031</u>
Total expenditures	<u>5,261,503</u>	<u>5,263,818</u>	<u>1,213</u>	<u>5,265,031</u>
Revenues over (under) expenditures	<u>(5,260,443)</u>	<u>(5,262,827)</u>	<u>(1,210)</u>	<u>(5,264,037)</u>
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
Transfers to other funds	<u>(30,137)</u>	<u>-</u>	<u>(30,136)</u>	<u>(30,136)</u>
Total other financing sources (uses)	<u>5,260,443</u>	<u>5,294,173</u>	<u>(30,136)</u>	<u>5,264,037</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 31,346</u>	<u>(31,346)</u>	<u>\$ -</u>
Fund Balance:				
Beginning of year - July 1			<u>31,346</u>	
End of year - June 30			<u>\$ -</u>	

NEW HANOVER COUNTY, NORTH CAROLINA

HEALING TRANSITION FACILITY CAPITAL PROJECT FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Assets:		
Cash	\$ -	\$ -
Total assets	<u>\$ -</u>	<u>\$ -</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ -	\$ 31
Interfund loan	<u>490,501</u>	<u>241,504</u>
Total liabilities	<u>490,501</u>	<u>241,535</u>
Fund Balance:		
Unassigned	<u>(490,501)</u>	<u>(241,535)</u>
Total fund balance	<u>(490,501)</u>	<u>(241,535)</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, 2020

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Capital outlay	971,850	241,535	248,966	490,501
Total expenditures	971,850	241,535	248,966	490,501
Revenues over (under) expenditures	(971,850)	(241,535)	(248,966)	(490,501)
Other Financing Sources (Uses):				
Long-term debt issued	971,850	-	-	-
Transfers from other funds	-	-	-	-
Total other financing sources (uses)	971,850	-	-	-
Net change in fund balance	\$ -	\$ (241,535)	(248,966)	\$ (490,501)
Fund Balance:				
Beginning of year - July 1			(241,535)	
End of year - June 30			\$ (490,501)	

NEW HANOVER COUNTY, NORTH CAROLINA

AIRPORT TERMINAL EXPANSION CAPITAL PROJECT FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Assets:		
Cash	\$ 13,482,581	\$ -
Total assets	<u>\$ 13,482,581</u>	<u>\$ -</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 1,197,231	\$ -
Total liabilities	<u>1,197,231</u>	<u>-</u>
Fund Balance:		
Unassigned	12,285,350	-
Total fund balance	<u>12,285,350</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 13,482,581</u>	<u>\$ -</u>

NEW HANOVER COUNTY, NORTH CAROLINA

AIRPORT TERMINAL 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, 2020

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ -	\$ -	\$ 36,009	\$ 36,009
Total revenues	-	-	36,009	36,009
Expenditures:				
Bond issuance costs	144,698	-	127,993	127,993
Capital outlay	20,000,000	-	2,105,513	2,105,513
Total expenditures	20,144,698	-	2,233,506	2,233,506
Revenues over (under) expenditures	(20,144,698)	-	(2,197,497)	(2,197,497)
Other Financing Sources (Uses):				
Long-term debt issued	20,144,698	-	12,790,000	12,790,000
Premiums on long-term debt issued	-	-	1,692,847	1,692,847
Transfers from other funds	-	-	-	-
Total other financing sources (uses)	20,144,698	-	14,482,847	14,482,847
Net change in fund balance	\$ -	\$ -	12,285,350	\$ 12,285,350
Fund Balance:				
Beginning of year - July 1			-	
End of year - June 30			\$ 12,285,350	

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, 2020

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Charges for services	\$ 15,842,316	\$ 18,172,234	\$ 2,329,918	\$ 19,021,647
Intergovernmental revenues	508,000	3,640,981	3,132,981	552,533
Investment earnings	20,000	137,271	117,271	127,000
Other	286,000	517,749	231,749	618,475
Total revenues	<u>16,656,316</u>	<u>22,468,235</u>	<u>5,811,919</u>	<u>20,319,655</u>
Expenditures:				
Current:				
Salaries and employee benefits	2,646,964	2,716,153	(69,189)	2,490,123
Operating expenditures	8,998,695	6,565,486	2,433,209	24,706,977
Installment debt payments and fees	283,761	68,518	215,243	61,352
Capital expenditures	<u>3,010,233</u>	<u>2,236,838</u>	<u>773,395</u>	<u>1,652,964</u>
Total expenditures	<u>14,939,653</u>	<u>11,586,995</u>	<u>3,352,658</u>	<u>28,911,416</u>
Revenue over (under) expenditures	<u>1,716,663</u>	<u>10,881,240</u>	<u>9,164,577</u>	<u>(8,591,761)</u>
Other Financing Sources (Uses):				
Long-term debt issued	1,855,732	700,000	(1,155,732)	-
Premium on long-term debt issuance	-	112,680	112,680	-
Transfers from other funds	125,000	125,000	-	14,750,794
Transfers to other funds	(8,050,000)	(8,050,000)	-	(11,411,944)
Loss on disposal of capital assets	-	-	-	-
Administrative reserve	(1,408,869)	-	1,408,869	-
Appropriated fund balance	<u>5,761,474</u>	<u>-</u>	<u>(5,761,474)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,716,663)</u>	<u>(7,112,320)</u>	<u>(5,395,657)</u>	<u>3,338,850</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 3,768,920</u>	<u>\$ 3,768,920</u>	<u>\$ (5,252,911)</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 3,768,920		\$ (5,252,911)
Reconciling items:				
Revenues and other sources - capital project funds		185,376		158,490
Accrued vacation		(32,411)		(48,786)
Depreciation and amortization expenses		(4,592,383)		(3,241,279)
Capital outlay, costs, capitalized		2,236,838		1,652,964
Landfill closure costs		(5,785,123)		(4,856,863)
Long-term debt proceeds, premiums		(812,680)		-
Principal payments on debt		58,575		54,117
Interest expense accrual		-		2,492
Loss on disposal of capital assets		(244,630)		(239,838)
(Decrease) Increase in deferred outflows of resources - pensions		(70,044)		210,934
(Decrease) Increase in deferred outflows of resources - OPEB		88,120		554,422
Decrease (Increase) in net pension liability		(95,159)		(264,022)
Decrease (Increase) OPEB liability		(1,018,458)		(917,562)
Decrease (Increase) in deferred inflows of resources - pensions		5,830		7,593
Decrease (Increase) in deferred inflows of resources - OPEB		156,737		(460,602)
Transfer (from) to capital project		<u>8,050,000</u>		<u>11,411,944</u>
Change in net position		<u>\$ 1,899,508</u>		<u>\$ (1,228,907)</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, 2020

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ -	\$ 113,272	\$ 92,442	\$ 205,714
Total revenues	-	113,272	92,442	205,714
Expenditures:				
Capital outlay:				
Construction	13,758,612	5,589,831	1,534,733	7,124,564
Total expenditures	13,758,612	5,589,831	1,534,733	7,124,564
Revenues over (under) expenditures	(13,758,612)	(5,476,559)	(1,442,291)	(6,918,850)
Other Financing Sources (Uses):				
Transfers from other funds	14,508,612	11,558,612	2,950,000	14,508,612
Transfers to other funds	(750,000)	-	(750,000)	(750,000)
Total other financing sources (uses)	13,758,612	11,558,612	2,200,000	13,758,612
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 6,082,053	\$ 757,709	\$ 6,839,762

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, 2020

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ -	\$ 48,931	\$ 21,178	\$ 70,109
Total revenues	-	48,931	21,178	70,109
Expenditures:				
Capital outlay:				
Construction	6,100,000	4,368,958	127,502	4,496,460
Total expenditures	6,100,000	4,368,958	127,502	4,496,460
Revenues over (under) expenditures	(6,100,000)	(4,320,027)	(106,324)	(4,426,351)
Other Financing Sources (Uses):				
Transfers from other funds	6,100,000	5,750,000	350,000	6,100,000
Total other financing sources (uses)	6,100,000	5,750,000	350,000	6,100,000
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 1,429,973	\$ 243,676	\$ 1,673,649

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, 2020

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ -	\$ 33,487	\$ 12,769	\$ 46,256
Total revenues	-	33,487	12,769	46,256
Expenditures:				
Capital outlay:				
Construction	5,347,100	4,047,083	47,408	4,094,491
Total expenditures	5,347,100	4,047,083	47,408	4,094,491
Revenues over (under) expenditures	(5,347,100)	(4,013,596)	(34,639)	(4,048,235)
Other Financing Sources (Uses):				
Transfers from other funds	5,347,100	4,597,100	750,000	5,347,100
Total other financing sources (uses)	5,347,100	4,597,100	750,000	5,347,100
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 583,504	\$ 715,361	\$ 1,298,865

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, 2020

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ -	\$ 121,687	\$ 58,987	\$ 180,674
Total revenues	-	121,687	58,987	180,674
Expenditures:				
Capital outlay:				
Construction	13,863,944	4,462,105	5,952,422	10,414,527
Total expenditures	13,863,944	4,462,105	5,952,422	10,414,527
Revenues over (under) expenditures	(13,863,944)	(4,340,418)	(5,893,435)	(10,233,853)
Other Financing Sources (Uses):				
Transfers from other funds	13,863,944	9,113,944	4,750,000	13,863,944
Total other financing sources (uses)	13,863,944	9,113,944	4,750,000	13,863,944
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 4,773,526	\$ (1,143,435)	\$ 3,630,091

NEW HANOVER COUNTY, NORTH CAROLINA

AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2020

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Room Occupancy Tax Agency Fund:				
Assets:				
Cash and investments	\$ 874,417	\$ 19,466,307	\$ 19,897,395	\$ 443,329
Receivables	1,079,870	1,019,953	1,079,870	1,019,953
Total assets	<u>\$ 1,954,287</u>	<u>\$ 20,486,260</u>	<u>\$ 20,977,265</u>	<u>\$ 1,463,282</u>
Liabilities:				
Accounts payable	\$ 1,954,285	\$ 6,947,379	\$ 7,438,384	\$ 1,463,280
Due to other governmental units	2	13,538,881	13,538,881	2
Total liabilities	<u>\$ 1,954,287</u>	<u>\$ 20,486,260</u>	<u>\$ 20,977,265</u>	<u>\$ 1,463,282</u>
Tax Clearing Agency Fund:				
Assets:				
Cash and investments	\$ 242,215	\$ 91,606,618	\$ 91,600,391	\$ 248,442
Receivables	3,026,235	85,372,165	85,037,669	3,360,731
Total assets	<u>\$ 3,268,450</u>	<u>\$ 176,978,783</u>	<u>\$ 176,638,060</u>	<u>\$ 3,609,173</u>
Liabilities:				
Due to other governmental units	<u>\$ 3,268,450</u>	<u>\$ 176,978,783</u>	<u>\$ 176,638,060</u>	<u>\$ 3,609,173</u>
Total liabilities	<u>\$ 3,268,450</u>	<u>\$ 176,978,783</u>	<u>\$ 176,638,060</u>	<u>\$ 3,609,173</u>
Social Services Agency Fund:				
Assets:				
Cash and investments	\$ 215,597	\$ 456,317	\$ 428,256	\$ 243,658
Total assets	<u>\$ 215,597</u>	<u>\$ 456,317</u>	<u>\$ 428,256</u>	<u>\$ 243,658</u>
Liabilities:				
Accounts payable	\$ 13,851	\$ 216,038	\$ 204,394	\$ 25,495
Escrow funds	201,746	240,279	223,862	218,163
Total liabilities	<u>\$ 215,597</u>	<u>\$ 456,317</u>	<u>\$ 428,256</u>	<u>\$ 243,658</u>

NEW HANOVER COUNTY, NORTH CAROLINA

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2020

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Other Escrows Agency Fund:				
Assets:				
Cash and investments	\$ 9,345,426	\$ 7,860,585	\$ 8,470,550	\$ 8,735,461
ROD Deed of Trust cash	-	206,429	206,429	-
Receivables	106	-	106	-
Total assets	<u>\$ 9,345,532</u>	<u>\$ 8,067,014</u>	<u>\$ 8,677,085</u>	<u>\$ 8,735,461</u>
Liabilities:				
Accounts payable	\$ 10,499	\$ 3,825,707	\$ 3,811,045	\$ 25,161
Due to NC Treasurer - ROD Deed of Trust	-	206,429	206,429	-
Escrow funds	<u>9,335,033</u>	<u>4,034,878</u>	<u>4,659,611</u>	<u>8,710,300</u>
Total liabilities	<u>\$ 9,345,532</u>	<u>\$ 8,067,014</u>	<u>\$ 8,677,085</u>	<u>\$ 8,735,461</u>
Totals - All Agency Funds:				
Assets:				
Cash and investments	\$ 10,677,655	\$ 119,389,827	\$ 120,396,592	\$ 9,670,890
ROD Deed of Trust cash	-	206,429	206,429	-
Receivables	<u>4,106,211</u>	<u>86,392,118</u>	<u>86,117,645</u>	<u>4,380,684</u>
Cash and receivables	<u>\$ 14,783,866</u>	<u>\$ 205,988,374</u>	<u>\$ 206,720,666</u>	<u>\$ 14,051,574</u>
Liabilities:				
Accounts payable	\$ 1,978,635	\$ 10,989,124	\$ 11,453,823	\$ 1,513,936
Due to other governmental units	3,268,452	190,517,664	190,176,941	3,609,175
Due to NC Treasurer - ROD Deed of Trust	-	206,429	206,429	-
Escrow funds	<u>9,536,779</u>	<u>4,275,157</u>	<u>4,883,473</u>	<u>8,928,463</u>
Intergovernmental payable	<u>\$ 14,783,866</u>	<u>\$ 205,988,374</u>	<u>\$ 206,720,666</u>	<u>\$ 14,051,574</u>

NEW HANOVER COUNTY, NORTH CAROLINA

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SCHEDULE BY SOURCE

JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Governmental Funds Capital Assets:		
Land	\$ 45,924,058	\$ 45,924,058
Buildings	183,859,412	159,478,844
Improvements other than buildings	35,892,484	34,312,359
Equipment and buildings	73,192,143	70,104,926
Construction in progress	14,161,122	19,637,862
Total governmental funds capital assets	<u>\$ 353,029,219</u>	<u>\$ 329,458,049</u>
 Investment in Governmental Funds Capital Assets by Source:		
General obligation bonds	\$ 18,081,929	\$ 18,081,929
Federal and state grants	27,448,631	26,382,052
General Fund revenues	299,249,744	276,745,153
Contributions	5,134,381	5,134,381
Gifts and other donated	3,114,534	3,114,534
Total governmental funds capital assets	<u>\$ 353,029,219</u>	<u>\$ 329,458,049</u>

NEW HANOVER COUNTY, NORTH CAROLINA

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
JUNE 30, 2020

Function and Activity	Total	Land	Buildings	Improvements Other Than Buildings	Equipment and Vehicles
General Government:					
Governing Body	\$ 25,618,362	\$ 855,736	\$ 23,117,585	\$ 1,404,716	\$ 240,325
County Manager	18,611,221	591,852	16,478,929	60,366	1,480,074
Human Resources	53,057	-	-	5,466	47,591
Soil and Water Conservation	22,762	-	-	-	22,762
Finance	81,149	-	-	-	81,149
Information Technology	7,877,668	-	-	150,405	7,727,263
Tax Administration	604,613	16,461	-	230,655	357,497
Legal	38,020	-	-	-	38,020
Elections	724,734	-	-	79,150	645,584
Register of Deeds	1,199,353	-	-	-	1,199,353
Property Management	2,728,274	-	620,282	376,869	1,731,123
Engineering	1,024,628	876,890	-	-	147,738
Planning	6,974,907	6,933,555	-	-	41,352
Total general government	<u>65,558,748</u>	<u>9,274,494</u>	<u>40,216,796</u>	<u>2,307,627</u>	<u>13,759,831</u>
Human Services:					
Human Services	24,361,132	-	24,361,132	-	-
Health	2,997,389	-	146,126	154,186	2,697,077
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	<u>38,710,782</u>	<u>500,000</u>	<u>31,737,191</u>	<u>817,733</u>	<u>5,655,858</u>
Public Safety:					
Public Safety Communications Center	3,290,387	-	-	310,044	2,980,343
Sheriff	77,890,906	5,396,703	51,699,448	1,609,928	19,184,827
Emergency Management	16,714,288	-	2,263,381	764,063	13,686,844
Clerk of Court	24,923,660	-	23,096,672	1,604,760	222,228
Inspections	348,328	-	-	20,855	327,473
Fire Operations	22,886,117	1,027,686	9,081,061	688,504	12,088,866
Juvenile Services	1,248,982	7,000	1,128,558	-	113,424
Total public safety	<u>147,302,668</u>	<u>6,431,389</u>	<u>87,269,120</u>	<u>4,998,154</u>	<u>48,604,005</u>
Culture and Recreation:					
Library	22,151,874	846,813	19,267,646	497,265	1,540,150
Parks and Recreation	44,721,445	17,201,967	303,387	24,346,507	2,869,584
Museum	5,972,288	160,101	3,689,486	1,842,431	280,270
Cooperative Extension Service	897,705	40,006	553,380	111,319	193,000
Airlie Gardens	13,552,587	11,469,288	822,406	971,448	289,445
Total culture and recreation	<u>87,295,899</u>	<u>29,718,175</u>	<u>24,636,305</u>	<u>27,768,970</u>	<u>5,172,449</u>
Total	338,868,097	\$ 45,924,058	\$ 183,859,412	\$ 35,892,484	\$ 73,192,143
Construction in Progress	<u>14,161,122</u>				
Total governmental funds capital assets	<u>\$ 353,029,219</u>				

NEW HANOVER COUNTY, NORTH CAROLINA

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
JUNE 30, 2020

Function and Activity	Governmental Funds Capital Assets June 30, 2019	Additions	Deductions	Governmental Funds Capital Assets June 30, 2020
General Government:				
Governing Body	\$ 25,155,500	\$ 462,865	\$ -	\$ 25,618,365
County Manager	18,220,221	391,000	-	18,611,221
Human Resources	53,057	-	-	53,057
Soil and Water Conservation	22,762	-	-	22,762
Finance	81,149	-	-	81,149
Information Technology Systems	7,450,300	427,365	-	7,877,665
Tax Administration	599,284	18,210	12,881	604,613
Legal	38,020	-	-	38,020
Elections	1,051,769	495,110	822,145	724,734
Register of Deeds	1,199,353	-	-	1,199,353
Property Management	2,685,129	101,685	58,540	2,728,274
Engineering	1,024,628	-	-	1,024,628
Planning	6,974,907	-	-	6,974,907
Total general government	<u>64,556,079</u>	<u>1,896,235</u>	<u>893,566</u>	<u>65,558,748</u>
Human Services:				
Human Service	-	24,361,132	-	24,361,132
Health	2,498,391	538,449	39,451	2,997,389
Public Assistance	8,591,724	-	-	8,591,724
Human Services Transportation System	66,571	-	-	66,571
Human Relations	11,970	-	-	11,970
Aging Services	<u>2,681,996</u>	<u>-</u>	<u>-</u>	<u>2,681,996</u>
Total human services	<u>13,850,652</u>	<u>24,899,581</u>	<u>39,451</u>	<u>38,710,782</u>
Public Safety:				
Public Safety Communications Center	2,781,029	509,358	-	3,290,387
Sheriff	76,770,342	2,235,223	1,114,659	77,890,906
Emergency Management	16,663,740	50,548	-	16,714,288
Clerk of Court	24,923,660	-	-	24,923,660
Inspections	348,328	-	-	348,328
Fire Operations	22,571,476	549,528	234,887	22,886,117
Juvenile Services	<u>1,189,665</u>	<u>59,317</u>	<u>-</u>	<u>1,248,982</u>
Total public safety	<u>145,248,240</u>	<u>3,403,974</u>	<u>1,349,546</u>	<u>147,302,668</u>
Culture and Recreation:				
Library	22,132,439	19,435	-	22,151,874
Parks and Recreation	43,744,982	1,027,066	50,603	44,721,445
Museum	5,846,931	125,357	-	5,972,288
Cooperative Extension Service	881,787	15,918	-	897,705
Airlie Gardens	<u>13,559,077</u>	<u>-</u>	<u>6,490</u>	<u>13,552,587</u>
Total culture and recreation	<u>86,165,216</u>	<u>1,187,776</u>	<u>57,093</u>	<u>87,295,899</u>
Total	309,820,187	31,387,566	2,339,656	338,868,097
Construction in Progress	<u>19,637,862</u>	<u>21,845,460</u>	<u>27,322,200</u>	<u>14,161,122</u>
Total governmental funds capital assets	<u>\$ 329,458,049</u>	<u>\$ 53,233,026</u>	<u>\$ 29,661,856</u>	<u>\$ 353,029,219</u>



NEW HANOVER COUNTY, NORTH CAROLINA

Table 1

Net Position by Component

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	2011	2012	2013	2014	2015
Governmental activities:					
Net investment in capital assets	\$ 58,853,344	\$ 65,250,159	\$ 74,453,841	\$ 74,316,658	\$ 66,308,962
Restricted	130,178,769	89,136,681	133,680,657	112,349,642	95,335,699
Unrestricted (deficit)	(247,409,219)	(221,590,023)	(277,357,778)	(271,537,339)	(254,460,279)
Total governmental activities net position	\$ (58,377,106)	\$ (67,203,183)	\$ (69,223,280)	\$ (84,871,039)	\$ (92,815,618)
Business-type activities:					
Net investment in capital assets	\$ 14,575,511	\$ 13,081,015	\$ 12,192,927	\$ 11,577,960	\$ 16,072,772
Restricted	-	-	-	-	-
Unrestricted	(8,490,885)	(7,405,541)	(2,118,922)	(1,915,003)	(12,775,777)
Total business-type activities net position	\$ 6,084,626	\$ 5,675,474	\$ 10,074,005	\$ 9,662,957	\$ 3,296,995
Primary government:					
Net investment in capital assets	\$ 73,428,855	\$ 78,331,174	\$ 86,646,768	\$ 85,894,618	\$ 82,381,734
Restricted	130,178,769	89,136,681	133,680,657	112,349,642	95,335,699
Unrestricted (deficit)	(255,900,104)	(228,995,564)	(279,476,700)	(273,452,342)	(267,236,056)
Total primary government net position	\$ (52,292,480)	\$ (61,527,709)	\$ (59,149,275)	\$ (75,208,082)	\$ (89,518,623)

Source: County records.

NEW HANOVER COUNTY, NORTH CAROLINA

Table 1

Net Position by Component

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	2016	2017	2018	2019	2020
Governmental activities:					
Net investment in capital assets	\$ 67,595,795	\$ 71,726,908	\$ 78,746,968	\$ 95,283,987	\$ 50,305,882
Restricted	146,421,177	99,550,831	88,940,036	149,743,427	125,441,841
Unrestricted (deficit)	(319,591,270)	(313,900,338)	(541,633,599)	(638,055,985)	(608,528,000)
Total governmental activities net position	\$ (105,574,298)	\$ (142,622,599)	\$ (373,946,595)	\$ (393,028,571)	\$ (432,780,277)
Business-type activities:					
Net investment in capital assets	\$ 20,591,760	\$ 21,273,644	\$ 25,073,835	\$ 28,835,550	\$ 33,027,132
Restricted	-	-	-	-	-
Unrestricted	(12,112,302)	2,960,294	27,055	(4,963,567)	(7,255,641)
Total business-type activities net position	\$ 8,479,458	\$ 24,233,938	\$ 25,100,890	\$ 23,871,983	\$ 25,771,491
Primary government:					
Net investment in capital assets	\$ 88,187,555	\$ 93,000,552	\$ 103,820,803	\$ 124,119,537	\$ 83,333,014
Restricted	146,421,177	99,550,831	88,940,036	149,743,427	125,441,841
Unrestricted (deficit)	(331,703,572)	(310,940,044)	(541,606,544)	(643,019,552)	(615,783,641)
Total primary government net position	\$ (97,094,840)	\$ (118,388,661)	\$ (348,845,705)	\$ (369,156,588)	\$ (407,008,786)

Source: County records.

NEW HANOVER COUNTY, NORTH CAROLINA
Table 2
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2011	2012	2013	2014	2015
Expenses:					
Governmental activities:					
General government	\$ 36,568,270	\$ 41,972,224	\$ 42,674,900	\$ 37,553,932	\$ 35,187,632
Human services	52,463,115	57,254,304	52,229,154	19,588,020	55,395,685
Public safety	58,689,889	61,249,146	64,335,363	57,140,565	69,683,033
Economic and physical development	2,590,876	3,269,578	16,204,467	12,148,257	21,859,872
Culture and recreation	13,046,607	13,040,089	13,982,770	10,381,314	18,001,584
Education	96,348,851	105,836,858	93,167,945	107,485,506	97,491,199
Interest and fees on long-term debt	17,842,985	16,665,752	13,105,962	13,175,816	12,638,190
Total governmental activities expenses	277,550,593	299,287,951	295,700,561	257,473,410	310,257,195
Business-type activities:					
Environmental Management	13,418,203	13,332,838	8,627,414	195,900	20,933,977
Total business-type activities expenses	13,418,203	13,332,838	8,627,414	195,900	20,933,977
Total primary government expenses	\$ 290,968,796	\$ 312,620,789	\$ 304,327,975	\$ 257,669,310	\$ 331,191,172
Program revenues:					
Governmental activities:					
Charges for services:					
General government	\$ 3,149,377	\$ 3,511,381	\$ 3,595,872	\$ 2,712,105	\$ 2,858,123
Human services	1,924,882	2,108,510	1,467,806	1,506,738	1,626,187
Public safety	3,322,685	4,054,577	5,423,054	5,915,414	5,909,430
Culture and recreation	317,941	1,071,174	1,768,511	1,791,313	1,536,183
Operating grants and contributions	42,960,426	46,239,886	49,386,172	43,949,158	47,204,758
Capital grants and contributions	1,576,193	3,878,594	3,142,533	3,920,153	3,743,615
Total governmental activities program revenues	53,251,504	60,864,122	64,783,948	59,794,881	62,878,296
Business-type activities:					
Charges for services:					
Water and Sewer District	-	-	-	-	-
Environmental Management	12,282,592	12,260,605	12,570,415	13,092,272	13,409,733
Operating grants and contributions	426,674	661,657	453,071	566,530	496,299
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	12,709,266	12,922,262	13,023,486	13,658,802	13,906,032
Total primary government program revenues	\$ 65,960,770	\$ 73,786,384	\$ 77,807,434	\$ 73,453,683	\$ 76,784,328

Source: County records.

NEW HANOVER COUNTY, NORTH CAROLINA
Table 2
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2016	2017	2018	2019	2020
Expenses:					
Governmental activities:					
General government	\$ 37,641,352	\$ 63,550,309	\$ 38,930,763	\$ 65,355,755	\$ 82,619,962
Human services	55,936,158	58,900,841	58,523,024	37,138,533	54,437,664
Public safety	68,570,106	71,718,376	78,154,204	90,794,737	95,807,149
Economic and physical development	18,887,312	9,412,853	14,157,244	5,639,002	16,137,497
Culture and recreation	19,186,564	17,185,659	15,221,575	15,021,880	14,865,002
Education	117,592,708	141,911,581	126,671,173	149,024,845	127,215,472
Interest and fees on long-term debt	12,286,140	11,799,567	11,943,613	12,655,525	12,715,080
Total governmental activities expenses	330,100,340	374,479,186	343,601,596	375,630,277	403,797,826
Business-type activities:					
Environmental Management	6,308,102	10,540,337	9,931,394	36,457,846	20,879,103
Total business-type activities expenses	6,308,102	10,540,337	9,931,394	36,457,846	20,879,103
Total primary government expenses	\$ 336,408,442	\$ 385,019,523	\$ 353,532,990	\$ 412,088,123	\$ 424,676,929
Program revenues:					
Governmental activities:					
Charges for services:					
General government	\$ 3,107,100	\$ 3,254,738	\$ 3,388,808	\$ 3,198,338	\$ 3,557,369
Human services	1,031,472	1,126,623	1,013,540	1,035,513	903,724
Public safety	6,138,665	6,610,265	6,626,167	7,425,802	7,571,183
Culture and recreation	1,714,082	1,843,382	2,006,195	2,127,034	1,928,664
Operating grants and contributions	42,552,200	47,702,834	43,863,583	53,120,765	65,980,151
Capital grants and contributions	4,138,916	3,438,895	3,350,799	187,470	619,335
Total governmental activities program revenues	58,682,435	63,976,737	60,249,092	67,094,922	80,560,426
Business-type activities:					
Charges for services:					
Water and Sewer District	-	-	-	-	-
Environmental Management	13,573,138	24,851,734	15,694,433	19,640,122	18,689,983
Operating grants and contributions	497,411	1,343,023	894,059	552,533	3,640,981
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	14,070,549	26,194,757	16,588,492	20,192,655	22,330,964
Total primary government program revenues	\$ 72,752,984	\$ 90,171,494	\$ 76,837,584	\$ 87,287,577	\$ 102,891,390

Source: County records.

NEW HANOVER COUNTY, NORTH CAROLINA
Table 2 (CONTINUED)
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2011	2012	2013	2014	2015
Net (expense)/revenue:					
Governmental activities	\$ (224,299,089)	\$ (238,423,829)	\$ (230,916,613)	\$ (197,678,529)	\$ (247,378,899)
Business-type activities	(708,937)	(410,576)	4,396,072	13,462,902	(7,027,945)
Total primary government net expense	\$ (225,008,026)	\$ (238,834,405)	\$ (226,520,541)	\$ (184,215,627)	\$ (254,406,844)
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property taxes	\$ 166,565,832	\$ 169,636,356	\$ 168,655,909	\$ 173,492,200	\$ 173,851,757
Sales taxes	47,359,441	52,668,352	54,733,023	56,379,614	62,184,952
Room occupancy taxes	3,630,298	4,163,935	4,135,580	4,416,767	4,818,906
Other taxes	2,977,009	2,733,756	2,955,492	6,815,556	3,268,656
Investment earnings	535,595	395,353	459,846	490,514	-
Miscellaneous	-	-	-	-	494,457
Transfers	(445,000)	-	-	231,000	-
Total governmental activities	220,623,175	229,597,752	230,939,850	241,825,651	244,618,728
Business-type activities:					
Investment earnings	28	1,424	10,084	15,852	29,094
Transfers	445,000	-	-	(231,000)	-
Total business-type activities	445,028	1,424	10,084	(215,148)	29,094
Total primary government	\$ 221,068,203	\$ 229,599,176	\$ 230,949,934	\$ 241,610,503	\$ 244,647,822
Change in net position:					
Governmental activities	\$ (3,675,942)	\$ (8,826,077)	\$ 23,237	\$ (15,647,759)	\$ (2,760,171)
Business-type activities	(263,909)	(409,152)	4,406,156	(411,048)	(6,998,851)
Total primary government	\$ (3,939,851)	\$ (9,235,229)	\$ 4,429,393	\$ (16,058,807)	\$ (9,759,022)

Source: County records.

NEW HANOVER COUNTY, NORTH CAROLINA
Table 2 (CONTINUED)
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2016	2017	2018	2019	2020
Net (expense)/revenue:					
Governmental activities	\$ (271,417,905)	\$ (310,502,449)	\$ (283,352,504)	\$ (308,535,355)	\$ (323,237,400)
Business-type activities	10,404,650	15,654,420	6,657,098	(16,265,191)	1,451,861
Total primary government net expense	\$ (261,013,255)	\$ (294,848,029)	\$ (276,695,406)	\$ (324,800,546)	\$ (321,785,539)
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property taxes	\$ 181,733,215	\$ 200,894,989	\$ 203,167,790	\$ 216,754,433	\$ 220,806,788
Sales taxes	65,640,268	69,521,803	73,914,010	66,994,670	66,881,816
Room occupancy taxes	5,130,592	5,879,406	6,022,051	7,152,943	6,119,764
Other taxes	3,593,014	3,214,296	3,070,136	7,610,330	3,992,191
Investment earnings	840,020	1,584,116	2,660,536	3,956,891	2,896,357
Miscellaneous	-	-	-	1,734,906	2,877,641
Transfers	-	-	-	(14,750,794)	(125,000)
Total governmental activities	256,937,109	281,094,610	288,834,523	289,453,379	303,449,557
Business-type activities:					
Investment earnings	62,219	100,060	193,805	285,490	322,647
Transfers	-	-	-	14,750,794	125,000
Total business-type activities	62,219	100,060	193,805	15,036,284	447,647
Total primary government	\$ 256,999,328	\$ 281,194,670	\$ 289,028,328	\$ 304,489,663	\$ 303,897,204
Change in net position:					
Governmental activities	\$ (14,480,796)	\$ (29,407,839)	\$ 5,482,019	\$ (19,081,976)	\$ (19,787,843)
Business-type activities	5,182,463	15,754,480	6,850,903	(1,228,907)	1,899,508
Total primary government	\$ (9,298,333)	\$ (13,653,359)	\$ 12,332,922	\$ (20,310,883)	\$ (17,888,335)

Source: County records.

NEW HANOVER COUNTY, NORTH CAROLINA
Table 3
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2011	2012	2013	2014	2015
General Fund:					
Nonspendable	\$ 79,851	\$ 46,790	\$ 42,635	\$ 128,721	\$ 130,094
Restricted	24,193,303	21,768,800	23,185,423	24,103,644	27,788,826
Committed	-	-	-	-	-
Assigned	7,945,535	11,454,087	13,880,627	14,088,884	11,738,867
Unassigned	51,963,479	60,926,423	62,334,516	63,653,791	54,891,327
Total general fund	\$84,182,168	\$94,196,100	\$99,443,201	\$ 101,975,040	\$ 94,549,114
All other governmental funds:					
Reserved					
Unreserved, reported in:					
Special revenue funds	0	0	0		
Capital projects funds					
Nonspendable		1,802	850	\$ 850	\$ 400
Restricted	41,449,014	44,001,373	44,594,014	65,686,061	51,732,264
Restricted, reported in capital					
Projects funds	64,536,452	23,366,508	65,901,220	22,213,748	16,576,845
Committed	3,374,752	4,226,116	-	972,801	1,179,690
Committed, reported in capital					
Projects funds	193,613	74,831	1,130,942	-	-
Assigned	59,433	68,966	63,893	61,578	62,845
Unassigned				-	-
Unassigned, reported in capital					
Projects funds	(525,173)	(302,827)	(1,564,138)	4,905,148	(6,719,253)
Total all other governmental funds	\$109,088,091	\$71,436,769	\$110,126,781	\$ 93,840,186	\$ 62,832,791

Source: County records.

NEW HANOVER COUNTY, NORTH CAROLINA
Table 3
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2016	2017	2018	2019	2020
General Fund:					
Nonspendable	\$ 265,237	\$ 142,297	\$ 112,773	\$ 95,603	\$ 163,144
Restricted	28,347,292	31,219,239	27,868,626	34,717,177	36,260,182
Committed	2,121,598	2,565,632	3,001,121	3,391,592	3,703,365
Assigned	4,036,339	13,807,244	14,396,251	6,538,231	9,381,175
Unassigned	61,406,864	60,087,888	61,827,734	52,656,637	57,102,925
Total general fund	\$ 96,177,330	\$ 107,822,300	\$ 107,206,505	\$ 97,399,240	\$ 106,610,791
All other governmental funds:					
Reserved					
Unreserved, reported in:					
Special revenue funds					
Capital projects funds					
Nonspendable	\$ 1,650	\$ 2,856	\$ 500	\$ 15,959	\$ 47,710
Restricted	50,464,699	47,614,516	37,663,727	46,258,301	50,070,733
Restricted, reported in capital					
Projects funds	67,926,102	21,627,731	26,001,092	68,767,949	39,110,926
Committed	157,674	2,294,447	4,967,820	-	-
Committed, reported in capital					
Projects funds	834,853	96,233	1,352,350	37,734	8,179
Assigned	64,073	72,326	417,474	5,270,155	1,269,460
Unassigned	-	-	-	(2,207,524)	(1,372,827)
Unassigned, reported in capital					
Projects funds	(2,209,937)	(6,283,033)	10,738,483	(5,055,812)	11,336,407
Total all other governmental funds	\$ 117,239,114	\$ 65,425,076	\$ 81,141,446	\$ 113,086,762	\$ 100,470,588

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)

	2011	2012	2013	2014	2015
Revenues:					
Taxes	\$ 219,397,404	\$ 229,052,284	\$ 230,253,340	\$ 238,258,952	\$ 243,904,184
Intergovernmental revenue	41,719,627	51,294,237	51,435,873	47,736,506	47,956,049
Special assessments	549,508	485,862	309,431	2,894,325	406,705
Charges for services	8,714,885	10,745,642	12,283,293	11,925,569	11,929,923
Miscellaneous	8,065,255	2,843,795	5,863,970	1,987,912	1,206,663
Total revenues	278,446,679	294,421,820	300,145,907	302,803,264	305,403,524
Expenditures:					
General government	29,479,030	30,553,554	32,322,623	32,535,630	33,646,446
Human services	52,148,036	53,674,258	52,659,109	53,615,690	55,251,211
Public safety	54,056,134	59,406,202	59,862,271	62,459,338	64,681,983
Economic and physical development	2,438,992	3,114,839	12,487,481	5,427,845	4,976,715
Culture and recreation	10,124,210	10,732,645	12,358,781	12,133,804	12,905,043
Education-community college and schools	67,650,207	68,750,207	70,026,998	75,539,163	81,254,714
Stormwater drainage	-	-	-	-	-
Capital outlay	38,141,227	44,277,295	28,971,627	46,293,728	41,849,582
Debt service:					
Interest and fees - bonds	12,588,240	13,369,517	12,779,764	12,003,385	8,942,405
Principal - bonds	19,030,000	22,400,000	21,075,000	22,115,000	24,590,000
Principal, interest and fees - installment debt	16,462,905	15,989,055	14,826,923	14,120,578	17,305,075
Bond issuance costs	-	-	-	562,701	-
Total expenditures	302,118,981	322,267,572	317,370,577	336,806,862	345,403,174
Revenues over (under) expenditures	(23,672,302)	(27,845,752)	(17,224,670)	(34,003,598)	(39,999,650)
Other financing sources (uses):					
Sale of capital assets	-	166,526	30,999	129,093	40,839
Insurance claim proceeds	-	40,140	29,161	46,288	100,092
Long-term debt issued	5,843,552	1,696	61,101,623	18,267,846	2,428,358
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	3,024,201	1,516,547	6,735,806	2,063,189	3,455,195
Transfers to other funds	(3,469,201)	(1,516,547)	(6,735,806)	(1,832,189)	(3,455,195)
Total other financing sources (uses)	5,398,552	208,362	61,161,783	20,248,842	2,569,289
Net change in fund balances	\$ (18,273,750)	\$ (27,637,390)	\$ 43,937,113	\$ (13,754,756)	\$ (37,430,361)
Debt service as % of noncapital expenditures	16.40%	16.50%	15.55%	14.59%	15.43%

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)

	2016	2017	2018	2019	2020
Revenues:					
Taxes	\$ 255,690,698	\$ 278,959,494	\$ 286,302,388	\$ 295,260,834	\$ 296,628,104
Intergovernmental revenue	50,149,939	52,053,568	43,255,951	55,237,300	65,613,807
Special assessments	454,205	186,884	107,932	3,526,540	118,929
Charges for services	11,991,319	12,835,008	13,034,710	13,786,687	13,960,940
Miscellaneous	2,278,390	3,398,748	4,910,569	4,990,809	3,573,893
Total revenues	320,564,551	347,433,702	347,611,550	372,802,170	379,895,673
Expenditures:					
General government	36,508,431	38,370,780	44,529,458	44,044,846	46,924,764
Human services	55,421,335	58,259,230	50,947,296	51,412,360	53,973,512
Public safety	67,587,820	69,804,249	75,258,247	86,907,545	90,275,272
Economic and physical development	10,240,407	4,623,864	14,023,013	5,347,980	6,665,841
Culture and recreation	13,051,449	13,447,255	13,151,974	14,689,060	13,926,054
Education-community college and schools	83,986,530	85,735,238	88,103,829	93,374,285	92,881,620
Stormwater drainage	-	-	-	-	-
Capital outlay	51,107,252	63,984,919	50,749,085	67,821,513	65,605,747
Debt service:					
Interest and fees - bonds	12,188,464	12,528,430	12,803,143	13,474,353	14,032,537
Principal - bonds	24,385,000	28,825,000	28,895,000	29,715,000	33,745,000
Principal, interest and fees - installment debt	14,692,495	14,295,135	13,528,552	11,907,539	13,042,144
Bond issuance costs	75,062	-	133,533	158,177	114,691
Total expenditures	369,244,245	389,874,100	392,123,130	418,852,658	431,187,182
Revenues over (under) expenditures	(48,679,694)	(42,440,398)	(44,511,580)	(46,050,488)	(51,291,509)
Other financing sources (uses):					
Sale of capital assets	780,467	53,174	12,257,748	7,114,310	1,743,314
Insurance claim proceeds	62,963	128,419	58,399	524,497	641,631
Long-term debt issued	93,261,467	2,222,718	44,240,543	70,100,876	39,865,000
Premium on long-term debt issued	8,887,220	-	2,922,484	5,199,650	5,761,941
Refunding bonds issued	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
Transfers from other funds	12,841,205	35,954,952	37,089,896	25,031,092	19,273,687
Transfers to other funds	(12,841,205)	(35,954,952)	(37,089,896)	(39,781,886)	(19,398,687)
Total other financing sources (uses)	102,992,117	2,404,311	59,479,174	68,188,539	47,886,886
Net change in fund balances	\$ 54,312,423	\$ (40,036,087)	\$ 14,967,594	\$ 22,138,051	\$ (3,404,623)
Debt service as % of noncapital expenditures	14.24%	14.47%	14.27%	14.14%	15.01%

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
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
2020	220,807	66,882	6,120	3,057	935	297,801

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
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
2020		29,873,800,932		4,570,434,528		694,374,071		35,138,609,531	\$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	2020			2011		
	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.	\$ 502,378,024	1	1.43%	\$ 268,847,860	1	0.80%
Corning, Inc.	261,606,881	2	0.75%	208,791,834	3	0.62%
General Electric Company	221,424,347	3	0.63%	247,908,705	2	0.73%
Bedrock Holdings II LLC	98,565,300	4	0.28%	--	--	--
Live Oak Bank	88,359,238	5	0.25%	--	--	--
Fortron Industries	87,129,012	6	0.25%	--	--	--
River Ventures	74,933,400	7	0.21%	45,889,678	9	0.14%
Mayfaire Town Center LP	69,712,613	8	0.20%	--	--	--
GF Management Company	64,491,012	9	0.18%	--	--	--
RSE Independence	63,255,800	10	0.18%	--	--	--
Celanese Corporation	--	--	--	82,052,900	4	0.24%
Bell South	--	--	--	69,556,925	5	0.21%
Arteva Specialities	--	--	--	61,449,671	6	0.18%
Centro Independence LLC	--	--	--	50,436,737	7	0.15%
Wal Mart	--	--	--	49,306,319	8	0.15%
Global Nuclear Fuel Americas	--	--	--	41,351,413	10	0.12%
Total	<u><u>\$ 1,531,855,627</u></u>		<u><u>4.36%</u></u>	<u><u>\$ 1,125,592,042</u></u>		<u><u>3.34%</u></u>
Total taxable assessed value	<u><u>\$ 35,138,609,531</u></u>			<u><u>\$ 33,806,058,072</u></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 Collected Within the Fiscal Year of the Levy		Property Tax Collections in Subsequent Years	Property Tax Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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	865,621 *	192,820,252	99.73%
2019	192,254,086	191,022,582	99.36	979,685 *	192,002,267	99.87%
2020	195,335,328	193,576,815	99.10	850,627	194,427,442	99.54%

* Updated to reflect actual subsequent collections.

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
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	0.0700	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
2020	0.5550	0.0775	0.4984	0.1275	0.245	0.3400

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	Certificates of Participation	Other Installment Debt			
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	3.93%	1,792
2019	375,266,067	-	70,722,174	-	116,204	446,104,445	N/A	1,877
2020	341,622,496	-	101,507,634	-	870,308	444,000,438	N/A	1,856

* Calculation made using population and personal income figures from Demographic and Economic Statistics Table 14.

Source: County records.

Note: Amounts presented for 2017, 2018, 2019 and 2020 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**
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
2020	341,622,496	0.98%	1,427.76

* 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 through 2020 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, 2020

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
County direct debt		100.00%	\$ 443,130,130
City of Wilmington debt		100.00%	192,095,250
Town of Wrightsville Beach debt		100.00%	1,714,286
Town of Carolina Beach debt		100.00%	4,547,197
Town of Kure Beach debt		100.00%	5,126,080
Subtotal, overlapping debt			203,482,813
Total direct and overlapping debt:			\$ 646,612,943

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

	2011	2012	2013	2014	2015
Debt limit	\$ 2,704,484,646	\$ 2,735,242,156	\$ 2,310,367,729	\$ 2,377,170,770	\$ 2,379,658,915
Total net debt applicable to limit	476,879,881	437,524,997	392,163,053	385,619,330	350,107,072
Legal debt margin	\$ 2,227,604,765	\$ 2,297,717,159	\$ 1,918,204,676	\$ 1,991,551,440	\$ 2,029,551,843
Total net debt applicable to the limit as a percentage of debt limit	17.63%	16.00%	16.97%	16.22%	14.71%

Note: Amounts presented for 2017 through 2020 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, 2020				
Total assessed value				\$ 35,138,609,531
Debt limit (8% of assessed value)				<u>2,811,088,762</u>
Debt applicable to limit:				
General obligation bonds				320,054,997
Certificates of participation				-
Installment				95,604,553
Authorized but unissued debt				9,405,000
Less:				
Water Sewer				7,750,000
Authorized but unissued debt				<u>9,405,000</u>
Total net applicable to limit				<u>442,219,550</u>
Legal debt margin				<u>\$ 2,368,869,212</u>
2016	2017	2018	2019	2020
\$ 2,415,784,706	\$ 2,465,327,783	\$ 2,698,898,172	\$ 2,764,407,494	\$ 2,811,088,762
408,148,717	371,926,370	378,307,851	410,571,726	442,219,550
\$ 2,007,635,989	\$ 2,093,401,413	\$ 2,320,590,321	\$ 2,353,835,768	\$ 2,368,869,212
16.90%	15.09%	14.02%	14.85%	15.73%

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
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	10,519,705	45,290	39.0	25,994	3.90%
2019	237,689	N/A	N/A	39.2	25,512	4.10%
2020	239,272	N/A	N/A	39.8	25,617	7.20%

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)	2020			2011		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
New Hanover Regional Medical Center	7,500	1	6.73%	4,738	1	5.10%
New Hanover County Schools	4,211	2	3.78%	3,666	2	3.95%
Wal-Mart Stores	2,857	3	2.51%	2,592	3	2.26%
General Electric Company	2,800	4	2.56%	2,100	4	2.79%
University of NC at Wilmington	2,409	5	2.16%	1,898	5	2.04%
New Hanover County Government	1,813	6	1.63%	1,571	6	1.69%
PPD, Inc.	1,500	7	1.35%	1,500	7	1.61%
Duke Energy Progress	1,136	8	1.02%	-----	-----	-----
City of Wilmington	1,000	9	0.90%	981	10	1.06%
Wilmington Health	917	10	0.82%	-----	-----	-----
Verizon Wireless	-----	-----	-----	1,346	8	1.45%
Corning, Inc.	-----	-----	-----	1,000	9	1.08%
Total New Hanover County Employment	<u>111,465</u>			<u>92,927</u>		

Sources: Greater Wilmington Business Journal 2020 Book on Business (list is based on voluntary response to a Business Journal survey). NC State Demographics Web Site and New Hanover County.

NEW HANOVER COUNTY, NORTH CAROLINA
Table 16
Full-Time Equivalent Government Employees by Function
Last Ten Fiscal Years

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government	268	268	265	263	255	271	282	295	295	291
Human services	509	495	471	497	506	493	505	507	513	524
Public safety	635	651	680	727	762	765	797	790	811	826
Culture and recreation	123	126	127	136	136	136	128	129	134	135
Environmental Management	88	31	31	31	31	32	33	35	34	37
Total	1,623	1,571	1,574	1,654	1,690	1,697	1,745	1,756	1,787	1,813

Source: County Budget Department.



NEW HANOVER COUNTY, NORTH CAROLINA

Table 17

Operating Indicators by Function
Last Ten Fiscal Years

Function	2011	2012	2013	2014	2015
Public safety:					
Sheriff:					
# of divisions	6	6	8	8	7
# of sheriff personnel	384	423	455	473	482
# of arrests made	6,613	6,506	5,536	5,397	4,935
# of service calls	190,500	132,492	137,954	139,964	138,932
Fire Services:					
# of stations	8	8	8	8	8
# of fire personnel	95	217	197	172	191
# of calls answered	4,823	5,600	5,242	5,862	6,449
Culture and recreation:					
Library:					
# of circulations	1,350,000	1,387,929	1,398,310	1,365,134	1,357,505
Museum:					
Attendance	49,261	47,223	42,877	37,858	40,680

Source: County records.

NEW HANOVER COUNTY, NORTH CAROLINA

Table 17

Operating Indicators by Function
Last Ten Fiscal Years

Function	2016	2017	2018	2019	2020
Public safety:					
Sheriff:					
# of divisions	8	8	8	8	8
# of sheriff personnel	486	503	510	529	538
# of arrests made	4,625	4,317	4,289	4,030	3,941
# of service calls	133,684	134,749	132,061	123,120	116,347
Fire Services:					
# of stations	8	8	8	8	8
# of fire personnel	197	160	154	161	165
# of calls answered	6,420	6,630	6,610	7,291	6,353
Culture and recreation:					
Library:					
# of circulations	1,314,648	1,289,761	1,300,387	1,259,225	1,055,270
Museum:					
Attendance	47,080	57,592	55,662	52,682	42,213

Source: County records.

NEW HANOVER COUNTY, NORTH CAROLINA

Table 18

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2011	2012	2013	2014	2015
Public safety:					
Sheriff:					
# of stations	2	2	2	8	8
# of vehicles	290	279	298	311	305
Human services:					
Health Department:					
# of vehicles	29	23	22	22	22
Culture and recreation:					
Parks:					
# of parks/open spaces	23	23	23	23	23
Park/open space acreage	1,551	1,551	1,551	1,551	1,551

Source: County records.

NEW HANOVER COUNTY, NORTH CAROLINA

Table 18

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2016	2017	2018	2019	2020
Public safety:					
Sheriff:					
# of stations	8	8	8	8	8
# of vehicles	347	368	413	433	439
Human services:					
Health Department:					
# of vehicles	22	21	21	21	21
Culture and recreation:					
Parks:					
# of parks/open spaces	23	23	24	24	25
Park/open space acreage	1,551	1,551	1,565	1,566	1,591

Source: County records.

NEW HANOVER COUNTY, NORTH CAROLINA

Table 19
ANALYSIS OF CURRENT TAX LEVY
COUNTY - WIDE LEVY
June 30, 2020

	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	\$ 32,884,075,711	\$0.5550	\$ 182,506,620	\$ 182,506,620	\$ -
Motor vehicles at 2019 rate	1,782,967,377	0.5550	9,895,469	-	9,895,469
Motor vehicles at 2018 rate	537,845,703	0.5550	2,985,044	-	2,985,044
Motor vehicles at 2017 rate	4,083,263	0.5700	23,274	-	23,274
Penalties	-		245,831	245,831	-
Total	35,208,972,054		195,656,238	182,752,451	12,903,787
Discoveries:					
Current year	-		69,602	69,602	-
	-		69,602	69,602	-
Abatements	(70,362,523)		(390,512)	(390,512)	-
Total property valuation	<u>\$ 35,138,609,531</u>				
Net levy			195,335,328	182,431,541	12,903,787
Uncollected taxes at June 30, 2020			1,758,513	1,758,513	-
Current year's taxes collected			<u>\$ 193,576,815</u>	<u>\$ 180,673,028</u>	<u>\$ 12,903,787</u>
Current levy collection percentage			99.10%	99.04%	100.00%

Secondary Market Disclosures:

Assessed Valuation:	
Assessment Ratio	100%
Real Property	\$ 29,873,800,932
Personal Property	4,570,434,528
Public Service Companies	694,374,071
Total Assessed Valuation	35,138,609,531
Tax rate per \$100	0.5550
Levy (includes discoveries, abatements, penalties)	<u>\$ 195,335,328</u>
Fire District	<u>\$ 10,874,405</u>