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FISCAL YEAR ENDED JUNE 30, 2021

ANNUAL COMPREHENSIVE FINANCIAL REPORT

NEW HANOVER COUNTY

North Carolina

The Model of Good Governance





Annual Comprehensive Financial Report

**New Hanover County, North Carolina
For The Fiscal Year Ended June 30, 2021**

Julia Olsen-Boseman, Chair
Board of Commissioners

Chris Coudriet
County Manager

Lisa H. Wurtzbacher, CPA
Chief Financial Officer

Prepared by
New Hanover County Finance Department
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NEW HANOVER COUNTY, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020

TABLE OF CONTENTS

	<u>Page</u>
Introductory Section:	
Mission Statement	i
Board of Commissioners and Other Elected Officials	ii
Organizational Chart	iii
Letter of Transmittal	iv-xviii
Certificate of Achievement	xix
Financial Section:	
Report of Independent Auditor	1-3
Management's Discussion and Analysis	4-15
<u>Exhibit</u>	
Basic Financial Statements:	
Government-Wide Financial Statements:	
A	Statement of Net Position 16-17
B	Statement of Activities 18-19
Fund Financial Statements:	
C	Balance Sheet - Governmental Funds 20
D	Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds 21
E	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities 22
F	Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund 23
G	Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Room Occupancy Tax Fund 24
H	Special Fire District Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance (GAAP Basis) - Budget and Actual 25
I	American Rescue Plan - Statement of Revenues, Expenditures, and Changes in Fund Balance (GAAP Basis) - Budget and Actual 26
J	Statement of Net Position - Proprietary Funds 27

NEW HANOVER COUNTY, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020

TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page</u>
K	Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	28
L	Statement of Cash Flows - Proprietary Funds	29
M	Statement of Fiduciary Net Position - Fiduciary Funds	30
N	Statement of Changes in Fiduciary Net Position - Fiduciary Funds	31
	Notes to the Basic Financial Statements	32-142
 <u>Schedule</u>		
	Required Supplementary Information:	
A-1	Schedule of the County's Proportionate Share of the Net Pension Liability (Asset) - Local Government Employees' Retirement Fund	143
A-2	Schedule of the County Contributions - Local Government Employees' Retirement Fund	144
A-3	Schedule of the County's Proportionate Share of the Net Pension Liability (Asset) - Registers of Deeds' Supplemental Pension Fund	145
A-4	Schedule of the County Contributions - Registers of Deeds' Supplemental Pension Fund	146
A-5	Schedule of Changes in Total Pension Liability Law Enforcement Officers' Separation Allowance	147
A-6	Schedule of Total Pension Liability as a Percentage of Covered Payroll Law Enforcement Officers' Separation Allowance	148
A-7	Schedule of Changes in the Total OPEB Liability and Related Ratios	149
A-8	Medical Center Employee Pension Plan Changes in the Net Pension Liability and Related Ratios	150
A-9	Medical Center Employee Pension Plan Schedule of Medical Center Contributions	151

NEW HANOVER COUNTY, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020

TABLE OF CONTENTS

<u>Schedule</u>		<u>Page</u>
	Combining and Individual Fund Statements and Schedules:	
1	Combining Balance Sheet - Nonmajor Governmental Funds	152
2	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	153
3	Combining Balance Sheet - Nonmajor Special Revenue Governmental Funds	154-155
4	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Governmental Funds	156-157
5	Combining Balance Sheet - Nonmajor Capital Project Governmental Funds	158-159
6	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Capital Project Governmental Funds	160-161
	General Fund:	
7	General Fund - Comparative Balance Sheet	162
8	Schedule of Revenues, Expenditures, and Changes in Fund Balance (GAAP Basis) - Budget and Actual General Fund	163
9	Public Schools Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	164
	Special Revenue Funds:	
10	Debt Service Fund - Comparative Balance Sheet	165
11	Debt Service Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance (GAAP Basis) - Budget and Actual	166
12	Room Occupancy Tax Fund - Comparative Balance Sheet	167
13	Room Occupancy Tax Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance (GAAP Basis) - Budget and Actual	168
14	Special Fire District Fund - Comparative Balance Sheet	169

NEW HANOVER COUNTY, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020

TABLE OF CONTENTS

<u>Schedule</u>		<u>Page</u>
15	Special Fire District Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance (GAAP Basis) - Budget and Actual	170
16	Local Law Enforcement Block Grant Fund - Comparative Balance Sheet	171
17	Local Law Enforcement Block Grant Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance (GAAP Basis) - Budget and Actual	172
18	Emergency Telephone System Fund - Article 3 - Comparative Balance Sheet	173
19	Emergency Telephone System Fund - Article 3 - Schedule of Revenues, Expenditures, and Changes in Fund Balance (GAAP Basis) - Budget and Actual	174
20	Revolving Loan Program - Comparative Balance Sheet	175
21	Revolving Loan Program - Schedule of Revenues, Expenditures, and Changes in Fund Balance (GAAP Basis) - Budget and Actual	176
22	Stormwater Fee Program - Comparative Balance Sheet	177
23	Stormwater Fee Program - Schedule of Revenues, Expenditures, and Changes in Fund Balance (GAAP Basis) - Budget and Actual	178
24	American Rescue Plan - Comparative Balance Sheet	179
25	American Rescue Plan - Schedule of Revenues, Expenditures, and Changes in Fund Balance (GAAP Basis) - Budget and Actual	180
26	Special Purpose Fund - Comparative Balance Sheet	181
27	Special Purpose Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance (GAAP Basis) - Budget and Actual	182
28	Representative Payee Fund - Comparative Balance Sheet	183
29	Representative Payee Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance (GAAP Basis) - Budget and Actual	184

NEW HANOVER COUNTY, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020

TABLE OF CONTENTS

<u>Schedule</u>		<u>Page</u>
	Capital Project Funds:	
30	Parks Conservancy of New Hanover County - Comparative Balance Sheet	185
31	Parks Conservancy of New Hanover County - Schedule of Revenues, Expenditures, and Changes in Fund Balance (GAAP Basis) - Budget and Actual	186
32	Arlie Gardens Foundation, Inc. - Comparative Balance Sheet	187
33	Arlie Gardens Foundation, Inc - Schedule of Revenues, Expenditures, and Changes in Fund Balance (GAAP Basis) - Budget and Actual	188
34	Public Health Foundation - Comparative Balance Sheet	189
35	Public Health Foundation - Schedule of Revenues, Expenditures, and Changes in Fund Balance (GAAP Basis) - Budget and Actual	190
36	\$164 Million CFCC Bond Expenditures Capital Project Fund - Comparative Balance Sheet	191
37	\$164 Million CFCC Bond Expenditures Capital Project Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance (GAAP Basis) - Budget and Actual	192
38	\$160M School Bond Expenditure Capital Project Fund - Comparative Balance Sheet	193
39	\$160M School Bond Expenditure Capital Project Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance (GAAP Basis) - Budget and Actual	194
40	Juvenile Justice Facility Capital Project Fund - Comparative Balance Sheet	195
41	Juvenile Justice Facility Capital Project Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance (GAAP Basis) - Budget and Actual	196

NEW HANOVER COUNTY, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020

TABLE OF CONTENTS

<u>Schedule</u>		<u>Page</u>
42	Public School Building Capital Fund Capital Project Fund - Comparative Balance Sheet	197
43	Public School Building Capital Fund Capital Project Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance (GAAP Basis) - Budget and Actual	198
44	Controlled Substance Tax Capital Project Fund - Comparative Balance Sheet	199
45	Controlled Substance Tax Capital Project Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance (GAAP Basis) - Budget and Actual	200
46	Federal Forfeited Property Capital Project Fund - Comparative Balance Sheet	201
47	Federal Forfeited Property Capital Project Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance (GAAP Basis) - Budget and Actual	202
48	Mason Inlet Relocation Capital Project Fund - Comparative Balance Sheet	203
49	Mason Inlet Relocation Capital Project Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance (GAAP Basis) - Budget and Actual	204
50	Public Health and Social Services Facility Capital Project Fund - Comparative Balance Sheet	205
51	Public Health and Social Services Facility Capital Project Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance (GAAP Basis) - Budget and Actual	206
52	Bike/Pedestrian Paths Capital Project Fund - Comparative Balance Sheet	207
53	Bike/Pedestrian Paths Capital Project Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance (GAAP Basis) - Budget and Actual	208

NEW HANOVER COUNTY, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020

TABLE OF CONTENTS

<u>Schedule</u>		<u>Page</u>
54	Capital Improvement Projects Capital Project Fund - Comparative Balance Sheet	209
55	Capital Improvement Projects Capital Project Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance (GAAP Basis) - Budget and Actual	210
56	Special Fire District Revenue Improvement Projects Capital Project Fund - Comparative Balance Sheet	211
57	Special Fire District Revenue Improvement Projects Capital Project Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance (GAAP Basis) - Budget and Actual	212
58	Healing Transition Facility Capital Project Fund - Comparative Balance Sheet	213
59	Healing Transition Facility Capital Project Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance (GAAP Basis) - Budget and Actual	214
60	Airport Terminal Expansion Capital Project Fund - Comparative Balance Sheet	215
61	Airport Terminal Expansion Capital Project Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance (GAAP Basis) - Budget and Actual	216
62	Government Center Redevelopment Capital Project Fund - Comparative Balance Sheet	217
63	Government Center Redevelopment Capital Project Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance (GAAP Basis) - Budget and Actual	218
	Enterprise Fund:	
64	Environmental Management Operating Fund - Schedule of Revenues, Expenditures, and Other Financing Sources (Uses) Budget (Modified Accrual Basis) and Actual	219
65	Environmental Management Operating Fund - Landfill Northern Property Closure Capital Project Fund - Schedule of Revenues, Expenditures, and Other Financing Sources (Uses) Budget (Modified Accrual Basis) and Actual	220

NEW HANOVER COUNTY, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020

TABLE OF CONTENTS

<u>Schedule</u>		<u>Page</u>
66	Environmental Management Operating Fund - Landfill Leachate Treatment System Upgrade Capital Project Fund Schedule of Revenues, Expenditures, and Other Financing Sources (Uses) - Budget (Modified Accrual Basis) and Actual	221
67	Environmental Management Operating Fund - Environmental Management Capital Project Various Schedule of Revenues, Expenditures, and Other Financing Sources (Uses) - Budget (Modified Accrual Basis) and Actual	222
68	Environmental Management Operating Fund - Landfill Southern Property Construction Schedule of Revenues, Expenditures, and Other Financing Sources (Uses) - Budget (Modified Accrual Basis) and Actual	223
69	Combining Statement of Fiduciary net Position - Pension Trust Funds	224
70	Combining Statement of Changes in Fiduciary Net Position - Schedule by Source	225
71	Combining Statement of Fiduciary net Position - Custodial Funds	226-227
72	Combining Statement of Changes in Fiduciary Net Position - Custodial Funds	228-229
73	Capital Assets Used in the Operations of Governmental Funds - Schedule by Source	230
74	Capital Assets Used in the Operations of Governmental Funds - Schedule by Function and Activity	231
75	Capital Assets Used in the Operations of Governmental Funds - Schedule by Changes by Function and Activity	232

NEW HANOVER COUNTY, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020

TABLE OF CONTENTS

Table

Statistical Section:

1	Net Position by Component	234-235
2	Changes in Net Position	236-239
3	Fund Balances of Governmental Funds	240-241
4	Changes in Fund Balances of Governmental Funds	242-243
5	Governmental Funds Tax Revenues by Source	244
6	Assessed Value and Actual Value of Taxable Property	245
7	Principal Property Taxpayers	246
8	Property Tax Levies and Collections	247
9	Direct and Overlapping Property Tax Rates	248
10	Ratios of Outstanding Debt by Type	249
11	Ratios of General Bonded Debt Outstanding	250
12	Direct and Overlapping Governmental Activities Debt	251
13	Legal Debt Margin Information	252-253
14	Demographic and Economic Statistics	254
15	Principal Employers	255
16	Full-Time Equivalent Government Employees by Function	256
17	Operating Indicators by Function	257-258
18	Capital Asset Statistics by Function	259-260
19	Analysis of Current Tax Levy	261





Our Vision for New Hanover County

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

Mission Statement

New Hanover County is committed to providing equitable opportunities and exceptional public services through good governance to ensure a safe, healthy, secure and thriving community for all.

Shared Values

Professionalism – Equity - Integrity
Innovation - Stewardship – Accountability

The New Hanover County Board of Commissioners

June 2021

Board of Commissioners



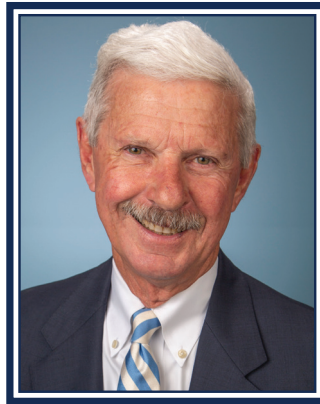
Julia Olson-Boseman
Chair



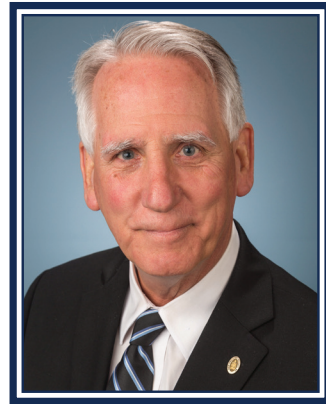
Deb Hays
Vice-Chair



Jonathan Barfield, Jr.
Commissioner

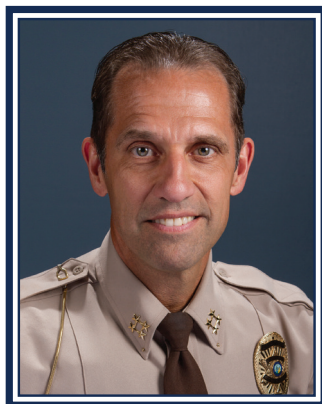


Bill Rivenbark
Commissioner



Rob Zapple
Commissioner

Other Elected Officials



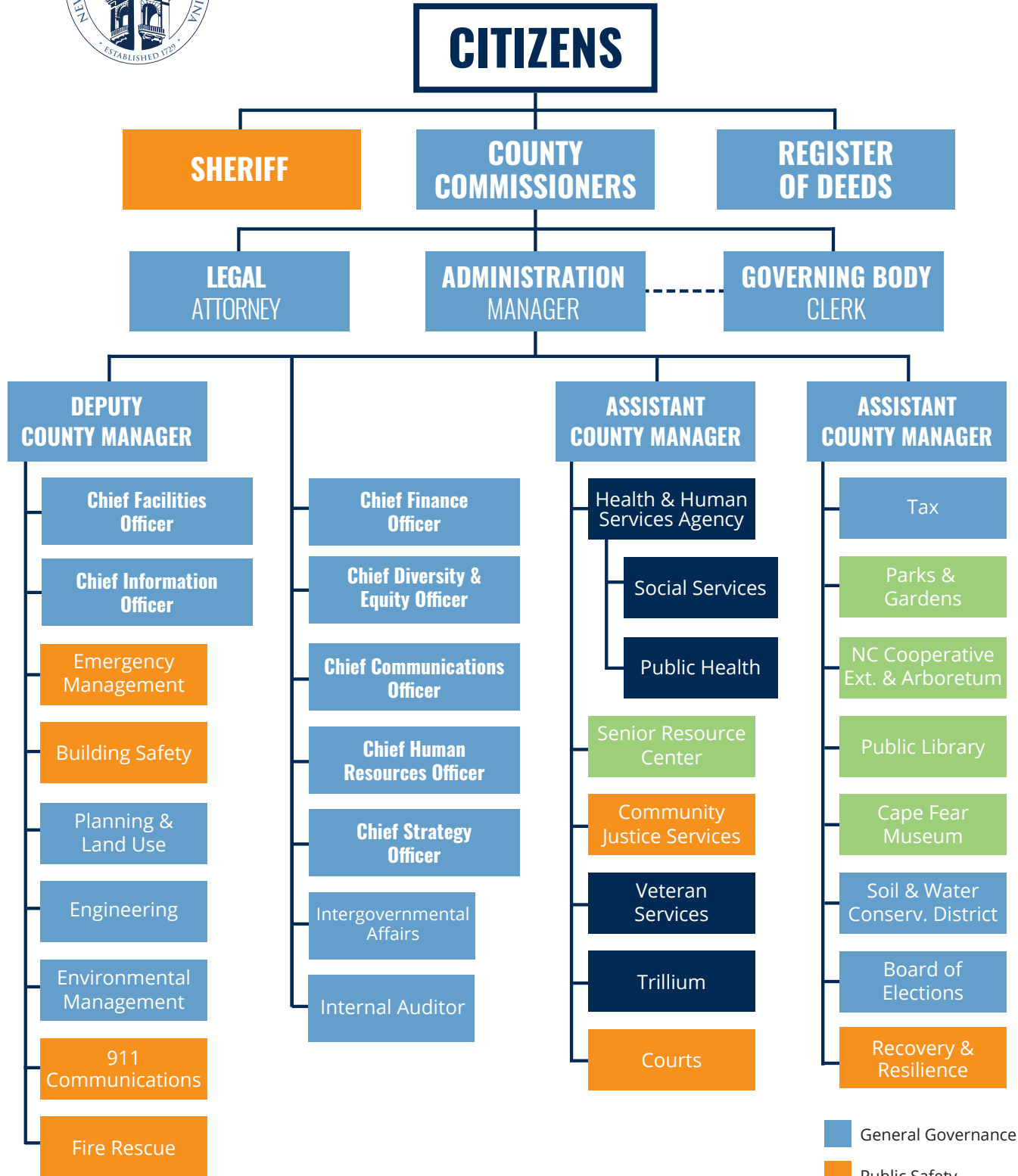
Ed McMahon
Sheriff



Tammy Theusch Piver
Register of Deeds



NEW HANOVER COUNTY ORGANIZATIONAL CHART



- General Governance
- Public Safety
- Human Services
- Cultural & Recreational

(Note: County also provides funding to CFCC & Public Schools (not shown) with no consulting role.)

Effective August 25, 2020



NEW HANOVER COUNTY

FINANCE

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Lisa Wurtzbacher, Chief Financial Officer

11/30/2021

Honorable Chair, 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 Annual Comprehensive Financial Report on the operations of New Hanover County for the fiscal year ended June 30, 2021.

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, 2021, are free of material misstatement. The independent audit concluded that the County's financial statements for the fiscal year June 30, 2021, 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.

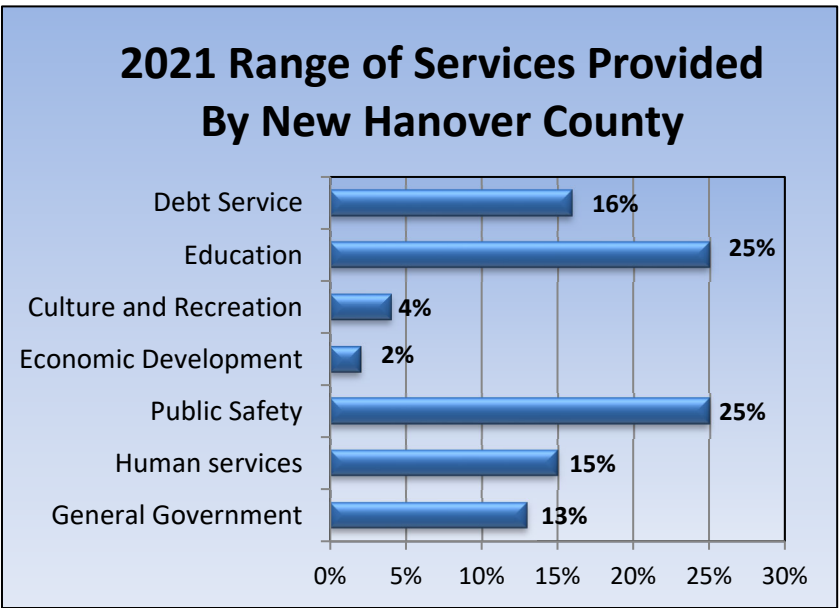
PROFILE OF THE COUNTY OF NEW HANOVER



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 but is one of the most densely populated with land area totaling approximately 192 square miles. The projected population of New Hanover County for 2021 is approximately 237,000. 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.



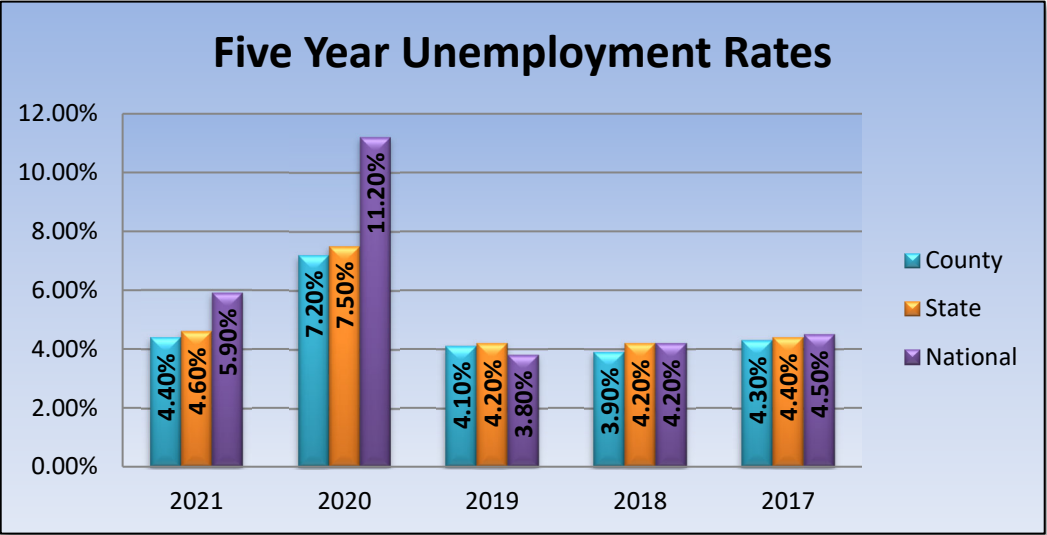
The County utilizes a County Manager form of government with five Commissioners who serve four-year staggered terms. The Chair is elected by the Commissioners each year for a one-year term. The County Manager, County Attorney, and the Clerk to the Board are appointed by, and serve at the pleasure of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

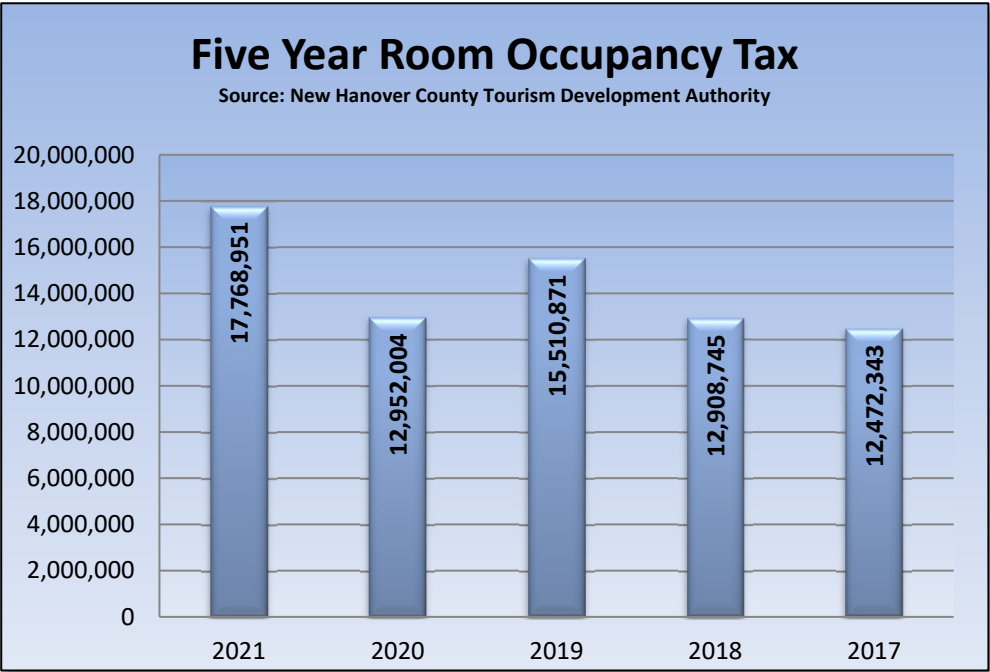
ECONOMIC CONDITION AND OUTLOOK

The County experienced various economic impacts from the COVID-19 virus in fiscal year 2021. Many industries saw decreased demand and increased unemployment as lockdown measures were in place. Once lifted, the economy showed a strong recovery in many areas, especially hospitality and other services. This is reflected in the substantial decrease in the year over year unemployment rate. 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 2021 continued to increase with demand outpacing supply. This is reflective of the area’s continued popularity. In fact, a United Van Lines study highlighted that Wilmington was the number one city in the country for inbound moves in 2020.

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 in 2020 as a result of the temporary shutdown of the hospitality industry. In 2021 however, the room occupancy tax collections rebounded significantly, demonstrating continued strength in the county’s tourism industry.



New Hanover County maintains a diverse taxpayer base, with its top ten taxpayers representing only 4.21 percent of its total base. This diversity is one of the many reasons the County has remained strong, financially, throughout the fluctuating economy.

Top Ten Taxpayers			Percentage of Total County Taxable Assessed Value
Taxpayer	Taxable Assessed Value	Rank	
Duke Energy Progress	\$ 508,851,392	1	1.41%
Corning Inc.	229,982,837	2	0.65%
General Electric Company	210,143,009	3	0.58%
Live Oak Bank	116,655,229	4	0.32%
Bedrock Holdings II LLC	98,565,300	5	0.27%
Fortron Industries	90,467,954	6	0.25%
River Ventures	74,933,400	7	0.21%
Mayfaire Town Center LP	69,712,271	8	0.19%
GF Management Company	62,473,130	9	0.17%
Global Nuclear Fuel Americas	56,851,706	10	0.16%
Total	\$1,518,636,228		4.21%
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 21.88 percent of the total employment within the County. In CNBC's 2021 annual survey of America's Top States for Business, North Carolina ranks second out of all 50 states. In the categories of access to capital, workforce and economy, North Carolina ranked in the top 10.

Top Ten Employers	2021		
	Number of Employees	Rank	Percentage Of Total County Employment
Employer			
New Hanover Regional Medical Center	7,477	1	6.26%
New Hanover County Board of Education	4,187	2	3.51%
General Electric Company	2,650	3	2.22%
Walmart Stores Inc.	2,519	4	2.11%
University of NC at Wilmington	2,479	5	2.08%
New Hanover County Government	1,850	6	1.55%
PPD Inc.	1,800	7	1.51%
Duke Energy Progress	1,100	8	0.92%
City of Wilmington	1,050	9	0.88%
Corning Inc.	1,000	10	0.84%
			21.88%
Source: Greater Wilmington Business Journal 2021 Book on Business			

Healthcare

Effective February 1, 2021 New Hanover Regional Medical Center (NHRMC) became part of the Novant Health system, a four-state integrated network of physician clinics, outpatient facilities and hospitals. Locally, NHRMC and its affiliates include three hospital campuses and a total of 855 licensed beds. 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. Through the Novant Health system, the clinical research of UNC-Chapel Hill will be extended to New Hanover County.



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 partnership between Novant Health and NHRMC is expected to provide additional clinics, hospitals, and advanced equipment to meet the region's needs. Additionally, innovative treatments and technology advancements will be available to deliver specialized care faster and locally.

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 58 bachelor's degrees, 37 master's degrees and 4 doctoral degrees. In Fall 2021, there were over 18,000 students enrolled in undergraduate and graduate degree programs. UNCW's graduate, transfer and first-year student populations continue to grow, 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 2022. U.S. News also ranked UNCW in the top 20 nationally in their list of "2021 Best Online Bachelor's Programs".



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 70 programs of study and 220 credential opportunities in a wide range of areas including those which offer hands-on training. It's 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

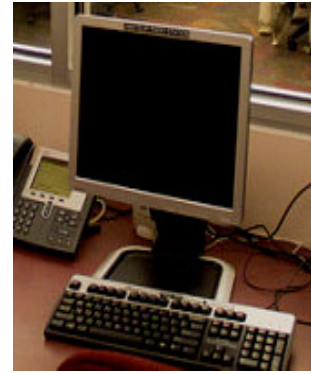
General Electric ("GE") is a longtime corporate resident of New Hanover County. GE Aviation manufactures jet engine parts that are used on commercial and military aircraft built by Boeing, Airbus and other airframe manufacturers. GE Hitachi Nuclear Energy (GEH) is a world-leading provider of advanced reactors and nuclear services. Global Nuclear Fuels Americas, another GE venture, combines 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 169-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 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 digital, cloud-based bank serving small business owners in all 50 states. In 2020, it was the leading Small Business Association and USDA lender by dollar volume in the country. 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 with FDIC-insured products. It's family of companies under the holding and parent company Live Oak Bancshares, and it's subsidiaries, partner with businesses to focus on service and technology to redefine banking.



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, end-to-end secure cloud-based solution that streamlines customer and employee interactions, and increases the bank's transparency, efficiency and profitability while ensuring regulatory compliance. The nCino Bank Operating System was first deployed at a community bank in Wilmington where it is headquartered. Today, more than 1,200 financial institutions in countries around the world use nCino's Bank Operating System. In 2019, nCino acquired Visible Equity and FinSuite to accelerate digital transformation efforts for financial institutions worldwide.



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 and 80 percent of nursing students 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

New Hanover County is home to EUE/Screen Gems Studios, the largest studio east of California. The facility covers 50-acres and is comprised of 10 sound stages and more than 150,000 square feet of shooting space. In the last 30 years more than 400 projects consisting of movies, commercials and television series have been filmed here. Projects included *Iron Man 3*, *Under the Dome*, *Good Behavior*, *One Tree Hill*, *Sleepy Hollow*, *We're the Millers*, *The Conjuring*, *The Secret Life of Bees*, *Dawson's Creek*, and *Blue Velvet*.



During the past year, the local film industry has seen its highest level of activity in many years and is referred to as Wilmywood or Hollywood East. Recent productions include: *George and Tammy*, *Hightown*, *I.S.S.*, *Halloween Kills*, *Scream*, *Christmas in Harmony*, *Our Kind of People*, *Florida Man*, *Echoes*, *Breakwater*, and *The Summer I Turned Pretty*, to name a few.

Tourism

According to the “Economic Impact of Travel on North Carolina Counties 2020,” tourism spending by domestic visitors to the state and to New Hanover County decreased during 2020. This was a direct result of travel restrictions and negative visitor sentiment toward travel during the COVID-19 outbreak. As restrictions lifted, travel trends improved. Safety became the dominant travel trend and visitors began to seek destinations with outdoor activities and wide-open spaces. New Hanover County’s year-round beaches, riverfront, parks, and gardens made it the ideal destination. The 2020 study revealed that travel and tourism directly provided more than 5,455 jobs in New Hanover County. It also showed the County improved its rank to seventh in the state for tourism generated revenue. 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 2021, US News Travel listed Carolina Beach,

Kure Beach and Wrightsville Beach among the “14 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 2021, Wilmington’s Riverwalk was voted as the second “Best Riverwalk in America.”



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 checkerboard.

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 42,000 square foot facility on a 9.6-acre campus and is committed to arts education as well as presenting 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. It is one of only 230 accredited members of the Association of Zoos and Aquariums.

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. The design for a new 42-acre passive park, Hanover Pines Nature Park is complete, and construction is expected to start in 2022.



Many additions and improvements have been made in recent years to further encourage active lifestyles. 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. New programs such as Summer Lap Swim, Senior Water Exercise, Heart Pumping Tennis and Yoga for Tennis Players are now offered at the newly completed Echo Farms Park.

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 2,200 guests. The Convention Center features 5,784 square feet of meeting space, a Grand Ballroom and its own 578 space public parking deck. Additionally, an 11,286 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 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 and the Terminal is designated as a Foreign Trade Zone. 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 2021, a project was announced with Cold Summit Development to develop a nearly 460,000 square foot refrigerated warehouse near the port enabling further expansion of its capabilities.

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. Despite supply chain problems in 2021, the Port of Wilmington increased its container volume by 2% and refrigerated container volume by 9% over the previous year. Additionally, a project has been proposed to deepen the harbor from 42 to 47 feet allowing it to accommodate even larger deep-draft container vessels carrying cargo between the U.S. and Asia.



The Rail System

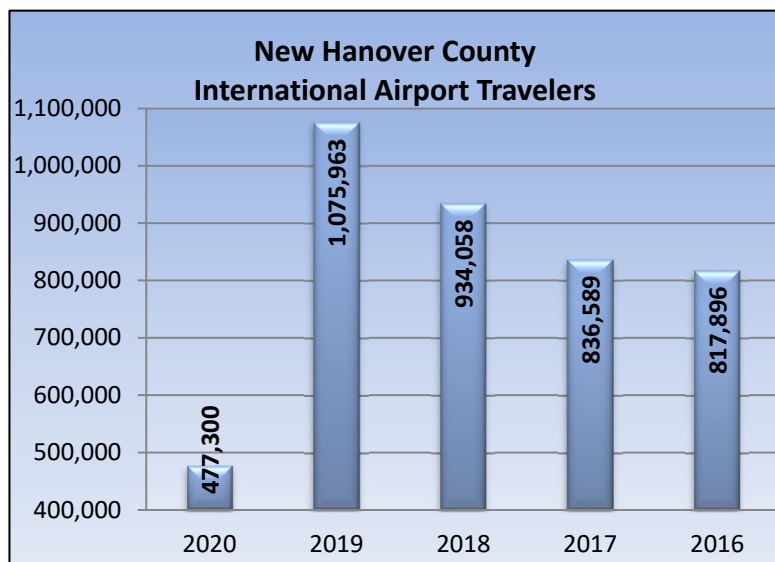
The County is served by CSX Corporation. It is one of the nation's leading transportation suppliers. The company's rail business provides rail-based transportation services including traditional rail service and the transport of intermodal containers and trailers. They serve major markets in the eastern 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 two of three phases complete. Despite the pandemic, work has continued on the project. The third and final phase involves expanding the concourse area, TSA checkpoints and number of gates. Additional concessions, seating, and ADA compliance will be included in this final phase. The entire expansion project is expected to be complete in 2022.



Wilmington International Airport experienced an unprecedented year in 2020 due to the pandemic. Like many other sectors in the aviation industry, the airport business was impacted by a reduction in passengers due to travel restrictions and public safety issues. By mid-2021, however, the number of passengers traveling had increased to previous levels. In 2021, the airport received more than \$6.5 million as part of the American Rescue Plan and was eligible for \$19.8 million in CARES Act funding. These amounts will be used as needed to provide relief from lost revenue and for continuing operations, personnel, cleaning, and sanitization.



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. Another segment of Middle Sound Greenway Trail and additional multipurpose trails including the Market Street Sidewalk extension in Porters Neck and Middle Sound Loop Connector Trail are in the design phase. 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

Through a public-private partnership, New Hanover County has begun construction on a new government center facility. The current site occupies 15 acres and houses many of the County's offices and services. It is located off 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 initial phase is anticipated to be completed late in 2022.

Stormwater Services

The County Board of Commissioners approved the creation and implementation of a new stormwater services program. The program has started operating; however, implementation of the supporting stormwater fee was delayed due to the COVID-19 pandemic. The stormwater fee is anticipated to be implemented in the near future. The stormwater services fund focuses on improving and maintaining non-permitted stormwater systems across the unincorporated areas of the County.

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.

Coronavirus Update

During 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. The County's response to COVID-19 was comprised of many aspects some of which included: testing and vaccination efforts, supporting contact tracing and social distancing protocols, providing education and outreach to reduce the spread of COVID-19, and establishing various programs to support the community through the use of federal and State funding.

FINANCIAL POLICIES

Internal Control

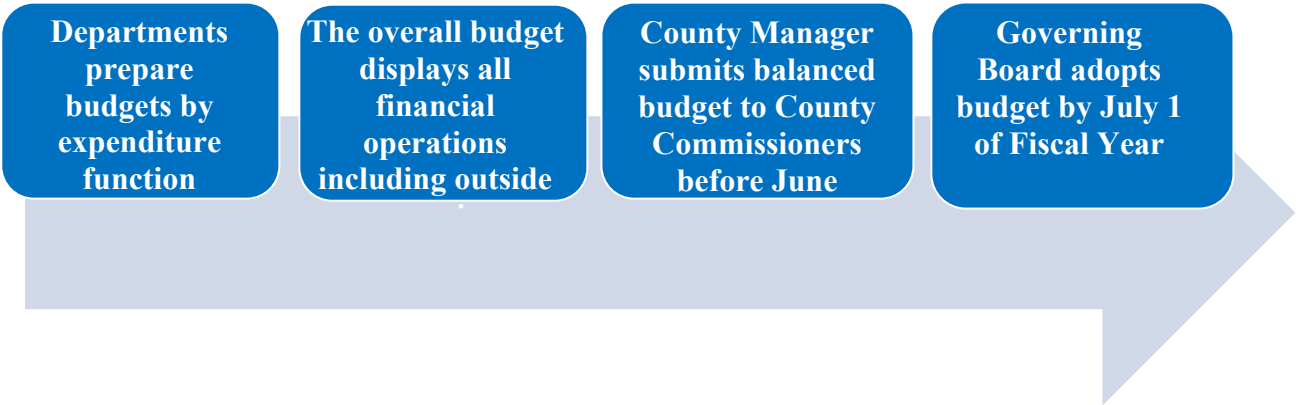
In developing and evaluating the County’s accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: the safeguarding of assets against loss from unauthorized use or 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, 2021, have been prepared in conformity with generally accepted accounting principles and supported the issuance of an unmodified opinions.

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 Annual Comprehensive Financial Report for the fiscal year ended June 30, 2020. This was the fortieth 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 2020-2021. 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 2021 Annual Comprehensive Financial Report.

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, appearing to read 'Lisa W.', followed by a long horizontal flourish.

Lisa H. Wurtzbacher
Chief Financial
Officer

A handwritten signature in black ink, appearing to read 'Martha Wayne', followed by a long horizontal flourish.

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, 2020

Christopher P. Morill

Executive Director/CEO



Report of Independent Auditor

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

Report on the Financial Statements

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, 2021 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 Public Health Foundation of New Hanover County, Inc., a blended component unit, which represents .02%, .02%, 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 .05%, .05%, and .09% 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") or the New Hanover County ABC Board ("ABC Board"), which are 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 and the ABC Board, 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 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 opinions.

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, 2021, 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 12 to the financial statements, effective July 1, 2020, the entity adopted new accounting guidance promulgated in GASB Statement No. 84, Fiduciary Activities. 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 30, 2021 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Cheryl Bekaert LLP

Raleigh, North Carolina
November 30, 2021



Management's Discussion and Analysis

As management of New Hanover County (the 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, 2021. 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.

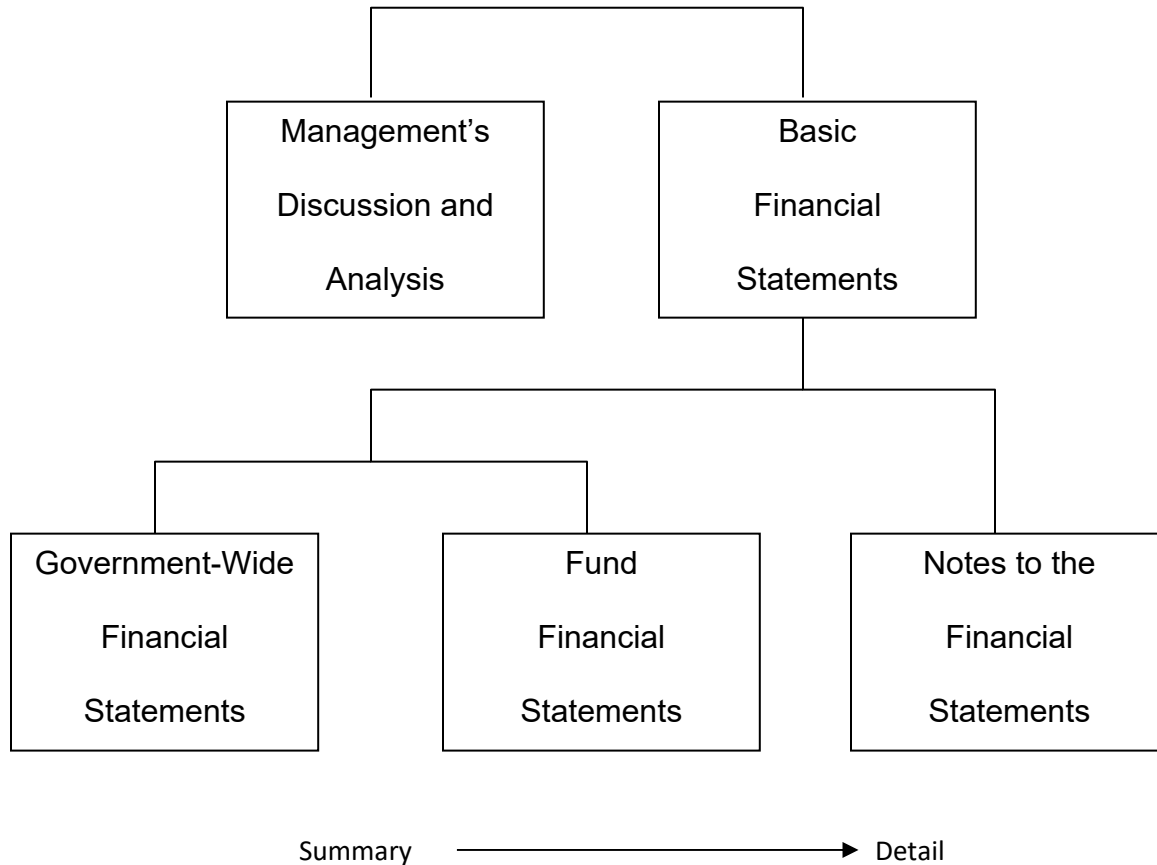
Financial Highlights

- The liabilities and deferred inflows of New Hanover County (primary government) exceeded its assets and deferred outflows of resources at the close of the fiscal year by \$14,726,646 (net position).
- The government's total net position increased by \$384,187,967 before the restatement, primarily due to a special item totaling \$350,000,000 related to the sale of the New Hanover Regional Medical Center as well as the implementation of GASB Statement No. 84, Fiduciary Activities, which created two new special revenue funds that were once treated as agency funds.
- As of the close of the current fiscal year, New Hanover County's governmental funds reported a combined ending fund balances of \$638,375,463, an increase of \$423,199,911 from the prior year. Approximately 82.2 percent of this total amount, or \$524,864,089 is restricted or unspendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$66,035,381 or 21.0 percent of total General Fund expenses and transfers out 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
Figure 1



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 two 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. The County has ten fiduciary funds, two of which are OPEB trust funds for reporting purposes and eight of which are custodial 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	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 711,210,388	\$ 257,852,061	\$ 21,751,309	\$ 27,570,951	\$ 732,961,697	\$ 285,423,012
Capital assets	214,094,267	199,480,518	41,730,484	33,897,441	255,824,751	233,377,959
Total assets	<u>925,304,655</u>	<u>457,332,579</u>	<u>63,481,793</u>	<u>61,468,392</u>	<u>988,786,448</u>	<u>518,800,971</u>
Deferred outflows of resources	<u>160,799,239</u>	<u>94,946,420</u>	<u>2,631,523</u>	<u>1,528,399</u>	<u>163,430,762</u>	<u>96,474,819</u>
Long-term liabilities						
outstanding	858,905,830	852,595,475	23,211,715	33,835,312	882,117,545	886,430,787
Other liabilities	105,549,168	82,496,940	2,907,680	2,447,071	108,456,848	84,944,011
Total liabilities	<u>964,454,998</u>	<u>935,092,415</u>	<u>26,119,395</u>	<u>36,282,383</u>	<u>990,574,393</u>	<u>971,374,798</u>
Deferred inflows of resources	<u>173,111,175</u>	<u>49,966,861</u>	<u>3,258,288</u>	<u>942,917</u>	<u>176,369,463</u>	<u>50,909,778</u>
Net position (deficit):						
Net investment in						
capital assets	96,710,996	50,305,882	41,007,489	33,027,132	137,718,485	83,333,014
Restricted	523,191,954	125,441,841	-	-	523,191,954	125,441,841
Unrestricted	<u>(671,365,229)</u>	<u>(608,528,000)</u>	<u>(4,271,856)</u>	<u>(7,255,641)</u>	<u>(675,637,085)</u>	<u>(615,783,641)</u>
Total net position	<u>\$ (51,462,279)</u>	<u>\$ (432,780,277)</u>	<u>\$ 36,735,633</u>	<u>\$ 25,771,491</u>	<u>\$ (14,726,646)</u>	<u>\$ (407,008,786)</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 \$14,726,646 as of June 30, 2021. As of June 30, 2020, the liabilities and deferred inflows of resources of the County exceeded its assets and deferred outflows of resources by \$407,008,786. The County's net position increased by \$384,187,967, excluding the prior period adjustment, for the fiscal year ended June 30, 2021. Comparatively, the County's net position decreased by \$17,885,335, excluding the prior period adjustment, in 2020. Net position is reported in three categories: Net investment in capital assets of \$137.7 million, Restricted net position of \$523.2 million; and Unrestricted net deficit of \$675.6million.

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 \$137.7 million at June 30, 2021. 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.

The largest portion of the County's restricted net position is as a result of requirements defined in the New Hanover Regional Medical Center asset purchase agreement. \$300.0 million and \$50.0 million is restricted for revenue stabilization and mental and behavioral health, respectively. See further information in the Special Item portion of the Notes to the Financial Statements. An additional \$173.2 million represents resources that are subject to other external restrictions on how they may be used.

The final category of net position is unrestricted. This balance may be used to meet the government's ongoing obligations to citizens and creditors. Unrestricted net deficit totaled \$675.6 million at June 30, 2021.

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 \$179.0 million of the outstanding debt on the County's financial statements was related to assets included in the public schools' financial statements and \$93.8 million related to assets included in the community college financial statements – a total of \$272.8 million. However, since the majority of this school's 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 were offset by the following positive factors:

- Continued diligence in the collection of property taxes by maintaining a high collection rate of 99.3 percent, which is slightly higher than the statewide average of 98.8 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 current fiscal year.

New Hanover County's Changes in Net Position

Figure 3

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues:						
Program revenues:						
Charges for services	\$ 15,524,829	\$ 13,960,940	\$ 18,473,357	\$ 18,689,983	\$ 33,998,186	\$ 32,650,923
Operating grants and contributions	66,738,744	65,980,151	1,512,896	3,640,981	68,251,640	69,621,132
Capital grants and contributions	1,589,564	619,335	-	-	1,589,564	619,335
General revenues:						
Property taxes	228,840,731	220,806,788	-	-	228,840,731	220,806,788
Other taxes	92,979,616	76,993,771	-	-	92,979,616	76,993,771
Other	2,625,278	2,896,357	99,802	322,647	2,725,080	3,219,004
Miscellaneous	7,700,683	2,877,641	-	-	7,700,683	2,877,641
Total revenues	<u>415,999,445</u>	<u>384,134,983</u>	<u>20,086,055</u>	<u>22,653,611</u>	<u>436,085,500</u>	<u>406,788,594</u>
Expenses:						
General government	89,738,420	82,619,965	-	-	89,738,420	82,619,965
Human services	67,996,364	54,437,664	-	-	67,996,364	54,437,664
Public safety	98,290,786	95,807,149	-	-	98,290,786	95,807,149
Economic and physical development	7,674,027	16,137,497	-	-	7,674,027	16,137,497
Culture and recreational	13,847,790	14,865,002	-	-	13,847,790	14,865,002
Education	106,916,628	127,215,469	-	-	106,916,628	127,215,469
Interest and fees on long-term debt	8,311,605	12,715,080	-	-	8,311,605	12,715,080
Environmental management	-	-	9,121,913	20,879,103	9,121,913	20,879,103
Total expenses	<u>392,775,620</u>	<u>403,797,826</u>	<u>9,121,913</u>	<u>20,879,103</u>	<u>401,897,533</u>	<u>424,676,929</u>
Increase/decrease in net position before transfers and special	23,223,825	(19,662,843)	10,964,142	1,774,508	34,187,967	(17,888,335)
Transfers	-	(125,000)	-	125,000	-	-
Special item	<u>350,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>350,000,000</u>	<u>-</u>
Increase (decrease) in net position	<u>373,223,825</u>	<u>(19,787,843)</u>	<u>10,964,142</u>	<u>1,899,508</u>	<u>384,187,967</u>	<u>(17,888,335)</u>
Net position - beginning, previously reported	(432,780,277)	(393,028,571)	25,771,491	23,871,983	(407,008,786)	(369,156,588)
Restatement	8,094,173	(19,963,863)	-	-	8,094,173	(19,963,863)
Net position - beginning, restated	<u>(424,686,104)</u>	<u>(412,992,434)</u>	<u>25,771,491</u>	<u>23,871,983</u>	<u>(398,914,613)</u>	<u>(389,120,451)</u>
Net position - ending	<u>\$ (51,462,279)</u>	<u>\$ (432,780,277)</u>	<u>\$ 36,735,633</u>	<u>\$ 25,771,491</u>	<u>\$ (14,726,646)</u>	<u>\$ (407,008,786)</u>

Governmental Activities. Governmental activities net position increased by \$373,223,825 before the prior period adjustment, thereby attributing to the overall increase in the net position of New Hanover County. Key elements of this increase are as follows:

- Increase in revenue is a result of the sale of the New Hanover Regional Medical Center. The sale resulted in revenue shown as a special item of approximately \$350.0 million.
- Increase in other taxes which includes sales, room occupancy tax, and other taxes.

Business-Type Activities. Business-type activities net position increased by \$10,964,142. A key element of this increase was as follows:

- The decrease in expenses related to the landfill post closure cost.

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 \$66,035,381, while total fund balance was \$472,994,172. 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 transfers out. On June 30, 2021, unassigned fund balance for the General Fund represented 21.0 percent of total General Fund expenditures and transfers out. 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, 2021.

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 \$89,240,128, while total fund balance was \$472,994,172. The County currently has an available fund balance of 28.4 percent of General Fund expenditures and transfers out, while total fund balance represents 150.4 percent of that same amount.

The Debt Service fund was established to accumulate resources to pay for future debt service of voter approved bonds. At the end of the current fiscal year, Debt Service fund balance was \$4,106,046, as compared to \$3,011,834 at June 30, 2020. The increase is a result of an increase in ad valorem and other taxes received as well as intergovernmental revenues offset by debt service payments made. The increase in intergovernmental revenue is a result of reimbursement payments received from other governmental entities for debt the County borrowed on their behalf.

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 \$50,981,393, as compared to \$46,186,072 at June 30, 2020. The majority of this fund balance, approximately 91.1 percent, is restricted for erosion control as required by an act of the North Carolina Legislature. The increase in fund balance for this special revenue fund is mainly a result of an increase in room occupancy taxes.

The Special Fire District special revenue fund is used to account for special fire district revenue, which includes a fire service tax rate for the unincorporated area of the county. At the end of the current fiscal year, the fund balance in this special revenue fund was \$3,056,288, as compared to \$3,420,420 at June 30, 2020. The decrease in this fund balance is due to an increase in capital outlay expenditures.

The American Rescue Plan special revenue fund is used to account for the collection and disbursement of Coronavirus State and Local Recovery monies distributed to counties as part of the American Rescue Plan Act. At the end of the current year, the fund deficit in this fund was \$326,293, as compared to a \$0 fund balance at June 30, 2020. This special revenue fund was created in the fiscal year ended June 30, 2021, to record activity related to the funding above.

Other nonmajor governmental funds are combined for reporting on Exhibits C and D. At the end of the current fiscal year, fund balance for these other governmental funds was \$107,563,857, compared to \$34,628,780 at June 30, 2020. A majority of the increase in fund balance for nonmajor governmental funds is the result of the issuance of debt. In addition, there were two new special revenue funds that were created as a result of the implementation of Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities.

At June 30, 2021, governmental funds of New Hanover County reported a combined fund balance of \$638,375,463, a 208.8 percent increase over last year. This increase in fund balance is primarily due to issuance of debt and the sale of the New Hanover Regional Medical Center.

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 \$31.6 million, due primarily to an increase of approximately \$22.9 million in intergovernmental revenues. \$5.4 million of the increase in intergovernmental revenue is the result of various projects that were originally budgeted in the prior year and not completed before fiscal year end, thus requiring a budget amendment was done in the current year to roll the remaining budget in order to complete the projects. Approximately \$7.1 million of the increase in intergovernmental revenue is the result of emergency rental assistance grants and approximately \$4.6 million in grants related to the Help America Vote Act and Coronavirus Aid, Relief and Economic Security Act.

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 current fiscal year amounted to \$(4,271,856). The change in total net position for the fiscal year ended June 30, 2021, was \$10,964,142. This compares to unrestricted net position of \$(7,255,641) in the Environmental Management Fund at June 30, 2020; as well as the change in total net position for the fund for the fiscal year ended June 30, 2020, of \$1,899,508.

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, 2021 totals \$255,824,751 (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	
	2021	2020	2021	2020	2021	2020
Land	\$ 47,258,175	\$ 45,924,058	\$ 3,239,227	\$ 3,239,227	\$ 50,497,402	\$ 49,163,285
Buildings	195,294,352	183,859,412	21,335,698	21,335,698	216,630,050	205,195,110
Other improvements	39,023,524	35,892,484	35,688,954	30,940,150	74,712,478	66,832,634
Equipment and vehicles	76,726,449	73,192,143	18,524,821	17,360,099	95,251,270	90,552,242
Construction in progress	14,498,025	14,161,122	16,040,382	8,390,762	30,538,407	22,551,884
Total before depreciation	372,800,525	353,029,219	94,829,082	81,265,936	467,629,607	434,295,155
Less accumulated depreciation	(158,706,258)	(153,548,701)	(53,098,598)	(47,368,495)	(211,804,856)	(200,917,196)
Total net depreciation	<u>\$ 214,094,267</u>	<u>\$ 199,480,518</u>	<u>\$ 41,730,484</u>	<u>\$ 33,897,441</u>	<u>\$ 255,824,751</u>	<u>\$ 233,377,959</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, 2021, the carrying value of New Hanover County's total bonded debt outstanding was \$285,139,997, 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	
	2021	2020	2021	2020	2021	2020
General obligation bonds	\$ 264,329,997	\$ 294,584,997	\$ -	\$ -	\$ 264,329,997	\$ 294,584,997
Direct placement general obligation bonds	20,810,000	25,470,000	-	-	20,810,000	25,470,000
Direct placement installment debt	149,324,024	94,847,413	630,000	757,140	149,954,024	95,604,553
Unamortized premium and discounts	39,452,177	28,227,720	92,995	113,169	39,545,172	28,340,889
Total long-term debt	<u>\$ 473,916,198</u>	<u>\$ 443,130,130</u>	<u>\$ 722,995</u>	<u>\$ 870,309</u>	<u>\$ 474,639,193</u>	<u>\$ 444,000,439</u>

New Hanover County's total bonded and installment debt increased by approximately \$19,562,000 (4.7 percent) during the past fiscal year due to normal scheduled payments that were offset by the issuance of \$25,495,000 in general obligation bonds, \$74,475,000 of limited obligation bonds, and a lease purchase agreement totaling \$1,647,512. General obligation debt decreased approximately \$34,915,000 and installment debt increased by approximately \$54,477,000.

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 \$2,467,075,241. The County has \$9,405,000 in bonds authorized but unissued at June 30, 2021.

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

Impact of Coronavirus on the County. On January 30, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a "Public Health Emergency of International Concern" and on March 11, 2020, declared COVID-19 a pandemic. As a result of the spread of COVID-19, economic uncertainties arose. Due to these uncertainties, the County took a conservative fiscal position that prioritized the preservation of existing county services which allowed the County to maintain its fiscal responsibility and stewardship while meeting the demands placed on it during the response and recovery from COVID-19. The County's response to COVID-19 included many facets, some of which included: COVID-19 testing, vaccination efforts including mass vaccination sites, supported contract tracing and social distancing protocols, and provided education and outreach to reduce the spread of COVID-19.

New Hanover County's tourism helped the County continue to have a strong economy even in the face of the COVID-19 pandemic. This strength resulted in other taxes which consists of sales taxes, room occupancy tax, and other various taxes to exceed expectations resulting in an increase in net position. Additionally, the County received numerous federal and State grants throughout the year to assist with both the response to COVID-19 and recovery efforts. The federal and State grants were either reimbursement basis or are shown as a liability as of June 30, 2021 due to specific requirements that must be met in order to receive the funding. As a result, the increase in grant revenue resulted in corresponding increases to expense resulting in no impact to the County's net position.

Budget Highlights for the Fiscal Year Ending June 30, 2022

Governmental Activities. The County has approved a \$382 million General Fund budget for fiscal year 2021-2022, which represents an increase of 9.1 percent from the fiscal year 2020-2021 adopted budget

The general reappraisal of real property for New Hanover County occurs once every four years. State law requires that units of local government, including public authorities, publish a revenue-neutral tax rate in the budget immediately following the completion of the general reappraisal of real property. The purpose of the revenue-neutral tax rate is to provide citizens with comparative information.

The FY 2021-22 operating budget follows the general reappraisal of real property for New Hanover County. The revenue-neutral tax rate, as defined by G.S. 159- 11(e), is the rate that is estimated to produce revenue for the next fiscal year equal to the revenue for the current fiscal year if no reappraisal had occurred. The rate is then adjusted by a growth factor equal to the average annual percentage increase in the tax base due to improvements since the last general reappraisal.

The revenue-neutral tax rate was calculated as \$0.4250 cents per \$100 of assessed value. The Board of County Commissioners approved a tax rate of \$0.4750 per \$100 of assessed value, with \$0.4270 dedicated to funding operations and \$0.0530 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.

The Special Fire District tax rate was approved at a rate of \$0.0725 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, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash, cash equivalents, and investments	\$ 202,294,809	\$ 18,138,530	\$ 220,433,339
Receivables - net of allowances for doubtful accounts	8,355,621	3,019,005	11,374,626
Due from other governments	33,888,952	-	33,888,952
Due from component units	496,939	-	496,939
Due from primary government	-	-	-
Inventory	27,300	-	27,300
Prepays	138,565	-	138,565
Restricted cash, cash equivalents, and investments	446,562,354	593,774	447,156,128
Restricted receivables - net of allowances for doubtful accounts	-	-	-
Net pension asset - RODSPF	635,988	-	635,988
Investment in affiliates	-	-	-
Other long-term assets	18,809,860	-	18,809,860
Capital assets:			
Land and construction in progress	61,756,200	19,279,609	81,035,809
Other capital assets, net of depreciation	152,338,067	22,450,875	174,788,942
Total capital assets	214,094,267	41,730,484	255,824,751
Total assets	925,304,655	63,481,793	988,786,448
Deferred Outflows of Resources	160,799,239	2,631,523	163,430,762
Liabilities:			
Accounts payable and accrued expenses	28,013,430	2,772,137	30,785,567
Accrued interest payable	5,328,798	-	5,328,798
Due to component unit	1,219,368	-	1,219,368
Due to primary government	-	-	-
Advances from grantors	20,127,737	-	20,127,737
Long-term liabilities, net of amortized charges, discounts, and premiums:			
Due within one year	50,859,835	135,543	50,995,378
Due in more than one year	434,757,926	15,558,150	450,316,076
Net pension liability	-	-	-
Net pension liability - LGERS	51,693,670	977,915	52,671,585
Total pension liability - LEOSA	19,571,936	-	19,571,936
Total OPEB liability	352,882,298	6,675,650	359,557,948
Total long-term liabilities	909,765,665	23,347,258	933,112,923
Total liabilities	964,454,998	26,119,395	990,574,393
Deferred Inflows of Resources	173,111,175	3,258,288	176,369,463
Net Position (Deficit):			
Net investment in capital assets	96,710,996	41,007,489	137,718,485
Restricted for:			
Passenger facility charges projects	-	-	-
Endowments, specific purpose donations and grants	-	-	-
Working capital	-	-	-
Promotion, tourism, and Convention Center	-	-	-
Stabilization by State statute	101,120,739	-	101,120,739
Register of Deeds	239,191	-	239,191
Mental and behavioral health	50,001,810	-	50,001,810
Revenue stabilization	300,012,670	-	300,012,670
General government	2,560,660	-	2,560,660
Human services	2,779,597	-	2,779,597
Public safety	799,213	-	799,213
Economic and physical development	48,579,928	-	48,579,928
Culture and recreation	8,476,483	-	8,476,483
Education	8,621,663	-	8,621,663
Unrestricted (deficit)	(671,365,229)	(4,271,856)	(675,637,085)
Total net position (deficit)	\$ (51,462,279)	\$ 36,735,633	\$ (14,726,646)

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

NEW HANOVER COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2021

	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	\$ 38,462,954	\$ 932,103,000	\$ 7,259,810	\$ 7,708,474
Receivables - net of allowances for doubtful accounts	5,290,332	183,619,000	1,667	1,362,715
Due from other governments	-	-	-	-
Due from component units	-	-	-	-
Due from primary government	-	-	-	1,219,368
Inventory	-	40,428,000	4,180,229	-
Prepays	49,805	22,138,000	67,810	26,536
Restricted cash, cash equivalents, and investments	4,089,592	18,445,000	-	-
Restricted receivables - net of allowances for doubtful accounts	392,421	1,131,000	-	-
Pension asset	-	-	-	-
Investment in affiliates	-	4,496,000	-	-
Other long-term assets	-	-	-	-
Capital assets:				
Land and construction in progress	50,640,623	32,386,000	5,968,458	-
Other capital assets, net of depreciation	55,738,760	565,201,000	12,347,968	19,152
Total capital assets	106,379,383	597,587,000	18,316,426	19,152
Total assets	154,664,487	1,799,947,000	29,825,942	10,336,245
Deferred Outflows of Resources	760,833	52,577,000	1,057,695	-
Liabilities:				
Accounts payable and accrued expenses	3,809,261	173,008,000	2,532,005	102,440
Accrued interest payable	-	7,332,000	-	-
Due to component unit	-	-	-	-
Due to primary government	-	-	496,939	-
Advances from grantors	-	-	-	-
Long-term liabilities, net of amortized charges, discounts, and premiums:				
Due within one year	1,873,758	17,220,000	-	32,703
Due in more than one year	2,135,000	347,607,000	-	-
Net pension liability	-	56,613,000	-	-
Net pension liability - LGERS	1,192,452	-	1,361,475	-
Total pension liability - LEOSA	87,249	-	-	-
Total OPEB liability	311,791	-	1,392,228	-
Total long-term liabilities	5,600,250	421,440,000	2,753,703	32,703
Total liabilities	9,409,511	601,780,000	5,782,647	135,143
Deferred Inflows of Resources	207,191	4,502,000	188,363	-
Net Position (Deficit):				
Net investment in capital assets	102,370,625	243,294,000	18,316,426	19,152
Restricted for:				
Passenger facility charges projects	4,482,013	-	-	-
Endowments, specific purpose donations and grants	-	18,841,000	-	-
Working capital	-	-	1,736,791	-
Promotion, tourism, and Convention Center	-	-	-	5,625,821
Stabilization by State statute	-	-	-	2,584,477
Register of Deeds	-	-	-	-
Register of Deeds	-	-	-	-
Human services	-	-	-	-
Public safety	-	-	-	-
Economic and physical development	-	-	-	-
Culture and recreation	-	-	-	-
Education	-	-	-	-
Unrestricted (deficit)	38,955,980	984,107,000	4,859,410	1,971,652
Total net position (deficit)	\$ 145,808,618	\$ 1,246,242,000	\$ 24,912,627	\$ 10,201,102

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, 2021

Functions/Programs:	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 89,738,420	\$ 3,860,462	\$ 12,264,637	\$ -
Human services	67,996,364	891,039	34,782,821	-
Public safety	98,290,786	8,580,602	11,474,024	1,589,564
Economic and physical development	7,674,027	-	4,541,449	-
Culture and recreation	13,847,790	2,192,726	1,038,503	-
Education	106,916,628	-	2,637,310	-
Interest and fees on long-term debt	8,311,605	-	-	-
Total governmental activities	<u>392,775,620</u>	<u>15,524,829</u>	<u>66,738,744</u>	<u>1,589,564</u>
Business-type activities:				
Environmental management	9,121,913	18,473,357	1,512,896	-
Total business-type activities	<u>9,121,913</u>	<u>18,473,357</u>	<u>1,512,896</u>	<u>-</u>
Total primary government	<u>\$ 401,897,533</u>	<u>\$ 33,998,186</u>	<u>\$ 68,251,640</u>	<u>\$ 1,589,564</u>
Component Units:				
New Hanover County Airport Authority	\$ 15,678,157	\$ 11,694,522	\$ -	\$ 31,607,238
New Hanover Regional Medical Center	1,381,619,000	1,439,795,000	-	-
New Hanover County ABC Board	46,438,589	45,156,561	-	-
New Hanover County Tourism Development Authority	5,380,707	-	-	-
Total component units	<u>\$ 1,449,116,453</u>	<u>\$ 1,496,646,083</u>	<u>\$ -</u>	<u>\$ 31,607,238</u>

General Revenues:

Property taxes
 Sales taxes
 Room occupancy taxes
 Other taxes
 Net increase (decrease) in fair value of investments
 Investment earnings
 Miscellaneous
 Total general revenues
 Special item
 Total general revenues, and special item
 Change in net position
 Net position, beginning previously reported
 Prior period adjustment
 Net position, beginning as restated
 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, 2021

Functions/Programs:	Net (Expense) Revenue and Changes in Net Position						
	Primary Government			Component Units			
	Governmental Activities	Business-Type Activities	Total	New Hanover County Airport Authority	New Hanover Regional Medical Center	New Hanover County ABC Board	New Hanover County Tourism Development Authority
General government	\$ (73,613,321)	\$ -	\$ (73,613,321)	\$ -	\$ -	\$ -	\$ -
Human services	(32,322,504)	-	(32,322,504)	-	-	-	-
Public safety	(76,646,596)	-	(76,646,596)	-	-	-	-
Economic and physical development	(3,132,578)	-	(3,132,578)	-	-	-	-
Culture and recreation	(10,616,561)	-	(10,616,561)	-	-	-	-
	(104,279,318)	-	(104,279,318)	-	-	-	-
	(8,311,605)	-	(8,311,605)	-	-	-	-
	<u>(308,922,483)</u>	<u>-</u>	<u>(308,922,483)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-type activities:							
Environmental management	-	10,864,340	10,864,340	-	-	-	-
Total business-type activities	-	10,864,340	10,864,340	-	-	-	-
	<u>(308,922,483)</u>	<u>10,864,340</u>	<u>(298,058,143)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Component Units:							
New Hanover County Airport Authority	-	-	-	27,623,603	-	-	-
New Hanover Regional Medical Center	-	-	-	-	58,176,000	-	-
New Hanover County ABC Board	-	-	-	-	-	(1,282,028)	-
New Hanover County Tourism Development Authority	-	-	-	-	-	-	(5,380,707)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,623,603</u>	<u>58,176,000</u>	<u>(1,282,028)</u>	<u>(5,380,707)</u>
	228,840,731	-	228,840,731	-	-	-	-
	79,545,165	-	79,545,165	-	-	-	-
	8,795,858	-	8,795,858	-	-	-	8,886,426
	4,638,593	-	4,638,593	-	-	-	-
	-	-	-	-	42,291,000	-	-
	2,625,278	99,802	2,725,080	208,248	37,590,000	39,539	977
	<u>7,700,683</u>	<u>-</u>	<u>7,700,683</u>	<u>-</u>	<u>7,097,000</u>	<u>(13,392)</u>	<u>450,750</u>
	332,146,308	99,802	332,246,110	208,248	86,978,000	26,147	9,338,153
	<u>350,000,000</u>	<u>-</u>	<u>350,000,000</u>	<u>-</u>	<u>322,000</u>	<u>-</u>	<u>-</u>
	<u>682,146,308</u>	<u>99,802</u>	<u>682,246,110</u>	<u>208,248</u>	<u>87,300,000</u>	<u>26,147</u>	<u>9,338,153</u>
	373,223,825	10,964,142	384,187,967	27,831,851	145,476,000	(1,255,881)	3,957,446
	<u>(432,780,277)</u>	<u>25,771,491</u>	<u>(407,008,786)</u>	<u>117,976,767</u>	<u>-</u>	<u>26,168,508</u>	<u>6,243,656</u>
	8,094,173	-	8,094,173	-	-	-	-
	<u>(424,686,104)</u>	<u>25,771,491</u>	<u>(398,914,613)</u>	<u>117,976,767</u>	<u>1,100,766,000</u>	<u>26,168,508</u>	<u>6,243,656</u>
	<u>\$ (51,462,279)</u>	<u>\$ 36,735,633</u>	<u>\$ (14,726,646)</u>	<u>\$ 145,808,618</u>	<u>\$ 1,246,242,000</u>	<u>\$ 24,912,627</u>	<u>\$ 10,201,102</u>

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



NEW HANOVER COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

	General	Debt Service	Room Occupancy Tax Special Revenue	Special Fire District Fund	American Rescue Plan Fund	Other Governmental Funds	Total Governmental Funds
Assets:							
Cash, cash equivalents, and investments	\$ 111,201,924	\$ -	\$ 50,550,922	\$ 2,362,831	\$ 22,316,092	\$ 15,863,040	\$ 202,294,809
Receivables - net of allowances for doubtful accounts	33,065,578	5,038,511	1,742,090	1,432,593	-	965,801	42,244,573
Receivables - interfund loans	932,465	-	-	-	-	-	932,465
Due from component units	496,939	-	-	-	-	-	496,939
Inventory	9,473	-	-	-	-	17,827	27,300
Prepays	100,315	-	-	-	-	38,250	138,565
Restricted cash, cash equivalents, and investments	350,015,480	-	-	-	-	96,546,874	446,562,354
Total assets	<u>\$ 495,822,174</u>	<u>\$ 5,038,511</u>	<u>\$ 52,293,012</u>	<u>\$ 3,795,424</u>	<u>\$ 22,316,092</u>	<u>\$ 113,431,792</u>	<u>\$ 692,697,005</u>
Liabilities and Fund Balances:							
Liabilities:							
Accounts payable and accrued liabilities	\$ 15,831,371	\$ -	\$ -	\$ 574,358	\$ 5,739,766	\$ 5,867,935	\$ 28,013,430
Interfund loans	-	932,465	-	-	-	-	932,465
Due to component unit	-	-	1,219,368	-	-	-	1,219,368
Advances from grantors	3,225,118	-	-	-	16,902,619	-	20,127,737
Total liabilities	<u>19,056,489</u>	<u>932,465</u>	<u>1,219,368</u>	<u>574,358</u>	<u>22,642,385</u>	<u>5,867,935</u>	<u>50,293,000</u>
Deferred Inflows of Resources	3,771,513	-	92,251	164,778	-	-	4,028,542
Fund balances:							
Non-spendable:							
Inventory	9,474	-	-	-	-	17,827	27,301
Prepays	100,315	-	-	-	-	38,250	138,565
Restricted:							
Stabilization for State statute	33,390,584	5,038,511	1,802,608	1,550,019	-	59,339,017	101,120,739
Restricted - all other	350,253,671	-	44,620,887	1,506,269	-	27,196,657	423,577,484
Committed	4,022,219	-	-	-	-	19,677,106	23,699,325
Assigned	19,182,528	-	4,557,898	-	-	1,925,819	25,666,245
Unassigned	66,035,381	(932,465)	-	-	(326,293)	(630,819)	64,145,804
Total fund balances	<u>472,994,172</u>	<u>4,106,046</u>	<u>50,981,393</u>	<u>3,056,288</u>	<u>(326,293)</u>	<u>107,563,857</u>	<u>638,375,463</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 495,822,174</u>	<u>\$ 5,038,511</u>	<u>\$ 52,293,012</u>	<u>\$ 3,795,424</u>	<u>\$ 22,316,092</u>	<u>\$ 113,431,792</u>	
Amounts reported in the governmental activities in the Statements of Net Position (Exhibit A) are different because:							
Charges related to refunding bond issue.							14,684,429
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.							214,094,267
Net pension asset - RODSPF							635,988
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position.							12,496,639
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.							18,809,860
Net pension liability - LGERS							(51,693,670)
Total pension liability - LEOSA							(19,571,936)
Total OPEB liability							(352,882,298)
Liabilities for earned, but deferred inflow of resources							3,567,978
Pension related deferrals - LGERS & LEOSA							22,559,449
Deferrals related to OPEB							(61,591,889)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.							(490,946,559)
Net position (deficit) of governmental activities							<u>\$ (51,462,279)</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, 2021

	General	Debt Service	Room Occupancy Tax Special Revenue	Special Fire District Fund	American Rescue Governmental Fund	Other Governmental Funds	Total Governmental Funds
Revenues:							
Taxes	\$ 257,504,226	\$ 39,845,813	\$ 8,795,858	\$ 14,812,641	\$ -	\$ 715,242	\$ 321,673,780
Intergovernmental revenues	56,252,816	6,681,418	244,076	97,278	5,537,843	2,743,889	71,557,320
Special assessments	-	-	79,775	-	-	-	79,775
Charges for services	13,354,356	-	-	25,939	-	2,144,534	15,524,829
Investment earnings	530,991	535	222,173	10,034	5,061	155,373	924,167
Net decrease in fair value of investments	-	-	-	-	-	1,701,111	1,701,111
Miscellaneous	749,906	-	-	49,321	-	1,300,084	2,099,311
Total revenues	328,392,295	46,527,766	9,341,882	14,995,213	5,542,904	8,760,233	413,560,293
Expenditures:							
Current:							
General government	45,901,542	-	-	-	5,869,197	1,474,945	53,245,684
Human services	63,245,168	-	-	-	-	370,569	63,615,737
Public safety	79,330,191	-	-	13,400,893	-	812,544	93,543,628
Economic and physical development	1,585,610	-	4,546,561	-	-	2,433	6,134,604
Culture and recreation	12,168,133	-	-	-	-	1,671,587	13,839,720
Education - community college and schools	10,823,244	-	-	-	-	-	10,823,244
Education - public schools	83,374,975	-	-	-	-	-	83,374,975
Capital outlay	-	-	-	1,663,487	-	33,669,347	35,332,834
Debt service:							
Principal - bonds	-	33,470,000	-	-	-	-	33,470,000
Interest and fees	-	15,828,723	-	-	-	-	15,828,723
Installment debt payments	-	12,801,049	-	1,522,600	-	-	14,323,649
Bond issuance costs	7,780	3,334,250	-	27,249	-	451,966	3,821,245
Total expenditures	296,436,643	65,434,022	4,546,561	16,614,229	5,869,197	38,453,391	427,354,043
Revenues over (under) expenditures	31,955,652	(18,906,256)	4,795,321	(1,619,016)	(326,293)	(29,693,158)	(13,793,750)
Other Financing Sources (Uses):							
Sale of capital assets	441,260	-	-	-	-	-	441,260
Insurance claim proceeds	352,487	-	-	68,955	-	-	421,442
Long-term debt issued	1,540,000	-	-	525,000	-	68,019,512	70,084,512
Premium on long-term debt issued	73,557	-	-	100,146	-	12,492,622	12,666,325
Refunding bonds issued	2,650,000	57,805,000	-	3,415,000	-	-	63,870,000
Premium on refunding bonds	580,687	4,779,250	-	749,437	-	-	6,109,374
Payment to refunded bond escrow agent	(3,210,352)	(59,250,000)	-	(4,138,900)	-	-	(66,599,252)
Transfers from other funds	17,643	16,666,218	-	835,246	-	799,295	18,318,402
Transfers to other funds	(18,017,553)	-	-	(300,000)	-	(849)	(18,318,402)
Special item - sale of NHRMC	350,000,000	-	-	-	-	-	350,000,000
Total other financing sources (uses)	334,427,729	20,000,468	-	1,254,884	-	81,310,580	436,993,661
Net change in fund balances	366,383,381	1,094,212	4,795,321	(364,132)	(326,293)	51,617,422	423,199,911
Fund Balances:							
Beginning of year - July 1 as previously reported	106,610,791	3,011,834	46,186,072	3,420,420	-	47,852,262	207,081,379
Prior period restatement - change in accounting principle	-	-	-	-	-	8,094,173	8,094,173
Beginning of year - July 1 as restated	106,610,791	3,011,834	46,186,072	3,420,420	-	55,946,435	215,175,552
End of year - June 30	\$ 472,994,172	\$ 4,106,046	\$ 50,981,393	\$ 3,056,288	\$ (326,293)	\$ 107,563,857	\$ 638,375,463

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, 2021**

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

Net change in fund balances - total governmental funds	\$ 423,199,911
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.	14,613,749
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	(7,139,936)
Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities	(1,904,172)
OPEB benefit payments paid and administrative costs made in the current fiscal year are not included on the Statement of Activities	(22,532,774)
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.	(3,055,758)
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.	(29,423,653)
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>(533,542)</u>
Change in net position of governmental activities	<u><u>\$ 373,223,825</u></u>

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

NEW HANOVER COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund			
	Budgeted Amounts		Actual	Variance from Final Budget Over/Under
	Original	Final		
Revenues:				
Taxes:				
Ad valorem, including interest	\$ 177,017,949	\$ 177,017,949	\$ 177,959,061	\$ 941,112
Other	69,262,417	69,861,059	79,545,165	9,684,106
Total taxes	246,280,366	246,879,008	257,504,226	10,625,218
Intergovernmental revenue	35,639,616	61,200,728	56,252,816	(4,947,912)
Charges for services	12,911,107	12,735,857	13,354,356	618,499
Investment earnings	1,188,000	1,263,830	530,991	(732,839)
Miscellaneous	624,475	1,127,779	749,906	(377,873)
Total revenues	296,643,564	323,207,202	328,392,295	5,185,093
Expenditures:				
Current:				
General government	43,156,402	50,152,633	45,901,542	4,251,091
Human services	60,281,474	70,328,795	63,245,168	7,083,627
Public safety	75,703,735	86,530,388	79,330,191	7,200,197
Economic and physical development	968,446	1,603,011	1,585,610	17,401
Culture and recreation	13,927,001	13,827,343	12,168,133	1,659,210
Education - community college	10,823,244	10,823,244	10,823,244	-
Education - public schools	80,618,973	83,374,975	83,374,975	-
Debt service:				
Bond issuance costs	-	10,000	7,780	-
Total expenditures	285,479,275	316,650,389	296,436,643	20,211,526
Revenues over (under) expenditures	11,164,289	6,556,813	31,955,652	25,396,619
Other Financing Sources (Uses):				
Sale of capital assets	240,000	240,000	441,260	201,260
Insurance claims proceeds	-	4,399	352,487	348,088
Long term debt issued	1,780,482	1,780,482	1,540,000	(240,482)
Premium on long-term debt issuance	-	-	73,557	73,557
Transfers from other funds	-	16,794	849	(15,945)
Transfers to other funds	(18,000,759)	(18,397,484)	(18,017,553)	379,931
Refunding bonds issued	-	3,260,000	2,650,000	(610,000)
Premium refunding bonds	-	-	580,687	580,687
Payment to refunded bond escrow agent	-	(3,250,000)	(3,210,352)	39,648
Special item - sale of NHRMC	-	-	350,000,000	350,000,000
Appropriated fund balance	4,815,988	9,788,996	-	(9,788,996)
Total other financing sources (uses)	(11,164,289)	(6,556,813)	334,410,935	340,967,748
Net change in fund balances	\$ -	\$ -	366,366,587	\$ 366,364,367
Fund Balances:				
Beginning of year - July 1			106,627,585	
End of year - June 30			472,994,172	
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			-	
End of year - June 30 (Exhibit D)			\$ 472,994,172	

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, 2021

	Budgeted Amounts			Variance from
	Original	Final	Actual	Final Budget Over/Under
Revenues:				
Room occupancy taxes	\$ 5,281,000	\$ 5,281,000	\$ 8,795,858	\$ 3,514,858
Special assessments	41,462	41,462	79,775	38,313
Intergovernmental revenue	826,700	861,700	244,076	(617,624)
Investment earnings	-	-	222,173	222,173
Total revenues	<u>6,149,162</u>	<u>6,184,162</u>	<u>9,341,882</u>	<u>3,157,720</u>
Expenditures:				
Current:				
Collection fee to New Hanover County	97,848	97,848	91,750	6,098
Tourism distributions to TDA and municipalities	3,449,122	3,449,122	3,363,982	85,140
Erosion control	<u>2,602,192</u>	<u>2,780,753</u>	<u>1,090,829</u>	<u>1,689,924</u>
Total expenditures	<u>6,149,162</u>	<u>6,327,723</u>	<u>4,546,561</u>	<u>1,781,162</u>
Revenues over (under) expenditures	<u>-</u>	<u>(143,561)</u>	<u>4,795,321</u>	<u>4,938,882</u>
Other Financing Sources (Uses):				
Appropriated fund balance	-	143,561	-	(143,561)
Total other financing sources (uses)	<u>-</u>	<u>143,561</u>	<u>-</u>	<u>(143,561)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>4,795,321</u>	<u>\$ 4,795,321</u>
Fund Balances:				
Beginning of year - July 1			<u>46,186,072</u>	
End of year - June 30			<u>\$ 50,981,393</u>	

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

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, 2021

	Budgeted Amounts			Variance from Final Budget Over/Under
	Original	Final	Actual	
Revenues:				
Ad valorem taxes, including interest	\$ 10,870,655	\$ 10,870,655	\$ 10,898,912	\$ 28,257
Other taxes	3,600,539	3,650,246	3,913,729	263,483
Miscellaneous	2,000	2,000	49,321	47,321
Intergovernmental revenue	65,000	129,798	97,278	(32,520)
Charges for services	69,198	69,198	25,939	(43,259)
Investment earnings	33,000	33,000	10,034	(22,966)
Total revenues	<u>14,640,392</u>	<u>14,754,897</u>	<u>14,995,213</u>	<u>240,316</u>
Expenditures:				
Current:				
Operating expenditures	13,930,151	13,970,752	13,400,893	569,859
Capital outlay	949,744	1,764,919	1,663,487	101,432
Bond issuance cost	-	30,000	27,249	2,751
Installment debt payments	<u>1,529,170</u>	<u>1,529,170</u>	<u>1,522,600</u>	<u>6,570</u>
Total expenditures	<u>16,409,065</u>	<u>17,294,841</u>	<u>16,614,229</u>	<u>680,612</u>
Revenues over (under) expenditures	<u>(1,768,673)</u>	<u>(2,539,944)</u>	<u>(1,619,016)</u>	<u>920,928</u>
Other Financing Sources (Uses):				
Appropriated fund balance	576,858	1,261,175	-	(1,261,175)
Long-term debt issued	656,569	656,569	525,000	(131,569)
Premium on long-term debt issuance	-	-	100,146	100,146
Refunding bonds issued	-	4,200,000	3,415,000	(785,000)
Premium refunding bonds	-	-	749,437	749,437
Payment to refunded bond escrow agent	-	(4,170,000)	(4,138,900)	31,100
Insurance claim proceeds	-	56,954	68,955	12,001
Transfer from other funds	835,246	835,246	835,246	-
Transfer to other funds	<u>(300,000)</u>	<u>(300,000)</u>	<u>(300,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>1,768,673</u>	<u>2,539,944</u>	<u>1,254,884</u>	<u>(1,285,060)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(364,132)</u>	<u>\$ (364,132)</u>
Fund Balance:				
Beginning of year - July 1			<u>3,420,420</u>	
End of year - June 30			<u>\$ 3,056,288</u>	

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

NEW HANOVER COUNTY, NORTH CAROLINA

AMERICAN RESCUE PLAN

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Variance from
	Original	Final	Actual	Final Budget Over/Under
Revenues:				
Intergovernmental revenue	\$ -	\$ 45,543,632	\$ 5,537,843	\$ (40,005,789)
Investment earnings	-	-	5,061	5,061
Total revenues	-	45,543,632	5,542,904	(40,000,728)
Expenditures:				
Current:				
Operating expenditures	-	39,255,996	5,869,197	33,386,799
Capital outlay	-	3,600,000	-	3,600,000
Total expenditures	-	42,855,996	5,869,197	36,986,799
Revenues over (under) expenditures	-	2,687,636	(326,293)	(3,013,929)
Other Financing Sources (Uses):				
Transfers from other funds	-	329,931	-	\$ (329,931)
Transfer to other funds	-	(3,017,567)	-	3,017,567
Total other financing sources (uses)	-	(2,687,636)	-	2,687,636
Net change in fund balance	\$ -	\$ -	(326,293)	\$ (326,293)
Fund Balance:				
Beginning of year - July 1			-	
End of year - June 30			\$ (326,293)	

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

NEW HANOVER COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	Environmental Management Fund
Assets:	
Current assets:	
Cash and cash equivalents	\$ 18,138,530
Receivables	<u>3,019,005</u>
Total current assets	<u>21,157,535</u>
Non-current assets:	
Restricted cash and cash equivalents	593,774
Capital assets:	
Land and construction in progress	19,279,609
Other capital assets, net of depreciation	<u>22,450,875</u>
Total non-current assets	<u>42,324,258</u>
Total assets	<u>63,481,793</u>
Deferred Outflows of Resources	2,631,523
Liabilities:	
Current liabilities:	
Current portion of long-term obligations	135,543
Accounts payable and accrued expenses	<u>2,772,137</u>
Total current liabilities	<u>2,907,680</u>
Non-current liabilities:	
Accrued landfill closure and post-closure care costs	14,732,825
Net pension liability	977,915
Long-term obligations, net of amortized charge, discount, and premiums	825,325
Total OPEB liability	<u>6,675,650</u>
Total non-current liabilities	<u>23,211,715</u>
Total liabilities	<u>26,119,395</u>
Deferred Inflows of Resources	3,258,288
Net Position:	
Net investment in capital assets	41,007,489
Unrestricted	<u>(4,271,856)</u>
Total net position	<u>\$ 36,735,633</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, 2021

	Environmental Management Fund
Operating Revenues:	
Charges for services	\$ 18,007,214
Other	466,143
Total operating revenues	<u>18,473,357</u>
Operating Expenses:	
Personnel	3,216,559
System maintenance	9,767,267
Landfill post closure	(9,810,512)
Depreciation	5,939,053
Total operating expenses	<u>9,112,367</u>
Operating income	<u>9,360,990</u>
Non-Operating Revenues (Expenses):	
Investment earnings	99,802
Intergovernmental revenues	1,512,896
Interest and fees	(9,546)
Total non-operating revenues (expenses)	<u>1,603,152</u>
Change in net position	10,964,142
Net position, beginning	<u>25,771,491</u>
Net position, ending	<u><u>\$ 36,735,633</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, 2021

	Environmental Management Fund
Cash Flows from Operating Activities:	
Cash received from customers	\$ 17,283,101
Cash payments for goods and services and system maintenance	(9,240,316)
Cash paid to employees for services	(2,736,426)
Other operating revenues	466,143
Net cash provided by operating activities	<u>5,772,502</u>
Cash Flows from Non-Capital Financing Activities:	
Proceeds from intergovernmental revenue	1,512,896
Net cash provided by non-capital financing activities	<u>1,512,896</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisitions and construction of capital assets	(13,772,096)
Principal paid on long-term debt	(147,313)
Interest paid on long-term debt	(9,546)
Net cash used by capital and related financing activities	<u>(13,928,955)</u>
Cash Flows from Investing Activities:	
Interest on investments	99,802
Net cash provided by investing activities	<u>99,802</u>
Net decrease in cash and cash equivalents	(6,543,755)
Cash and Cash Equivalents:	
Beginning of year - July 1	25,276,059
End of year - June 30	<u>\$ 18,732,304</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ 9,360,990
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	5,939,053
Landfill closure and post-closure care costs	(9,810,512)
Increase in deferred outflows of resources - pensions	(91,141)
Increase in deferred outflows of resources - OPEB	(1,011,983)
Changes in assets and liabilities:	
Increase in receivables	(724,113)
Increase in accounts payable and accrued expenses	551,623
Increase in net pension liability	225,138
Increase in OPEB liability	(981,924)
Decrease in deferred inflows of resources - pensions	(2,094)
Increase in deferred inflows of resources - OPEB	2,317,465
Net cash provided by operating activities	<u>\$ 5,772,502</u>
Cash and cash equivalents	
Unrestricted	\$ 18,138,530
Restricted	593,774
	<u>\$ 18,732,304</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, 2021

	Pension Trust Funds	Custodial Funds
Assets:		
Cash and investments	\$ 448,242,313	\$ 2,281,671
Receivables:		
Tax receivable	-	5,127,768
Total assets	<u>\$ 448,242,313</u>	<u>\$ 7,409,439</u>
Liabilities and Net Position:		
Liabilities:		
Accounts payable and accrued expenses	\$ -	\$ 2,635,705
Due to other governments	-	3,902,265
Total liabilities	<u>-</u>	<u>6,537,970</u>
Net Position:		
Restricted:		
Post employment benefits other than pensions individuals, organizations, and other governments	448,242,313	-
Individuals, organizations and other governments	-	867,530
Unassigned	-	3,939
Total net position	<u>448,242,313</u>	<u>871,469</u>
Total liabilities and fund balance	<u>\$ 448,242,313</u>	<u>\$ 7,409,439</u>

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

NEW HANOVER COUNTY, NORTH CAROLINA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2021

	Pension Trust Funds	Custodial Funds
Additions:		
Taxes for other governments	\$ -	\$ 105,761,126
Collections on behalf of inmates	-	1,333,999
Civil collections	-	444,791
Collections on behalf of Fireman's Relief	-	106,379
Fees	-	107,863
Investment earnings	2,157,463	14,184
Miscellaneous	-	21,051
Net appreciation (depreciation) in fair value of investments	339,965,271	-
Less investment expense	(328,725,037)	-
Special item - sale of NHRMC	447,265,821	-
Total additions	<u>460,663,518</u>	<u>107,789,393</u>
Deductions:		
Tax distributions to other governments	-	105,761,126
Payments on behalf of inmates	-	1,280,001
Civil collection payments	-	442,882
Payments on behalf of Fireman's Relief Board	-	38,785
Payments to other governments	-	121,678
Benefit payments	11,057,745	-
Administrative expense	1,363,460	-
Debt set-off collection payments	-	21,051
Total deductions	<u>12,421,205</u>	<u>107,665,523</u>
Net change in net position	448,242,313	123,870
Net position, beginning, as previously reported	-	-
Prior period restatement - change in accounting principle	-	747,599
Net position, beginning, as restated	<u>-</u>	<u>747,599</u>
Net position, ending	<u>\$ 448,242,313</u>	<u>\$ 871,469</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, 2021

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 237,000 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, 2021

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.

Medical Center Component Units. 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, 2021

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.

New Hanover Health (“NHH”) was formed to provide insurance plans to residents of Southeastern North Carolina. In 2020 NHH began offering Medicare Advantage and Prescription Drug plans to eligible residents of New Hanover County. NHH is included in the Medical Centers financial statements as a discretely presented component unit.

B. Basis of Presentation

Government-Wide Statements. The Statement of Net Position and the Statement of Activities display information about the primary government net position (the “County”) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the governmental and business-type activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

Fund Financial Statements. The fund financial statements provide information about the County’s funds, including its fiduciary funds and blended component units. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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. 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.

Special Fire District Fund. This fund accounts for the collection and disbursement of special fire district revenue, which includes a fire services tax rate for the unincorporated area of the county.

American Rescue Plan Fund. This fund accounts for the collection and disbursement of Coronavirus State and Local Recovery funds ("SCLRF") distributed to counties as part of the American Rescue Plan Act ("ARPA").

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 fund types:

Trust Funds. Trust funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined pension plans, defined contribution plans, or other postemployment benefit plans. The Pension Trust fund accounts for the contributions for benefits provided to qualified retirees. The Pension Trust funds are for the benefit of Medical Center qualified retirees and are being held by the County as a result of the sale of the Medical Center on February 1, 2021.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

Custodial Funds. Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. Custodial funds are used to account for assets the County holds on behalf of others that meet certain criteria. The County maintains the following custodial funds: the Room Occupancy Tax Fund which accounts for room occupancy taxes collected by the County for various municipalities within the County but that are not revenues of the County, the Tax Clearing Fund which accounts for ad valorem and vehicle property taxes that are billed and collected by the County for various municipalities within the County but that are not revenues to the County, the Public Safety Fund, which holds cash collections for the benefit of inmates from their friends and families, the Fireman's Relief Fund which holds collections for the benefit of the Fireman's Relief fund, the Children's Trust Fund which holds statutory fees collected by the register of deeds to be remitted to the Department of Health and Human Services, the Soil and Water Fund which holds collections for the benefit of the New Hanover County Soil and Water Conservation District, the NHRMC debt setoff fund which accounts for debt collected on behalf of NHRMC, and the EnerGov Fund which accounts for fees collected on behalf of other municipalities that are submitted to the municipalities upon receipt.

Non-major Funds. The County maintains twenty-three non-major funds. Twenty are legally budgeted funds and three are component unit funds. There are nine non-major special revenue funds: Local Law Enforcement Block Grant, Emergency Telephone System Grant, Revolving Loan Program, Stormwater Fee Program, Representative Payee Fund, Parks Conservancy of NHC, Airlie Gardens Foundation, Inc., and Public Health Foundation. The County has fourteen non-major capital project funds: \$160 Million School Bond Capital Project, \$164 Million CFCC Bond Expenditure Capital Project, Public School Building Capital Fund Capital Project, Controlled Substance Tax Capital Project, Federal Forfeited Property Capital Project, Masons Inlet Relocation Capital Project, Bike/Pedestrian Paths Capital Project, Capital Improvement Projects Capital Project, Special Fire District Revenue Improvement Projects Capital Project, Healing Transition Facility Capital Project, Juvenile Justice Facility Capital Project, Airport Terminal Expansion Capital Project, Public Health and Social Services Facility Capital Project, and Government Center Redevelopment Capital Project.

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, 2021

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. 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, 2021

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.

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").

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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), SEC registered funds, is authorized by G.S. 159-30(c)(8). The Government Portfolio, is a 2a7 fund which invests in treasuries and government agencies and is rated AAAm by S&P and AAmf by Moody Investor Services. The Government Portfolio is reported at fair value.

Ownership of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. STIF investments are valued by the custodian using Level 2 inputs which in this case involves inputs—other than quoted prices—included within Level 1 that are either directly or indirectly observable for the asset or liability. The STIF is valued at \$1 per share. The STIF portfolio is unrated and had a weighted average maturity at June 30, 2021, of 1.3 years. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to participants of the fund.

The BIF is measured at fair value using Level 2 inputs and is based upon units of participation. Units of participation are calculated monthly based upon inflows and outflows as well as allocations of net earnings. BIF does not have a credit rating, was valued at \$1 per unit and had an average maturity of 7.97 years at June 30, 2021.

The BlackRock's MSCI ACWI EQ Index Non-Lendable Class B fund, authorized under G.S. 147-69.2(b)(8), is a common trust fund considered to be commingled in nature. The Fund's fair value is the number of shares times the net asset value as determined by a third party. At June 30, 2021, the fair value of the funds was \$23.107392 per share. Fair value for this Blackrock fund is determined using Level 1 inputs which are directly observable, quoted prices (unadjusted) in active markets for identical assets or liabilities.

The County pools substantially all cash and investments from all funds, except the Other Post Employment Trust Fund, 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.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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. Certain proceeds from the sale of the Medical Center were restricted to be used for revenue stabilization as well as mental and behavioral health and substance use disorders treatment. As of June 30, 2021, \$300,012,670 and \$50,001,810 were restricted for revenue stabilization and mental and behavioral health and substance use disorders treatment, respectively. 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:

Special Purpose Fund	Unexpended contributions	\$ 8,044,895
Parks Conservancy of NHC Special Revenue Fund	Unexpended contributions	53,731
Public Health Foundation Special Revenue Fund	Unexpended contributions	21,333
\$160 Million Schools Capital Projects Fund	Unexpended debt proceeds	8,827,141
\$164 Million CFCC Capital Projects Fund	Unexpended debt proceeds	328,682
Juvenile Justice Facility Capital Project Fund	Unexpended debt proceeds	815,930
Healing Transition Facility Capital Project Fund	Unexpended debt proceeds	21,353,253
Airport Terminal Expansion Capital Project Fund	Unexpended debt proceeds	10,997,886
Government Center Redevelopment Capital Project Fund	Unexpended debt proceeds	46,104,023
	Unexpended allocations from	
General Fund	Medical Center sale	<u>350,015,480</u>
Total Governmental Activities		<u>446,562,354</u>

Business-Type Activities:

Environment Management Fund	Unexpended White Goods Tax	<u>593,774</u>
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Total Restricted Cash		<u><u>\$ 447,156,128</u></u>
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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, 2020. 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.

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.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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.

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

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

Minimum capitalization costs of the County are \$5,000 for land, buildings and other improvements, and equipment. All vehicles are capitalized regardless of cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Minimum capitalization costs of the Medical Center are 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 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.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

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:

Assets	Estimated Useful Lives
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, 2021

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 American 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. Amount in construction in progress are not yet subject depreciation.

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, 2021 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, 2020 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, 2020 have been made.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

The personal leave policy of the TDA generally provides for the accumulation of up to one year's earned personal leave with such leave being fully vested when earned.

For the County's government-wide financial statements and proprietary funds, Authority, Medical Center, and TDA, an expense and a liability for compensated absences and the salary-related payments are recorded as the personal leave is earned. Compensated absences are reported in governmental funds only if they matured.

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

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 unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

- **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** – This component of net position consists of assets that do not meet the definition of “restricted” or “net invested in capital assets” above.

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

The governmental fund types classify fund balances as follows:

- **Nonspendable Fund Balance** – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

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.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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 Mental and Behavioral Health – portion of fund balance that is restricted by revenue source to pay mental and behavioral health and substance use disorder treatment initiatives.

Restricted for Revenue Stabilization – portion of fund balance that is restricted by revenue source to be used by the County for revenue stabilization purposes.

Restricted for General Government – portion of fund balance restricted by revenue source for stormwater and other restricted revenues sources to be used for general government purposes such as: vehicle replacement and statutory deposits being held until certain criteria are met. These deposits include subdivision deposits, zoning deposits, and bid deposits.

Restricted for Human Services – portion of fund balance that is restricted by revenue source for the Public Health Foundation, representative payee accounts, and other human services items.

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

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

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

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.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Purpose	General Fund	Room Occupancy Fund	Speical Fire District Fund	Other Governmental Funds
Restricted, all other:				
Register of Deeds	239,191	-	-	-
Mental and behavioral health	50,001,810	-	-	-
Revenue stablization	300,012,670	-	-	-
General government	-	-	-	2,560,660
Human services	-	-	-	2,779,597
Public safety	-	-	1,506,269	799,213
Economic and physical development	-	44,620,887	-	3,959,041
Culture and recreation	-	-	-	8,476,483
Education	-	-	-	8,621,663
Total	<u>\$ 350,253,671</u>	<u>\$ 44,620,887</u>	<u>\$ 1,506,269</u>	<u>\$ 27,196,657</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 General Government – portion of fund balance budgeted by the Board to be used for various general government capital projects.

Committed for Human Services – portion of fund balance budgeted by the Board to be used for various human service capital projects.

Committed for Public Safety – portion of fund balance budgeted by the Board to be used for various public safety capital projects.

Committed for Economic and Physical Development – portion of fund balance budgeted by the Board to be used for various economic and physical development capital projects.

Committed for Culture and Recreation – portion of fund balance budgeted by the Board to be used for various culture and recreation capital projects.

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.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Purpose	General Fund	Other Governmental Funds
General government	\$ -	\$ 5,866,712
Human services	-	1,596,298
Public safety	-	1,090,945
Economic and physical development	-	10,997,886
Culture and recreation	-	125,265
LEO pension liability	4,022,219	-
Total	<u>\$ 4,022,219</u>	<u>\$ 19,677,106</u>

- **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	General Fund	Room Occupancy Tax Fund	Other Governmental Funds
Subsequent year's expenditures	\$ 190,000	\$ 4,557,898	\$ 161,681
Post-employment benefits	4,585,510	-	-
Capital improvement plan	14,407,018	-	-
Specific fund purposes	-	-	1,659,135
Revolving loans	-	-	105,003
Total	<u>\$ 19,182,528</u>	<u>\$ 4,557,898</u>	<u>\$ 1,925,819</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

- **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	\$ 472,994,172
Less:	
Inventories	9,474
Prepays	100,315
Stabilization by State statute	33,390,584
Register of Deeds	239,191
Mental and behavioral health	50,001,810
Revenue stabilization	<u>300,012,670</u>
Total available fund balance	<u>\$ 89,240,128</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, 2021

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	\$ 2,206,552
Room Occupancy Tax	60,518
Special Fire District	117,426
Emergency Telephone System - Article 3	11,144
Stormwater Fee	1,100,938
Bike/Pedestrian Paths	132,199
Capital Improvement Projects	27,458
Masons Inlet Relocation	89,333
Juvenile Justice Facility	4,475
Healing Place	17,703,656
Health and Human Services Facility	159,832
Government Center Redevelopment	<u>39,144,181</u>
	<u>\$ 60,757,712</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, 2021

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 (\$689,837,742) consists of several elements as follows:

Deferred charges related to refunding bond issue - included on the government-wide Statement of Net Position but are not current financial resources	\$ 14,684,429
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)	214,094,267
Net pension asset - RODSPF	635,988
Contributions to the pension plan in the current fiscal year	12,496,639
Other long-term assets are not available to pay for current period expenditures	18,809,860
Liabilities for deferred inflows of resources reported in the fund statements but not for government-wide	3,567,978
Pension related deferrals - LGERS & LEOSSA	22,559,449
Deferrals related to OPEB	(61,591,889)
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	(434,464,021)
Unamortized premiums and discounts	(39,452,177)
Accrued interest payable	(5,328,798)
Compensated absences	(11,442,184)
Total net pension liability (LEOSSA)	(19,571,936)
Net pension liability (LGERS)	(51,693,670)
Total OPEB liability	(352,882,298)
Claims and judgments	(259,379)
Total adjustment	<u>\$ (689,837,742)</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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 (\$49,976,086) as follows:

(continued on next page)

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Capital outlay expenditures recorded in the fund statements but capitalized as assets in the Statement of Activities	\$ 27,345,481
Loss on disposal of assets	(2,079,265)
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the Statement of Activities but not in the fund statements	(10,652,467)
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	(133,954,512)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities - LGERS & LEOSSA	10,950,365
OPEB benefit payments paid and administrative costs made in the current fiscal year are not included on the Statement of Activities	1,546,274
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	114,392,901
Changes on unamortized debt discounts and premiums	(11,224,457)
Net amortization of deferred charges related to refunded bond issue	1,396,539
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	(34,124)
Compensated absences	(549,163)
Claims and judgments	15,621
OPEB expense	(24,079,048)
Pension expense - LGERS & LEOSSA	(19,994,473)
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	(3,229,012)
Decrease in deferred inflows of resources - special assessments	(70,153)
Decrease in deferred inflows of resources - miscellaneous revenue	106,462
Reversal of deferred inflow of resources - tax revenue - June 30, 2020	(3,173,287)
Recording of deferred inflow of resources - taxes receivable in the fund statements as of June 30, 2021	<u>3,310,232</u>
Total adjustment	<u>\$ (49,976,086)</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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 \$46,685,719 during the fiscal year ended June 30, 2021.

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, 2021, 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
Debt Service	
Room Occupancy Tax Special Revenue	Fund
Special Fire District Special Revenue	Fund
Revolving Loan Program	Fund
Emergency Telephone System Special Revenue	Fund
Stormwater Services	Fund
Proprietary Fund:	
Environmental Management Operating	Fund

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Deficit Fund Balance of Individual Funds not appropriated in subsequent year's budget ordinance. For the fiscal year ended June 30, 2021, one individual fund had a deficit fund balance. The deficit in the American Rescue Plan fund is a result of timing. The deficit is:

Deficit Fund Balance Fund	Amount
American Rescue Plan	\$ (326,293)

2. Detail Notes on All Funds and Component Units

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, 2021, the County's deposits had a carrying amount of \$325,970,354 and a bank balance of \$325,563,692. Of the bank balance, \$825,065 was covered by federal depository insurance and \$324,738,627 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, 2021

At June 30, 2021, the Authority's deposits had a carrying amount of \$42,551,546 and a bank balance of \$42,607,756. Of the bank balance, \$310,655 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method.

At September 30, 2020, the Medical Center's deposits had a carrying amount of \$64,762,000 and a bank balance of \$65,949,000. 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, 2020, CHA had cash balance in a financial institution that from time to time have exceeded federal depository insurance coverage. The carrying amount and bank balance were \$4,114,000 and \$4,128,000, respectively. Bank balances in excess of federal depository insurance limits are uninsured and uncollateralized.

At September 30, 2020, 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 \$7,135,000 and \$7,169,000, respectively.

At September 30, 2020, 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 \$5,807,000 and \$5,807,000, respectively. Bank balances in excess of federal depository insurance limits are uninsured and uncollateralized.

At June 30, 2021, the ABC Board's deposits had a carrying amount of \$7,206,664 and a bank balance of \$9,541,538. 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 \$2,998,071 and a bank balance of \$2,981,172. The bank balance was in excess of federal depository insurance limits of \$250,000.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Investments. At June 30, 2021, the County had the following investments and maturities:

Investment Type	Valuation Measurement Method	Fair Value	Less Than 6 Months	6 to 12 Months	More Than 12 Months
US Treasury	Fair Value-Level 1	\$ 17,505,796	\$ 2,499,126	\$ 5,002,045	\$ 10,004,625
US Government Agencies	Fair Value-Level 2	82,763,083	15,501,781	8,502,024	58,759,278
Commercial Paper	Fair Value-Level 2	48,976,214	27,995,170	20,981,044	-
NC Capital Management Trust - Government portfolio	Amortized Cost	186,162,154	186,162,154	-	-
Mutual Funds - Airlie Foundation	Fair Value-Level 1	6,248,336	-	-	-
Certificate of Deposit - Agency	Fair Value-Level 1	1,899,975	-	-	-
Money Market	Fair Value-Level 1	250,811	-	-	-
Total		\$ 343,806,369	\$ 232,158,231	\$ 34,485,113	\$ 68,763,903

At June 30, 2021, the fiduciary pension plans had the following investments and maturities:

Investment Type	Valuation Measurement Method	Fair Value	Less Than 6 Months	6 to 12 Months	More Than 12 Months
Equity Funds	Fair Value-Level 1	\$ 178,953,123	\$ 178,953,123	\$ -	\$ -
Equity - Exchange Traded Funds	Fair Value-Level 1	76,137,491	76,137,491	-	-
Fixed Income	Fair Value-Level 1	101,245,525	101,245,525	-	-
Total		\$ 356,336,139	\$ 356,336,139	\$ -	\$ -

Because the NCCMT Government Portfolio has 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 Aam rating from S&P and AAA-mf by Moody's Investor Service.

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, 2021

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, 2021, 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, 2021. 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.

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

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

Concentration of Credit Risk. The County places a limit of no more than 50% of the investment portfolio may be invested in any one institution. Also, no more than 50% of the investment portfolio may be invested in any one investment vehicle, 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 Home Loan Mortgage Corporation. These investments make up 14.75%, 21.02%, and 23.65% of the County's investments excluding investments with NC Capital Management Trust, respectively.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

At September 30, 2020, the Medical Center's investment balance consisted of the following:

Investment Type	Fair Value	Less Than 1 Year	1 to 5 Years	6 to 10 Years	11 to 20 Years	More Than 20 Years
US Government Treasuries	\$ 48,363,000	\$ -	\$ 43,455,000	\$ -	\$ 4,908,000	\$ -
US Government Agencies	134,979,000		8,709,000	1,121,000	88,663,000	36,486,000
NC Capital Management Trust - Cash Portfolio	239,175,000	-	-	-	-	-
Department of State Treasurer - Short-Term Investment Fund (STI	131,000	-	-	-	-	-
Department of State Treasurer Trust Funds Investment Program - Equity Investment Fund	399,237,000	-	-	-	-	-
Mutual Funds	35,215,000	-	-	-	-	-
Commercial Paper	9,996,000	-	-	-	-	-
Total	<u>\$ 867,096,000</u>	<u>\$ -</u>	<u>\$ 52,164,000</u>	<u>\$ 1,121,000</u>	<u>\$ 93,571,000</u>	<u>\$ 36,486,000</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.

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, 2020.

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.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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 6.6%, 2.4%, and 7.0% of the Medical Center's investment portfolio, respectively.

At June 30, 2021, the TDA had \$4,710,403 invested with the North Carolina Capital Management Government Portfolio which carries a credit rating of AAAM by Standard & Poor's. 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, 2021:

	Total
Cash on hand and undeposited items	\$ 111,934
Deposits	325,970,354
Investments	343,806,369
Fiduciary - Pension deposits	91,906,174
Fiduciary - Pension investments	356,336,139
Total	<u>\$ 669,888,657</u>
Primary government, unrestricted	\$ 277,535,248
Primary government, restricted	390,054,219
Custodial Funds, unrestricted	2,299,190
Pension, restricted	448,242,313
Total	<u>\$ 669,888,657</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Cash, cash equivalents, and investments of the Authority can be summarized as follows as of June 30, 2021:

	Total
Cash on hand	\$ 1,000
Deposits	42,551,546
Total	<u>\$ 42,552,546</u>
Unrestricted	\$ 38,462,954
Restricted	4,089,592
Total	<u>\$ 42,552,546</u>

Cash, cash equivalents, and investments of the Medical Center can be summarized as follows as of September 30, 2020:

	Total
Cash on hand	\$ 367,000
Deposits	82,964,000
Investments	867,217,000
Total	<u>\$ 950,548,000</u>
Unrestricted	\$ 932,103,000
Restricted	18,445,000
Total	<u>\$ 950,548,000</u>

Cash, cash equivalents, and investments of the ABC Board can be summarized as follows as of June 30, 2021:

	Total
Cash on hand	\$ 53,146
Deposits	7,206,664
Total	<u>\$ 7,259,810</u>

Cash, cash equivalents, and investments of the TDA can be summarized as follows as of June 30, 2021:

	Total
Deposits	\$ 2,998,071
Investments	4,710,403
Total	<u>\$ 7,708,474</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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 \$6,750,000 at June 30, 2021, 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, 2021.

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 \$7,328,646 at June 30, 2021, which is recorded as other long-term receivables of governmental activities on the Statement of Net Position. The related long-term debt balances of \$15,439,019 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, 2021.

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 \$4,082,379 at June 30, 2021, 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, 2021.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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 \$648,835 at June 30, 2021, 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, 2021.

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, 2021:

	Property Taxes (Other Sources)	Other Governmental Units	Other Sources	Total
Governmental Activities:				
General:				
Local sales tax	\$ -	\$ 19,878,427	\$ -	\$ 19,878,427
Grants	-	5,406,741	-	5,406,741
Other	<u>4,357,014</u>	<u>1,451,971</u>	<u>1,971,425</u>	<u>7,780,410</u>
Subtotal	<u>4,357,014</u>	<u>26,737,139</u>	<u>1,971,425</u>	<u>33,065,578</u>
Debt Service:				
Local sales tax	-	4,529,940	-	4,529,940
Other	-	<u>508,571</u>	-	<u>508,571</u>
Subtotal	-	<u>5,038,511</u>	-	<u>5,038,511</u>
Special Revenue	255,378	1,300,549	1,771,804	3,327,731
Capital Projects	-	<u>812,753</u>	-	<u>812,753</u>
Total governmental activities	<u>4,612,392</u>	<u>33,888,952</u>	<u>3,743,229</u>	<u>42,244,573</u>
Business-Type Activities:				
Enterprise	-	916,937	2,102,068	3,019,005
Fiduciary Activities:				
Custodial	<u>3,676,910</u>	-	<u>1,450,858</u>	<u>5,127,768</u>
Total	<u>\$ 8,289,302</u>	<u>\$ 34,805,889</u>	<u>\$ 7,296,155</u>	<u>\$ 50,391,346</u>
Primary Government, unrestricted				<u>\$ 45,263,578</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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	\$ 4,313,030
Allowance for other uncollectible receivables	<u>5,825,576</u>
Total governmental activities	<u>\$ 10,138,606</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 \$106,473,000.

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

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

	Total Property Valuation	Rate per \$100	Levy
2020 Levy - County-wide (1)		\$ 0.5550	\$ 201,315,144
Add: Discoveries and fees			<u>171,731</u>
Subtotal			201,486,875
Less: Abatements			<u>211,405</u>
Total adjusted levy	<u>\$ 36,192,740,774</u>		<u>\$ 201,275,470</u>
Collections			<u>\$ 199,911,580</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, 2021

Analysis of General Fund property taxes receivable by year:

Tax Year	Taxes Receivable June 30, 2020	2020 Levy Discoveries and Fees	Net Collections	Abatements and Adjustments	Taxes Receivable June 30, 2021
Prior	\$ 8,041,580	\$ 1,176	\$ 771,863	\$ 168,401	\$ 7,102,492
2020	-	201,486,875	199,911,580	211,405	1,363,890
Total	<u>\$ 8,041,580</u>	<u>\$ 201,488,051</u>	<u>\$ 200,683,443</u>	<u>\$ 379,806</u>	8,466,382
Less: Allowance for uncollectible property taxes					4,109,368
Net property taxes receivable					<u>\$ 4,357,014</u>

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

	Total Property Valuation	Rate per \$100	Levy
2020 Levy - County-wide (1)		\$ 0.0775	\$ 11,047,331
Add: Discoveries and fees			14,518
Subtotal			11,061,849
Less: Abatements and adjustments			1,056
Total adjusted levy	<u>\$ 14,237,752,891</u>		<u>\$ 11,060,793</u>
Collections			<u>\$ 11,000,430</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, 2021

Analysis of Special Fire District property taxes receivable by year:

Tax Year	Taxes Receivable June 30, 2020	2020 Levy Discoveries and Fees	Collections	Abatements and Adjustments	Taxes Receivable June 30, 2021
Prior	\$ 453,869	\$ -	\$ 45,465	\$ 9,726	\$ 398,678
2020	-	11,061,849	11,000,430	1,056	60,363
Total	<u>\$ 453,869</u>	<u>\$ 11,061,849</u>	<u>\$ 11,045,895</u>	<u>\$ 10,782</u>	459,041
Less: Allowance for uncollectible property taxes					203,663
Net property taxes receivable					<u>\$ 255,378</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 could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

Year Levied	Contingent - Gain Tax Capture
2017	\$ 922,315
2018	865,658
2019	861,453
2020	855,176
Total	<u>\$ 3,504,602</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Capital Assets. Capital assets activity of the primary government for the year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Governmental Activities:				
Non-Depreciable Capital Assets:				
Land	\$ 45,924,058	\$ 1,334,117	\$ -	\$ 47,258,175
Construction in progress	14,161,122	24,727,617	24,390,714	14,498,025
Total non-depreciable capital assets	<u>60,085,180</u>	<u>26,061,734</u>	<u>24,390,714</u>	<u>61,756,200</u>
Depreciable Capital Assets:				
Buildings	183,859,412	17,937,472	6,502,532	195,294,352
Other improvements	35,892,484	3,364,159	233,119	39,023,524
Equipment and vehicles	73,192,143	4,372,830	838,524	76,726,449
Total depreciable capital assets	<u>292,944,039</u>	<u>25,674,461</u>	<u>7,574,175</u>	<u>311,044,325</u>
Less Accumulated Depreciation:				
Buildings	67,857,116	4,226,845	4,480,855	67,603,106
Other improvements	26,797,550	1,507,209	216,699	28,088,060
Equipment and vehicles	58,894,035	4,918,413	797,356	63,015,092
Total accumulated depreciation	<u>153,548,701</u>	<u>\$ 10,652,467</u>	<u>\$ 5,494,910</u>	<u>158,706,258</u>
Total depreciable capital assets, net	<u>139,395,338</u>			<u>152,338,067</u>
Governmental activities capital assets, net	<u>\$ 199,480,518</u>			<u>\$ 214,094,267</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Business Type Activities:				
Non-Depreciable Capital Assets:				
Land	\$ 3,239,227	\$ -	\$ -	\$ 3,239,227
Construction in progress	8,390,762	12,323,222	4,673,602	16,040,382
Total non-depreciable capital assets	11,629,989	12,323,222	4,673,602	19,279,609
Depreciable Capital Assets:				
Buildings	21,335,698	-	-	21,335,698
Other improvements	30,940,150	4,748,804	-	35,688,954
Equipment and vehicles	17,360,099	1,373,672	208,950	18,524,821
Total depreciable capital assets	69,635,947	6,122,476	208,950	75,549,473
Less Accumulated Depreciation:				
Buildings	16,223,271	446,743	-	16,670,014
Other improvements	22,834,770	4,026,400	-	26,861,170
Equipment and vehicles	8,310,454	1,465,910	208,950	9,567,414
Total accumulated depreciation	47,368,495	\$ 5,939,053	\$ 208,950	53,098,598
Total depreciable capital assets, net	22,267,452			22,450,875
Business-type activities capital assets, net	\$ 33,897,441			\$ 41,730,484

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

Governmental Activities:

General government	\$ 1,748,875
Human services	991,271
Public safety	5,946,432
Culture and recreation	1,965,889
Total depreciation, governmental activities	<u>\$ 10,652,467</u>

Business-Type Activities:

Environmental management	\$ 5,939,053
Total depreciation, business-type activities	<u>\$ 5,939,053</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Capital assets activity for the Authority for the year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Non-Depreciable Capital Assets:				
Land	\$ 15,738,596	\$ -	\$ -	\$ 15,738,596
Easements	888,167	-	-	888,167
Construction in progress	25,305,866	23,073,866	14,365,872	34,013,860
Total non-depreciable capital assets	<u>41,932,629</u>	<u>23,073,866</u>	<u>14,365,872</u>	<u>50,640,623</u>
Depreciable Capital Assets:				
Land improvements	1,808,135	-	-	1,808,135
Building and improvements - (Airfield and building)	160,576,967	14,376,307	109,539	174,843,735
Vehicles	1,811,613	-	-	1,811,613
Machinery and equipment	7,085,579	177,029	240,045	7,022,563
Total depreciable capital assets	<u>171,282,294</u>	<u>14,553,336</u>	<u>349,584</u>	<u>185,486,046</u>
Less Accumulated Depreciation:				
Land improvements	592,795	90,340	-	683,135
Building and improvements - (Airfield and building)	117,885,814	6,906,621	105,320	124,687,115
Vehicles	1,130,863	89,722	-	1,220,585
Machinery and equipment	2,815,770	553,684	213,003	3,156,451
Total accumulated depreciation	<u>122,425,242</u>	<u>7,640,367</u>	<u>318,323</u>	<u>129,747,286</u>
Total depreciable capital assets, net	<u>48,857,052</u>			<u>55,738,760</u>
Business-type activities capital assets, net	<u>\$ 90,789,681</u>			<u>\$ 106,379,383</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Capital assets activity for the Medical Center for the year ended September 30, 2020 is as follows:

	Balance October 1, 2019	Increases	Decreases	Balance September 30, 2020
Non-Depreciable Capital Assets:				
Land	\$ 16,961,000	\$ 9,719,000	\$ -	\$ 26,680,000
Construction in progress	105,817,000	86,953,000	187,064,000	5,706,000
Total non-depreciable capital assets	<u>122,778,000</u>	<u>96,672,000</u>	<u>187,064,000</u>	<u>32,386,000</u>
Depreciable Capital Assets:				
Buildings and leasehold improvements	621,361,000	130,707,000	13,964,000	738,104,000
Equipment	419,745,000	56,484,000	29,185,000	447,044,000
Total depreciable capital assets	<u>1,041,106,000</u>	<u>187,191,000</u>	<u>43,149,000</u>	<u>1,185,148,000</u>
Less Accumulated Depreciation:				
Buildings and leasehold improvements and equipment	595,181,000	63,754,000	38,988,000	619,947,000
Total accumulated depreciation	<u>595,181,000</u>	<u>\$ 63,754,000</u>	<u>\$ 38,988,000</u>	<u>619,947,000</u>
Total depreciable capital assets, net	<u>445,925,000</u>			<u>565,201,000</u>
Capital assets, net	<u>\$ 568,703,000</u>			<u>\$ 597,587,000</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Capital assets activity for the ABC Board at June 30, 2021 is as follows:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2021</u>
Non-Depreciable Capital Assets:				
Land	\$ 6,560,913	\$ -	\$ 1,252,613	\$ 5,308,300
Construction in progress	658,295	1,863	-	660,158
Total non-depreciable capital assets	<u>7,219,208</u>	<u>1,863</u>	<u>1,252,613</u>	<u>5,968,458</u>
Depreciable Capital Assets:				
Buildings and improvements	17,002,275	-	-	17,002,275
Fixtures and equipment	1,611,458	-	5,748	1,605,710
Vehicles	261,050	112,819	-	373,869
Total depreciable capital assets	<u>18,874,783</u>	<u>112,819</u>	<u>5,748</u>	<u>18,981,854</u>
Less: Accumulated depreciation	<u>5,906,763</u>	<u>732,871</u>	<u>5,748</u>	<u>6,633,886</u>
Total depreciable capital assets, net	<u>12,968,020</u>	<u>\$ (620,052)</u>	<u>\$ -</u>	<u>12,347,968</u>
Capital assets, net	<u>\$ 20,187,228</u>			<u>\$ 18,316,426</u>

Capital assets activity for the TDA for the year ended June 30, 2021 is as follows:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2021</u>
Depreciable Capital Assets:				
Equipment	\$ 200,706	\$ 1,182	\$ 16,512	\$ 185,376
Total depreciable capital assets	<u>200,706</u>	<u>1,182</u>	<u>16,512</u>	<u>185,376</u>
Less: Accumulated depreciation	<u>165,306</u>	<u>17,430</u>	<u>16,512</u>	<u>166,224</u>
Total depreciable capital assets, net	<u>35,400</u>	<u>(16,248)</u>	<u>-</u>	<u>19,152</u>
Capital assets, net	<u>\$ 35,400</u>	<u>\$ (16,248)</u>	<u>\$ -</u>	<u>\$ 19,152</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

B. Payables

Accounts payable and accrued expenses at the government-wide level at June 30, 2021 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental Activities:			
General	\$ 14,011,877	\$ 1,819,494	\$ 15,831,371
Special revenue	431,846	5,810,765	6,242,611
Capital projects	5,608,094	-	5,608,094
Total governmental activities	<u>\$ 20,051,817</u>	<u>\$ 7,630,259</u>	<u>\$ 27,682,076</u>
Business-Type Activities:			
Environmental management	<u>\$ 2,666,538</u>	<u>\$ 105,599</u>	<u>\$ 2,772,137</u>
Total business-type activities	<u>\$ 2,666,538</u>	<u>\$ 105,599</u>	<u>\$ 2,772,137</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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report 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, 2021

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, 2021, was 10.84% of compensation for law enforcement officers and 10.20%, 10.21%, and 10.36%, 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 \$10,880,413, \$282,761, and \$293,457 respectively, for the year ended June 30, 2021.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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, 2021, the County, Authority, and ABC Board reported liabilities of \$52,671,585, \$1,192,452, and \$1,361,475, respectively, for their proportionate share of the net pension liabilities. The net pension liabilities were measured as of June 30, 2020. The total pension liability used to calculate the net pension liabilities were determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 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, 2021, the County, Authority, and ABC Board's proportions were 1.47398%, 0.03337% and 0.03810% (measured as of June 30, 2020), respectively, which were increase/(decreases) of 0.00921%, (0.00745%) and (0.00555%), respectively, from their proportions measured as of June 30, 2020 (measured as of June 30, 2019).

For the year ended June 30, 2021, the County, Authority, and ABC Board's recognized pension expense of \$18,207,047, \$396,320, and \$177,201, respectively.

At June 30, 2021, 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	\$ 6,651,497	\$ -
Changes in assumptions	3,919,799	-
Net difference between projected and actual earnings on pension plan investments	7,412,115	-
Changes in proportion and differences between County contributions and proportionate share of contributions	180,222	45,177
County contributions subsequent to the measurement date	10,880,413	-
Total	<u>\$ 29,044,046</u>	<u>\$ 45,177</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

At June 30, 2021, 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	\$ 150,586	\$ -
Changes in assumptions	88,740	-
Net difference between projected and actual earnings on pension plan investments	167,806	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	11,179	72,827
Authority contributions subsequent to the measurement date	282,761	-
Total	<u>\$ 701,072</u>	<u>\$ 72,827</u>

At June 30, 2021, 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	\$ 171,930	\$ -
Changes in assumptions	101,320	-
Net difference between projected and actual earnings on pension plan investments	191,591	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	24,572	53,091
Board contributions subsequent to the measurement date	293,457	-
Total	<u>\$ 782,870</u>	<u>\$ 53,091</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

\$10,880,413, \$282,761, and \$293,457 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, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

County:

Year ended June 30:

2022	\$ 5,113,707
2023	6,787,778
2024	4,023,365
2025	2,193,606
	<u>\$ 18,118,456</u>

Authority:

Year ended June 30:

2022	\$ 94,913
2023	132,034
2024	68,877
2025	49,660
	<u>\$ 345,484</u>

ABC Board

Year ended June 30:

2022	\$ 127,726
2023	161,879
2024	90,018
2025	56,699
	<u>\$ 436,322</u>

Actuarial Assumptions. The total pension liability in the December 31, 2019 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, 2021

The plan actuary currently uses mortality rates based on the *RP-2014 Total Data Set for Health Annuitants Mortality Table* that vary by age, gender, employee group (i.e., general, law enforcement officer) and health status (i.e., disabled and health). 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, 2019, valuation were based on the results of an actuarial experience study as of December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields projected across the U.S. Treasury yield curve and market expectations of forward yields and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020 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 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, 2021

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)	\$ 106,864,906	\$ 52,671,585	\$ 7,633,123

Authority:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Authority's proportionate share of the net pension liability (asset)	\$ 2,419,356	\$ 1,192,452	\$ 172,809

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)	\$ 2,762,285	\$ 1,361,475	\$ 197,304

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report for the State of North Carolina.

B. Law Enforcement Officers' Special Separation Allowance

Plan Description. The County administers a public employee retirement system ("Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85% of the annual equivalent to the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

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

All full-time County and Authority law enforcement officers are covered by the Separation Allowance. At December 31, 2019, the LEO System's membership consisted of:

	<u>County</u>	<u>Authority</u>
Retirees receiving benefits	29	-
Active plan members	383	1
Total	<u>412</u>	<u>1</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, 2021

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, 2019 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.5% per annum
Salary increases	1.0% per annum
Investment rate of return	2.79% per annum, compounded annually

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2020.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employee's Retirement System for the five-year period ending December 31, 2014.

Mortality rates. Deaths After Retirement (Health): Mortality rates are based on the RP-2014 Total Data Set for Healthy Annuitants Mortality Table. The RP-2014 annuitant tables have no rates prior to age 50. The RP-2014 Total Data Set Employee Mortality Table is used for ages less than 50.

Deaths After Retirement (Disabled): Mortality rates are based on the RP-2014 Total Data Set for Disabled Annuitants Mortality Table. Rates for male members are multiplied by 103% for all ages. Rates for female members are multiplied by 99% for all ages.

Deaths Before Retirement: Mortality rates are based on the RP-2014 Total Data Set Employee Mortality Table.

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 \$474,623 as benefits came due for the reporting period.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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, 2021, 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.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2021, the County and Authority reported a total pension liability of \$19,571,936 and \$87,249, respectively. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was rolled forward to December 31, 2020 utilizing update procedures incorporating the actuarial assumption. For the year ended June 30, 2021, the County and Authority recognized pension expense of \$2,380,780 and (\$21,213), respectively.

At June 30, 2021, 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	\$ 1,282,710	\$ -
Changes of assumptions	5,422,959	286,406
County benefit payments and plan administrative expenditures paid subsequent to the measurement date	<u>237,902</u>	<u>-</u>
Total	<u>\$ 6,943,571</u>	<u>\$ 286,406</u>

At June 30, 2021, 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	\$ 3,899	\$ 84,237
Changes of assumptions	<u>24,107</u>	<u>2,992</u>
Total	<u>\$ 28,006</u>	<u>\$ 87,229</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

The County paid \$237,902 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, 2022. There were no amounts reported as deferred outflows of resources related to pension resulting from benefit payments and administrative expenses incurred subsequent to the measurement date for the Authority. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pensions expense as follows:

County:

<u>Year ended June 30:</u>	
2022	\$ 1,291,968
2023	1,310,919
2024	1,204,313
2025	1,173,297
2026	1,024,155
Thereafter	<u>414,611</u>
	<u><u>\$ 6,419,263</u></u>

Authority:

<u>Year ended June 30:</u>	
2022	\$ (29,255)
2023	(29,029)
2024	(2,022)
2025	<u>1,083</u>
	<u><u>\$ (59,223)</u></u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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 (0.93 percent) or 1-percent point higher (2.93 percent) than the current rate:

County:

	1% Decrease (0.93%)	Discount Rate (1.93%)	1% Increase (2.93%)
Total pension liability	\$ 21,327,692	\$ 19,571,936	\$ 17,965,572

Authority:

	1% Decrease (0.93%)	Discount Rate (1.93%)	1% Increase (2.93%)
Total pension liability	\$ 89,825	\$ 87,249	\$ 84,712

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, 2019	\$ 12,493,995
Service cost	687,535
Interest on the total pension liability	399,301
Difference between expected and actual experience in the measurement of the total pension liability	665,581
Changes of assumptions and other inquiries	5,816,542
Benefit payments	(491,018)
Ending balance of the total pension liability as of December 31, 2020	<u>\$ 19,571,936</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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, 2019	\$	170,721
Service cost		1,913
Interest on the total pension liability		5,566
Differences between expected and actual experience in the measurement of total pension liability		(117,788)
Changes of assumptions and other inputs		26,837
Ending balance of the total pension liability as of December 31, 2020	\$	<u>87,249</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, 2019 valuation were based on the results of an actuarial experience as of December 31, 2019.

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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report 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, 2021

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, 2021 were \$4,151,337, which consisted of \$2,672,238 from the County and \$1,479,099 from the law enforcement employees and general employees. Contributions of the Authority for the year ended June 30, 2021 were \$21,409, which consisted of \$5,352 from the Authority and \$16,057 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 \$132,791 for the year ended June 30, 2021. The plan provides for voluntary contributions on the part of all employees. Voluntary contributions by employees not engaged in law enforcement were \$100,830 for the year ended June 30, 2021.

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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report 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, 2021

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 \$34,059 for the year ended June 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2021, the County reported an asset of \$635,988 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2020. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 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 2.77506% an increase of 0.47503% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the County recognized pension expense of \$20,720. At June 30, 2021, 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	\$ -	\$ 12,960
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	54,419
Changes in proportion and differences between County contributions and proportionate share of contributions	31,919	60,145
County contributions subsequent to the measurement date	34,059	-
Total	<u>\$ 65,978</u>	<u>\$ 127,524</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

\$34,059 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, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2022	\$	(23,575)
2023		(33,762)
2024		(24,559)
2025		<u>(13,709)</u>
	\$	<u>(95,605)</u>

Actuarial Assumptions. The total pension liability in the December 31, 2019 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, 2019 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, 2021 is 1.4%.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

The information above is based on 30 year expectations developed with the consulting actuary for the 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)	\$ (540,193)	\$ (635,988)	\$ (717,046)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report for the State of North Carolina.

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

The net pension liability (asset) for LGERS and RODSPF was measured as of June 30, 2020, 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 (asset) 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, 2020, with an actuarial valuation date of December 31, 2019.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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)	\$ 52,671,585	\$ (635,988)	\$ -	\$ 52,035,597
Proportion of the Net Pension Liability (Asset)	1.4740%	2.7751%	n/a	n/a
 Total Pension Liability	 \$ -	 \$ -	 \$ 19,571,936	 \$ 19,571,936
 Pension Expense	 \$ 18,207,047	 \$ 20,720	 \$ 2,380,780	 \$ 20,608,547
	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
Deferred Outflows of Resources				
Differences between expected and actual experience	\$ 6,651,497	\$ -	\$ 1,282,710	\$ 7,934,207
Changes of assumptions	3,919,799	-	5,422,959	9,342,758
Net difference between projected and actual earnings on plan investments	7,412,115	-	-	7,412,115
Changes in proportion and differences between contributions and proportionate share of contributions	180,222	31,919	-	212,141
County contributions (LGERS,ROD)/benefit payments and administrative costs paid subsequent to the measurement date	10,880,413	34,059	237,902	11,152,374
Deferred Inflows of Resources				
Differences between expected and actual experience	\$ -	\$ 12,960	\$ -	\$ 12,960
Changes of assumptions	-	-	286,406	286,406
Net difference between projected and actual earnings on plan investments	-	54,419	-	54,419
Changes in proportion and differences between contributions and proportionate share of contributions	45,177	60,145	-	105,322

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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	\$ 396,320	\$ (21,213)	\$ 375,107
Proportionate share of the net pension liability	3.3370%	n/a	n/a
 Total Pension Liability	 \$ 1,192,452	 \$ 87,249	 \$ 1,279,701
	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$ 150,586	\$ 3,899	\$ 154,485
Changes of assumptions	88,740	24,107	112,847
Net difference between projected and actual earnings on plan investments	167,806	-	167,806
Changes in proportion and differences between contributions and proportionate share of contributions	11,179	-	11,179
Benefit payments and administrative costs paid subsequent to the measurement date	282,761	-	282,761
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ -	\$ 84,237	\$ 84,237
Changes of assumptions	-	2,992	2,992
Changes in proportion and differences between contributions and proportionate share of contributions	72,827	-	72,827

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, 2021

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 \$14,335,000 for the year ended September 30, 2020.

Pension, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2020 and 2019, the Medical Center reported a net pension liability of \$53,122,000 and \$45,843,000, respectively. The net pension liability was measured as of September 30, 2018 and 2017, respectively. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019 and 2018, respectively. The total pension liability was then rolled forward to the measurement date of September 30, 2020 and 2019, 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, 2021

For the year ended September 30, 2020 and 2019, the Medical Center recognized pension expense of \$15,543,000 and \$14,421,000, respectively. At September 30, 2020, 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	\$ 5,862,000	\$ -
Net difference between projected and actual earnings on pension plan investments	-	1,948,000
Assumption changes	-	2,493,000
Contributions made in fiscal year ended September 30, 2020	14,335,000	-
Total	<u>\$ 20,197,000</u>	<u>\$ 4,441,000</u>

\$14,335,000 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 liability in the year ended September 30, 2021. 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:

2021	\$ (1,714,000)
2022	(350,000)
2023	1,424,000
2024	1,985,000
2025	76,000
	<u>\$ 1,421,000</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Medical Center Actuarial Assumptions. The total pension liability in the January 1, 2019 and 2018 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

Mortality rates were based on the RP-2006 with generational MP-2018 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, 2020 and 2019, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equity	42.00%	4.60%
Small Cap U.S. Equity	3.00%	5.10%
International Equity	20.00%	5.30%
Emerging Markets Equity	5.00%	5.90%
Core U.S. Fixed Income	29.00%	1.00%
Cash	1.00%	0.20%
Total	100.00%	

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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, 2019	<u>\$ 45,843,000</u>
Changes for the year:	
Service cost	9,001,000
Interest	21,498,000
Difference between expected and actual experience	1,552,000
Assumption changes	(506,000)
Contributions - employers	(14,530,000)
Net investment income	(10,056,000)
Administrative expenses	320,000
Net changes	<u>7,279,000</u>
Balance at September 30, 2020	<u><u>\$ 53,122,000</u></u>

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	<u>\$ 89,286,000</u>	<u>\$ 53,122,000</u>	<u>\$ 26,507,000</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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 \$597,000 and \$583,000 for the years ended September 30, 2020 and 2019, respectively.

Pension, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2020 and 2019, PMH reported a net pension liability of \$3,491,000 and \$3,247,000, respectively. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019 and 2018, respectively. The total pension liability was then rolled forward to the measurement date of September 30, 2019 and 2018, 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, 2021

For the year ended September 30, 2020, PMH recognized pension expense of \$697,000. At September 30, 2020, 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	\$ 79,000	\$ -
Net difference between projected and actual earnings on pension plan investments	145,000	-
Assumption changes	-	61,000
Contributions made in fiscal year ending September 30, 2020	597,000	-
Total	<u>\$ 821,000</u>	<u>\$ 61,000</u>

\$597,000 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 liability in the year ended September 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:

2021	\$ 29,000
2022	37,000
2023	55,000
2024	42,000
	<u>\$ 163,000</u>

PMH Actuarial Assumptions. The total pension liability in the January 1, 2019 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-2018 projection.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity (Large Cap)	43.00%	4.60%
Domestic Equity (Small Cap)	3.00%	5.10%
International Equity	20.00%	5.30%
Emerging Markets Equity	4.00%	5.90%
Core U.S. Fixed Income	29.00%	1.00%
Cash	1.00%	0.20%
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.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	Net Pension Liability
Balance at September 30, 2019	<u>\$ 3,247,000</u>
Changes for the year:	
Service cost	259,000
Interest	667,000
Difference between expected and actual experience	52,000
Assumption changes	(24,000)
Contributions - employers	(581,000)
Net investment income	(228,000)
Administrative expenses	99,000
Net changes	<u>244,000</u>
Balance at September 30, 2020	<u><u>\$ 3,491,000</u></u>

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	\$ 4,856,000	\$ 3,491,000	\$ 2,372,000

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 \$16,670,000 and \$14,404,000 for the years ended September 30, 2020 and 2019, respectively. Employee contribution percentages were 4.3% and 3.9% of total payroll for the years ended September 30, 2020 and 2019, respectively. There were no employer matching contributions by the Medical Center for the years ended September 30, 2020 and 2019.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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 \$1,057,000 and \$951,000, and employee optional contributions totaled approximately \$2,138,000 and 1,951,000, for the years ended September 30, 2020 and 2019, respectively. Employer contribution percentages were 2.37% and 2.28%, and employee contribution percentages were 4.79% and 4.67% of total payroll for the years ended September 30, 2020 and 2019, respectively.

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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report 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, 2021 and 2020 were \$44,886 and \$77,451, respectively.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

J. New Hanover County Tourism Development Authority Employee Pension Plan

The TDA maintains a simplified employee pension plan, with the TDA matching up to 3% of the employees' wages for all employees who qualify and contribute to the plan.

During the year ended June 30, 2021, the TDA's contributions to the plan totaled \$13,779 representing 3.0%, of eligible employees' salaries. Additionally, the TDA made final interest payments of \$3,875 to settle former SEP retirement contributions.

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 County began offering its employees a 401k deferred compensation plan through the Prudential NC 401(k) plan effective July 1, 2021. All benefits-eligible employees will receive an employer contribution of 2.5% each pay period. No employee match will be required, but employees can choose to contribute. Sworn law enforcement offers will continue to receive the 5% contribution as per North Carolina general statute.

The County began offering its employees a Prudential 457 deferred compensation plan. The 457 Plan is a deferred compensation plan administered by the North Carolina Department of State Treasurer. Elected officials will receive a contribution of 2.5% each pay period. No match will be required, but elected officials can choose to contribute.

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 \$1,771,000 and \$1,966,000 as of September 30, 2020 and 2019, 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, 2020 and 2019, in accordance with the provisions of this plan.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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.

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

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Membership of the healthcare benefits for the County's plan consisted of the following at June 30, 2020, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	469
Active plan members	<u>1,781</u>
	<u>2,250</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. As of July 1, 2018, this plan was closed to new participants.

Membership of the healthcare benefits for the Authority's plan consisted of the following at June 30, 2020, the date of the latest actuarial valuation:

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

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

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	<u>54</u>
	<u>62</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Total OPEB Liability.

The County's total OPEB liability of \$359,557,948 was measured as of June 30, 2020, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise 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	3.50%
Measurement date	2.21%
Health care cost trend rates	
Pre-Medicare	7.00% for 2020 decreasing to an ultimate rate of 4.50% by 2030
Medicare	5.25% for 2020 decreasing to an ultimate rate of 4.50% by 2024
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.

The Authority's total OPEB liability of \$311,791 was measured as of June 30, 2020, 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 otherwise specified:

Inflation	2.50%
Salary increases	3.50% - 7.75%, including inflation
Discount rate	2.21%
Healthcare cost trend rates	7.00%

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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 \$1,392,228 was measured as of June 30, 2020, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50%
Salary increases	3.50% - 7.75%, including inflation
Discount rate	2.21%
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.

Changes in the Total OPEB Liability.

County:

Balance at June 30, 2019	\$ 406,914,976
Changes for the year:	
Service cost	19,397,338
Interest	14,861,335
Differences between expected and actual experience	(155,039,126)
Changes in assumptions or other inputs	76,858,431
Benefit payments	(3,435,006)
Net changes	(47,357,028)
Balance at June 30, 2020	<u>\$ 359,557,948</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.50% to 2.21%. Medical claims cost was changed based on most recent experience and changed the current schedule.

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

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

The demographic actuarial assumptions for retirement, disability incidences, withdrawal, and salary increases used in the June 30, 2020 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, 2020 valuation were based on a review of recent plan experience done concurrently with the June 30, 2020 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 (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	\$ 453,932,127	\$ 359,557,948	\$ 289,328,778

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	Current	1% Increase
Total OPEB liability	\$ 281,614,132	\$ 359,557,948	\$ 467,707,729

Authority:

Balance at June 30, 2019	\$ 273,615
Changes for the year:	
Service cost	16,462
Interest	9,915
Differences between expected and actual experience	(2,865)
Changes in assumptions or other inputs	28,364
Benefit payments	(13,700)
Net changes	38,176
Balance at June 30, 2020	\$ 311,791

Changes in assumptions and other inputs reflect a change in the discount rate from 3.50% to 2.21%.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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 (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	\$ 335,685	\$ 311,791	\$ 289,565

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	\$ 293,193	\$ 311,791	\$ 333,509

ABC Board:

Balance at June 30, 2020	\$ 1,075,073
Changes for the year:	
Service cost	37,375
Interest	38,222
Differences between expected and actual experience	2,347
Changes in assumptions or other inputs	280,342
Benefit payments	(41,131)
Net changes	317,155
Balance at June 30, 2021	<u>\$ 1,392,228</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.50% to 2.21%.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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.

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 (1.21%) or 1-percentage point higher (3.21%) than the current discount rate:

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	\$ 1,682,674	\$ 1,392,228	\$ 1,167,372

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	Current	1% Increase
Total OPEB liability	\$ 1,136,110	\$ 1,392,228	\$ 1,735,054

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended June 30, 2021, the County, Authority, and ABC Board recognized OPEB expense of \$22,532,774, \$22,058, and \$77,170, respectively.

At June 30, 2021, 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	\$ 20,321,424	\$136,198,259
Changes in assumptions	90,795,788	39,251,533
Benefit payments and administrative costs made subsequent to the measurement date	1,575,526	-
Total	<u>\$ 112,692,738</u>	<u>\$175,449,792</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

At June 30, 2021, 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	\$ 3,322	\$ 37,159
Changes in assumptions	28,433	9,974
Total	<u>\$ 31,755</u>	<u>\$ 47,133</u>

At June 30, 2021, 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	\$ 2,135	\$ 27,724
Changes in assumptions	246,968	107,548
Benefit payments and administrative costs made subsequent to the measurement date	25,722	-
Total	<u>\$ 274,825</u>	<u>\$ 135,272</u>

\$1,575,526 and \$25,722 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, 2022 for the County 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:

2022	\$ (11,073,246)
2023	(11,073,246)
2024	(11,073,246)
2025	(10,871,614)
2026	(6,086,822)
Thereafter	(14,154,406)
	<u>\$ (64,332,580)</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Authority:

Year ended June 30:

2022	\$	(4,319)
2023		(4,319)
2024		(4,302)
2025		(2,912)
2026		(2,300)
Thereafter		2,774
	\$	<u>(15,378)</u>

ABC Board:

Year ended June 30:

2022	\$	7,573
2023		7,573
2024		7,573
2025		7,573
2026		14,682
Thereafter		68,857
	\$	<u>113,831</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, 2021

4. Long-Term Debt of the County

A. Debt Related to Capital Activities

Of the total Governmental Activities debt listed only \$122,911,878 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 \$9,188,823.

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

Capital assets, net of accumulated depreciation		\$	214,094,267
Deferred outflows of resources			14,684,429
Less: capital debt			
Gross debt	\$	(473,916,198)	
Debt related to assets to which the County does not capitalize		351,004,321	
Unspent debt proceeds, non-school related debt		<u>(9,155,823)</u>	<u>(132,067,700)</u>
Net investment in capital assets			<u>\$ 96,710,996</u>

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

Capital assets, net of accumulated depreciation		\$	41,730,484
Less: capital debt			
Gross debt	\$	(722,995)	
Unspent debt proceeds		<u>-</u>	<u>(722,995)</u>
Net investment in capital assets			<u>\$ 41,007,489</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

The following is a summary of changes in the County's long-term obligations for the year fiscal year ended June 30, 2021:

Governmental Activities	Balance July 1, 2020,	Additions/ Transfers	Retirements	Balance June 30, 2021	Due Within One Year
General obligation bonds	\$ 294,584,997	\$ 57,805,000	\$ 88,060,000	\$ 264,329,997	\$ 23,330,001
Direct placement general obligation bonds	25,470,000	-	4,660,000	20,810,000	4,560,000
Direct placement installment debt	94,847,413	76,149,512	21,672,901	149,324,024	17,791,369
Unamortized premiums and discounts	28,227,720	18,775,699	7,551,242	39,452,177	-
Compensated absences	10,893,021	4,943,278	4,394,115	11,442,184	5,178,465
Total pension liability (LEOSSA)	12,493,995	9,458,721	2,380,780	19,571,936	-
Net pension liability (LGERS)	39,248,949	30,174,809	17,730,088	51,693,670	-
Total OPEB liability	399,257,402	109,116,765	155,491,869	352,882,298	-
Claims and judgments	275,000	150,000	165,621	259,379	-
Total governmental activities	<u>\$ 905,298,497</u>	<u>\$ 306,573,784</u>	<u>\$ 302,106,616</u>	<u>\$ 909,765,665</u>	<u>\$ 50,859,835</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, 2020	Additions/ Transfers	Retirements	Balance June 30, 2021	Due Within One Year
Direct placement installment debt	\$ 757,140	\$ -	\$ 127,140	\$ 630,000	\$ 70,000
Unamortized premiums and discounts	113,169	-	20,174	92,995	-
Accrued landfill closure and post-closure care costs	24,543,337	-	9,810,512	14,732,825	-
Net pension liability (LGERS)	752,777	560,547	335,409	977,915	-
Total OPEB liability	7,657,574	2,000,339	2,982,263	6,675,650	-
Compensated absences	213,200	80,288	55,615	237,873	65,543
Total business-type activities	<u>\$ 34,037,197</u>	<u>\$ 2,641,174</u>	<u>\$ 13,331,113</u>	<u>\$ 23,347,258</u>	<u>\$ 135,543</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

General obligation bonds of the County are direct obligations and pledge the full faith and credit of the County. In the event of a default, the County agrees to pay to the Purchaser, on demand, interest on any and all amounts due and owing by the County under this Agreement. General obligation bonds consist of the following individual issues outstanding as of June 30, 2021:

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. \$3,750,000 principal.
Serviced by Debt Service Fund. \$ 3,750,000

\$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. \$2,099,998 principal plus unamortized premium of \$19,953.
Serviced by Debt Service Fund. 2,119,951

\$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. \$5,500,000 principal plus unamortized premium of \$720,951. Serviced by Debt Service Fund. 6,220,951

\$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. \$20,810,000 principal.
Serviced by Debt Service Fund. 20,810,000

\$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. \$62,430,000 principal plus unamortized premium of \$4,773,986 less unamortized charge of \$24,973. Serviced by Debt Service Fund. 67,179,013

\$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. \$41,520,000 principal plus unamortized premium of \$3,168,321.
Serviced by Debt Service Fund. 44,688,321

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

\$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. \$29,070,000 principal plus unamortized premium of \$1,982,256. Serviced by Debt Service Fund.	31,052,256
\$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. \$59,370,000 principal plus unamortized premium of \$4,088,239. Serviced by Debt Service Fund.	63,458,239
\$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. \$3,185,000 principal plus unamortized premium of \$413,829. Serviced by Debt Service Fund	3,598,829
\$25,495,000 2021A refunding general obligation bonds due in remaining annual installments ranging from \$2,815,000 to \$2,850,000 through August 1, 2030; interest rates ranging from 3.00% to 4.00%, due semi-annually through August 1, 2030. \$25,495,000 principal plus unamortized premium of \$4,775,573. Serviced by Debt Service Fund	30,270,573
\$32,310,000 2021B refunding general obligation bonds due in remaining annual installments ranging from \$565,000 to \$3,320,000 through June 1, 2034; interest rates ranging from 0.141% to 1.746%, due semi-annually through June 1, 2034. \$31,910,000 principal. Serviced by Debt Service Fund	<u>31,910,000</u>
Total General and Public School Special Revenue Funds (Governmental activities)	<u>\$ 305,058,133</u>
Total Enterprise Funds (Business-type activities)	-
Total General Fund Obligation Bonds, net of unamortized charges and premiums	<u>\$ 305,058,133</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Direct placement Installment debt consists of the following at June 30, 2021:

\$49,835,000 2009 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 \$8,670,001 plus unamortized premium of \$158,271 Served by the Debt Service Fund, Fire District Special Revenue, and enterprise funds.	8,828,272
\$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 \$1,477,723. Served by the Debt Service Fund.	1,477,723
\$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 \$7,460,000 plus unamortized premium of \$421,525. Served by the Debt Service Fund and Fire District Special Revenue.	7,881,525
\$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 \$8,210,000 plus unamortized premium of \$419,118. Served by Debt Service Fund.	8,629,118
\$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 \$2,440,000. Served by the Debt Service Fund.	2,440,000
\$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 \$33,280,000 plus unamortized premium of \$4,631,472. Served by the Debt Service Fund, special revenue funds, and enterprise funds.	37,911,472
\$74,475,000 2021 limited obligation bonds issued March 4, 2021, due in annual installments through August 1, 2040; interest rates ranging from 2.00% to 5.00%; principal of \$74,475,000 plus unamortized premium of \$13,996,450. Served by the Debt Service Fund and special revenue funds.	88,471,450
Other installment debt; interest at rates ranging from 2.60% to 6.00%. Served by the Debt Service Fund, special revenue funds, and enterprise funds.	<u>13,941,300</u>
Total installment debt - governmental and business-type activities	<u>\$ 169,580,860</u>
Total installment debt - governmental activities	<u>\$ 168,858,065</u>
Total installment debt - business-type activities	<u>\$ 722,995</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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, 2021, are as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2022	\$ 45,681,370	\$ 15,219,243	\$ 70,000	\$ 26,600	\$ 60,997,213
2023	41,870,265	13,788,207	70,000	23,800	55,752,272
2024	36,994,958	12,235,829	70,000	21,000	49,321,787
2025	35,599,928	10,909,168	70,000	18,200	46,597,296
2026	34,723,067	9,539,564	70,000	15,400	44,348,031
2027-2031	126,090,360	30,371,828	280,000	28,700	156,770,888
2032-2036	79,984,073	12,470,007	-	-	92,454,080
2037-2041	33,520,000	1,961,716	-	-	35,481,716
Total	<u>434,464,021</u>	<u>106,495,562</u>	<u>630,000</u>	<u>133,700</u>	<u>541,723,283</u>
Less: Unamortized discounts	(24,973)	-	-	-	(24,973)
Add: Unamortized Premiums	<u>39,477,150</u>	<u>-</u>	<u>92,995</u>	<u>-</u>	<u>39,570,145</u>
Net	<u>\$ 473,916,198</u>	<u>\$ 106,495,562</u>	<u>\$ 722,995</u>	<u>\$ 133,700</u>	<u>\$ 581,268,455</u>

Other. The County's legal debt margin at June 30, 2021 was \$2,467,075,241.

Debt authorized but unissued at June 30, 2021 is as follows:

School Bonds	<u>\$ 9,405,000</u>
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General Obligation Bonds. On February 25, 2021, the County issued \$25,495,000 in general obligation refunding bonds, series 2021A, bearing an average coupon of 3.92%. The bonds were executed and delivered to provide funds to refinance a portion of the remaining principal components of the County's general obligation public improvement bonds (taxable) series 2010B. This refunding was undertaken to reduce total debt service payments over the next 10 years and resulted in a net present value benefit of approximately \$4,254,271. The County also issued \$32,310,000 in taxable general obligation refunding bonds, series 2021B, bearing an average coupon of 1.25%. The bonds were executed and delivered to provide funds to refinance a portion of the remaining principal components of the County's general obligation community college bonds series 2013A. This refunding was undertaken to reduce total debt service payments over the next 14 years and resulted in a net present value benefit of approximately \$3,425,237.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Limited Obligation Bonds. On March 4, 2021 the County issued \$74,475,000 of limited obligation bonds of which proceeds, \$44,315,000 will be used to pay capital costs for acquisition, construction and equipping of a new government center complex, \$20,160,000 will be used to pay capital costs for acquisition, construction and equipping of a 200-bed long-term addiction treatment center, \$310,000 will be used for construction of stormwater management improvements within the County, \$3,625,000 will be used for miscellaneous capital improvements and the acquisition of certain equipment for both County and school purposes, including public safety and \$6,065,000 will be used to refund an installment purchase financing of a County fire station and a County library. Semi-annual payments begin on August 1, 2021 with interest rates ranging from 1.00% to 5.00% and maturing on August 1, 2040.

Equipment Lease Purchase Agreement. On June 25, 2021, the County entered into a lease purchase agreement with Key Government Finance, in the amount of \$1,674,512 of which proceeds were used to purchase various vehicles and equipment for Stormwater Management. Semi-annual payments begin on December 25, 2021 with an interest rate of .905%. The maturity date is May 25, 2026.

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 \$10,951,243 available to draw upon by the Authority at June 30, 2021.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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, 2021:

	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2021</u>	<u>Due Within One Year</u>
Principal:					
\$4,570,000 issue	\$ 2,745,000	\$ -	\$ 305,000	\$ 2,440,000	\$ 305,000
\$14,350,000 issue	908,282	2,490,476	1,830,000	1,568,758	1,568,758
	<u>\$ 3,653,282</u>	<u>\$ 2,490,476</u>	<u>\$ 2,135,000</u>	<u>\$ 4,008,758</u>	<u>\$ 1,873,758</u>

The Authority had drawn down \$3,398,757 of the \$14,350,000 debt as of June 30, 2021. The principal payment due on this issue in the fiscal year ending June 30, 2022 is \$1,568,757. This amount combined with the \$305,000 of principal due on the \$4,570,000 issue results in \$1,873,758 of principal payments due in the fiscal year ending June 30, 2022.

Debt service requirements are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	2,130,000	232,081	2,362,081
2027-2029	2,740,000	167,909	2,907,909
Total	<u>\$ 13,400,000</u>	<u>\$ 2,168,225</u>	<u>\$ 15,568,225</u>

Long-Term Debt of the Medical Center. Changes in long-term debt of the Medical Center during the year ended September 30, 2020 are as follows:

	<u>Balance October 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance September 30, 2020</u>	<u>Due Within One Year</u>
Revenue bonds	\$ 350,245,000	\$ -	\$ 16,780,000	\$ 333,465,000	\$ 17,220,000
Unamortized discounts and (premiums)	28,749,000	-	2,500,000	26,249,000	-
Supplemental retirement plans	2,201,000	1,321,000	1,516,000	2,006,000	-
Net pension liability	49,090,000	33,448,000	25,925,000	56,613,000	-
Interest rate swap agreements	2,951,000	156,000	-	3,107,000	-
Total	<u>\$ 433,236,000</u>	<u>\$ 34,925,000</u>	<u>\$ 46,721,000</u>	<u>\$ 421,440,000</u>	<u>\$ 17,220,000</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

The Medical Center 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, 2020 of \$3,107,000 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, 2020 were as follows:

Associated				
Bond Issues	Notional	Start Date	End Date	Fair Value
Series 2008A-1	\$ 3,225,000	December 14, 2005	October 1, 2023	\$ (184,000)
Series 2008A-2	3,220,000	December 14, 2005	October 1, 2023	(183,000)
Series 2008B-1	12,160,000	December 14, 2005	October 1, 2026	(1,356,000)
Series 2008B-2	11,855,000	December 14, 2005	October 1, 2026	(1,359,000)
Basis Swap	50,000,000	January 25, 2002	October 21, 2021	(25,000)
Total				<u>\$ (3,107,000)</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, 2020 and 2019, the net change in fair value of \$(62,000) and \$(842,000), 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, 2020. 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, 2021

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, 2020, the basis swap has an estimated fair value of approximately \$(25,000) which is recorded as an liability for interest rate swaps. As of September 30, 2019, the basis swap had an estimated fair value of approximately \$69,000, which was recorded as an asset. Under GASB 53, the basis swap qualifies as an investment derivative and changes in fair value of (\$94,000) and (\$107,000) for years ended September 30, 2020 and 2019, respectively, have been recorded as a component of net increase (decrease) in fair value of investments.

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, 2020:

Series 2008 Revenue Bonds

Series 2008A Variable Rate Revenue Bonds, demand obligations, with mandatory redemptions annually through 2038	15,230,000
Series 2008B Variable Rate Revenue Bonds, demand obligations, with mandatory redemptions annually through 2038	15,230,000

Series 2011 Revenue Bonds

Serial revenue bonds with interest rates ranging from 3.0% to 5.0% maturing annually through 2025	32,280,000
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	29,520,000
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NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Series 2017 Revenue Bonds

Serial revenue bonds with interest rates from 3.0% to 5.0%,
maturing annually through 2048

208,315,000

Total long-term debt

333,465,000

Unamortized discount

26,249,000

Total long-term debt, net of unamortized discount and loss

\$ 359,714,000

Due within one year

\$ 17,220,000

Due in more than one year

\$ 342,494,000

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 \$1,340,409,255 and \$1,322,409,000 for the years ending September 30, 2020 and 2019, respectively, are security for the revenue bonds.

Total funds held by the trustee (including amounts as bond paying agent) at September 30, 2020 and 2019, were approximately \$23,569,000 and \$35,796,000, 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, 2021

Annual maturity requirements on outstanding revenue bonds of the Medical Center with related interest as of September 30, 2020 are as follows:

Year Ending September 30	Principal	Interest	Total
2021	\$ 17,220,000	\$ 14,263,000	\$ 31,483,000
2022	17,890,000	13,475,000	31,365,000
2023	18,685,000	12,635,000	31,320,000
2024	19,585,000	11,744,000	31,329,000
2025-2029	112,925,000	44,173,000	157,098,000
2030-2034	52,230,000	24,280,000	76,510,000
2035-2039	34,630,000	17,643,000	52,273,000
2040-2044	30,310,000	11,257,000	41,567,000
2045-2048	29,990,000	3,091,000	33,081,000
Total	<u>\$ 333,465,000</u>	<u>\$ 152,561,000</u>	<u>\$ 486,026,000</u>

Interest paid related to these bonds is approximately \$14,237,000 and \$14,672,000 during fiscal years ended September 30, 2020 and 2019, respectively.

Long-Term Debt of the TDA. Changes in long-term liabilities of the TDA for the year ended June 30, 2021 are as follows:

	Balance July 1, 2020	Additions	Retirements	Balance June 30, 2021	Due Within One Year
Accrued vacation	\$ 33,041	\$ -	\$ 338	\$ 32,703	\$ 32,703
	<u>\$ 33,041</u>	<u>\$ -</u>	<u>\$ 338</u>	<u>\$ 32,703</u>	<u>\$ 32,703</u>

Leases and Other Obligations. The County leases land and the airport facilities to the Authority at \$1 per year through 2049. The lease gives the Authority full use of the facilities and contains certain restrictions including requiring the facility to 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. At June 30, 2021, management of the Authority believes the Authority was in compliance with the terms of the lease.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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 \$500,000.

The County leases existing facilities and equipment and all future improvements to the Medical Center at an annual rental of \$1 per year. The original lease effective October 1, 1993 and most recently amended June 1, 2017 extends the lease through October 2047. As the assets were acquired by the County for use in Medical Center operations, they are reported by the Medical Center component unit. The Medical Center was sold on February 1, 2021.

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, are as follows:

Year Ending June 30	Operating Lease Payments
2022	\$ 2,757,735
2023	1,543,073
2024	1,368,640
2025	1,280,533
2026	1,192,735
Thereafter	21,347,926
Total	<u>\$ 29,490,642</u>

Approximately \$13.9 million of the above minimum payments to be received are from one tenant, subject to a 40-year lease, beginning in 2006, approximately \$4.1 million from a tenant, subject to a 14-year lease, beginning in 2018, and approximately \$3.8 million from a tenant, subject to a 40 year lease, beginning in January 2005.

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, 2021

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

Year Ending September 30	Operating Lease Obligations
2021	\$ 4,902,000
2022	3,715,000
2023	3,550,000
2024	3,449,000
2025	2,762,000
Thereafter	6,275,000
Total	<u>\$ 24,653,000</u>

Rent expense on operating leases for the Medical Center totaled approximately \$11,785,000 and \$11,069,000 in 2020 and 2019, respectively.

CHA leases office space and equipment under various noncancellable operating lease agreements that expire between 2020 and 2027. Scheduled payments on CHA's operating lease commitments are as follows:

Year Ending September 30	Operating Lease Obligations
2021	\$ 6,160,000
2022	5,257,000
2023	4,834,000
2024	3,796,000
2025	1,460,000
Thereafter	809,000
Total	<u>\$ 22,316,000</u>

Included in CHA's commitments is \$9,533,000 to the Medical Center.

Rent expense on operating leases for the CHA totaled approximately \$6,701,000 and \$6,837,000 in 2020 and 2019, including payments of \$2,278,000 and \$2,319,000 to the Medical Center, respectively.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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 2021 and 2023.

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

Year Ending September 30	Operating Lease Obligations
2021	\$ 299,000
2022	273,000
2023	209,000
2024	157,000
2025	157,000
Thereafter	170,000
Total	<u>\$ 1,265,000</u>

Rent expense on operating leases for PMH totaled \$350,000 and \$355,000 in 2020 and 2019, respectively.

The TDA is committed under an operating lease for a building facility, mail machine, and a copier. As of June 30, 2021 the facility lease is month to month and will not be included in the schedule below. For the year ended June 30, 2021, the total lease expenditures under the operating lease totaled \$67,177. The future minimum lease commitments under the operating lease are as follows:

Year Ending June 30	Operating Lease Obligations
2022	\$ 72,599
2023	70,978
2024	71,108
2025	64,654
2024	52,392
Total	<u>\$ 331,731</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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, 2021, the amount of industrial revenue bonds outstanding was \$1,119,816.

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 \$14,732,825, reported as landfill closure and post-closure care liability at June 30, 2021 represents (1) a cumulative amount of \$11,624,538 for final closure and post-closure care based on the full use of the total estimated capacity of the landfill and (2) \$3,108,287 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 2021. 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, 2021

Deferred Outflows and Inflows of Resources. The deferred outflows and deferred inflows of resources at June 30, 2021 are composed of the following elements:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Charge on refunding of debt	\$ 14,684,429	\$ -
Pensions - difference between expected and actual experience:		
LGERS	6,651,497	-
Register of Deeds	-	12,960
LEOSSA	1,282,710	-
OPEB	20,321,424	136,198,259
Pensions - changes of assumptions (LGERS, ROD)	3,919,799	-
Pensions - changes of assumptions (LEOSSA)	5,422,959	286,406
Pensions - changes of assumptions (OPEB)	90,795,788	39,251,533
Pensions - difference between projected and actual investment earnings (LGERS, ROD)	7,412,115	54,419
Pensions - charge in proportion and difference between employer contributions and proportionate share of contributions (LGERS, ROD)	212,141	105,322
Benefit payments made and administrative expenses for LEOSSA	237,902	-
Benefit payments made and administrative expenses for OPEB	1,575,526	-
Employer contributions subsequent to the measurement date (LGERS, ROD)	10,914,472	-
Prepaid property taxes not yet earned (General)	-	460,564
Total government-wide	<u>\$ 163,430,762</u>	<u>\$ 176,369,463</u>
Deferred inflows - business type activities	<u>\$ 2,631,523</u>	<u>\$ 3,258,288</u>
Deferred inflows - governmental activities	<u>\$ 160,799,239</u>	<u>\$ 173,111,175</u>
Prepaid property taxes not yet earned (General)		\$ 460,564
Taxes receivable, net (General), less penalties		3,149,306
Taxes receivable, net (Special revenue), less penalties		160,926
Special assessments receivable, net (Special revenue)		96,103
Grants receivable (General)		139,024
Scattered site/SARF receivables (General)		<u>22,619</u>
Total governmental funds		<u>\$ 4,028,542</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Interfund Receivables and Payables. Amounts classified on the balance sheet as “Receivables – interfund loans” and “Interfund loans” at June 30, 2021 included the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Debt Service Fund	\$ 932,465

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, 2021	\$ 496,939
Component Unit:	Primary Government:	
NHC Tourism Development Authority	Room Occupancy Tax Fund for room occupancy tax held by the County	1,219,368
		<u>\$ 1,716,307</u>

B. Other

Interfund Transfers. Interfund transfers presented in the fund financial statements for the year ended June 30, 2021, can be summarized as follows:

	<u>Transfers In:</u>					<u>Total</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Special Fire District Fund</u>	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Capital Projects Funds</u>	
Transfers Out:						
General fund	\$ 16,794	\$ 16,666,218	\$ 835,246	\$ 226,295	\$ 273,000	\$18,017,553
Special Fire District fund	-	-	-	-	300,000	300,000
Nonmajor capital project funds	849	-	-	-	-	849
Total	<u>\$ 17,643</u>	<u>\$ 16,666,218</u>	<u>\$ 835,246</u>	<u>\$ 226,295</u>	<u>\$ 573,000</u>	<u>\$18,318,402</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, 2021

5. Major Customers

Approximately 32% of Environmental Management revenues can be attributed to its largest customer. Transactions with the customer accounted for the following as of June 30, 2021:

<u>Customer</u>	<u>Revenues</u>	<u>Percentage</u>	<u>Accounts Receivable</u>
A	<u>\$ 5,828,221</u>	32%	<u>\$ 1,093,825</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, 2021:

<u>Customer</u>	<u>Revenues</u>	<u>Percentage</u>	<u>Accounts Receivable</u>
A	\$ 2,815,019	37%	\$ 437,908
B	992,946	13%	115,855
C	919,321	12%	156,707
	<u>\$ 4,727,286</u>		<u>\$ 710,470</u>

Medicare revenues and accounts receivable represented 33% and 21%, respectively, and Medicaid revenue and accounts receivable represented 10% and 6%, respectively, of the Medical Center for the fiscal year ended September 30, 2020.

CHA's revenues and accounts receivable represented 64% and 36%, respectively, and Medicaid revenues and accounts receivable represented 10% and 3%, respectively, for the fiscal year ended September 30, 2020.

PMH's revenues and accounts receivable represented 44% and 51%, respectively, and Medicaid revenues and accounts receivable represented 18% and 11%, respectively, for the fiscal year ended September 30, 2020.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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 \$1,648,367 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, 2021. 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 \$11,059,857 to the College for operating purposes, during the fiscal year ended June 30, 2021. In addition, the County made debt service payments of \$13,882,022 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, 2021. 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.

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.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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 \$38,176 to the Council during the fiscal year ended June 30, 2021.

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 \$648,835 as of June 30, 2021.

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 \$1,329,566 in connection with debt the County is servicing for CFPUA for the fiscal year ended June 30, 2021. See Note 10 for further details.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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, 2021, the balance of the County's ADM unallocated account related to corporate income taxes was \$6,623. 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, 2021, 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, 2021, the County drew down in the public school building capital funds \$0 of ADM allocation and \$1,864,189 of lottery allocation.

During the fiscal year ended June 30, 2021, the County's lottery project allocation was \$1,565,811. Since 2008, \$26,139,346 has been approved by the State for construction projects. During the fiscal years ended June 30, 2008 through June 30, 2021, the County drew down \$24,089,275 of these funds, leaving a disbursing account balance of \$1,950,071.

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 \$244,216,313 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, 2021

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 \$750,000 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 \$750,000, 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, 2021	June 30, 2020
Unpaid claims at July 1	\$ 2,337,601	\$ 2,337,601
Provisions for claims	23,188,797	24,941,724
Payments for claims	(21,154,125)	(23,861,052)
Administrative fees	(2,034,672)	(1,080,672)
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, 2021

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 2020 and 2019 with a deductible of \$100,000 for all perils except named windstorm. For 2020 and 2019, the minimum deductible for named storms is \$5,000,000 per location. For 2020 and 2019, 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 2020 and 2019, the Medical Center was also self-insured for professional liability and general claims liability up to \$5,000,000. There was a \$30,000,000 annual aggregate retention in 2020 and 2019. In both 2020 and 2019, 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, 2021

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:

<u>For Fiscal Year Ended</u>	<u>September 30, 2020</u>	<u>September 30, 2019</u>	<u>September 30, 2018</u>
Unpaid claims at October 1	33,523,000	\$ 26,794,000	\$ 22,243,000
Provisions for claims	79,807,000	92,420,000	84,481,000
Payments for claims	(83,439,000)	(83,330,000)	(75,724,000)
Administrative fees	1,032,000	(2,361,000)	(4,206,000)
Unpaid claims at September 30	<u>\$ 30,923,000</u>	<u>\$ 33,523,000</u>	<u>\$ 26,794,000</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, 2021

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, 2021 total approximately \$850,345.

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. The agreement provides that USA Parking System, Inc. shall employ, furnish and supervise certain personnel necessary for the management of the parking lot. The Authority reimburses USA Parking System, Inc. for all operating expenses incurred in the management of the parking lot in addition to annual management, insurance and accounting services. In May of 2017, the Authority entered into an amended contract with USA Parking System, Inc. for five years, effective November 1, 2017 through October 31, 2022. The Authority may cancel the agreement at any time after October 31, 2022 by providing USA Parking System, Inc. 30 days prior written notice. For the year ended June 30, 2020, the Authority paid fees and expenses totaling \$151,019, which is included in contracted services.

Estimated future commitments under the agreement are as follows:

2022	\$	264,000
2023		88,000
Total	\$	<u>352,000</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

The Authority has entered into several contracts and agreements as of June 30, 2021, primarily related to construction projects and equipment. The remaining commitment under these contracts and agreements is approximately \$20,270,000.

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 September 30, 2020 and 2019, CHA paid \$116,735,000 and \$94,947,000, respectively, to CPN under these agreements, including \$102,958,000 and \$81,667,000, respectively, for physician fees, and \$13,776,000 and \$13,270,000, respectively, for all other administrative services. CHA had \$1,351,000 and \$10,819,000 of physician fees payable to CPN as of September 30, 2020 and 2019, respectively.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

The ABC Board contracts with the New Hanover County Sheriff's Department to provide law enforcement services. At June 30, 2021, the commitment for both contracts to the Sheriff's Department totaled \$515,000.

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, 2021.

The ABC Board also has a commitment for alcohol, education, and rehabilitation in the amount of \$510,000 at June 30, 2021.

11. Special Item

In September 2019 the Board of County Commissioners approved a resolution to begin a research phase to understand various options 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. Effective February 1, 2021, Novant Health New Hanover Regional Medical Center, LLC (NHNHRMC), a wholly owned subsidiary of Novant Health (Novant New Hanover), acquired certain assets from the Medical Center and New Hanover County that were used in the operation of the acute care hospital facilities and related healthcare businesses of the Medical Center. The asset purchase agreement excluded certain assets and liabilities of the Medical Center. The acquired assets did include ownership interests or board control of certain Medical Center subsidiaries including PMH, CHA, and PQP. The most significant of which were physician practices, which provide care at 55 locations. At the time of the transaction the Medical Center legally changed its name to NHW Healthcare, Inc. formally known as New Hanover Regional Medical Center. Neither Novant Health nor NHNHRMC assumed any indebtedness or pension obligations of the County, NHRMC, or any of its subsidiaries in connection with the acquisition.

Upon closing of the acquisition of the assets on February 1, 2021, Novant Health established the Coastal Market, which is anchored by the Medical Center and includes Novant Health Brunswick Medical Center and Pender Memorial Hospital. In addition to these hospitals, the Coastal Market includes an ambulatory surgery center, a freestanding emergency department, outpatient imaging centers and dozens of physicians practice locations.

Novant Health's acquisition did not require a premerger notification and report from under the Hart-Scott-Rodino Act of 1976, as amended; however, the transaction was subject to regulatory review by the Attorney General of North Carolina. The Attorney General completed its review of the asset purchase agreement on January 21, 2021.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Under the terms of the asset purchase agreement, the plan sponsor for the Medical Center pension plans changed from the Medical Center to New Hanover County effective February 1, 2021. These plans were frozen on the date of the sale and are accounted for in the fiduciary statements. PMH's plan sponsor for the PMH pension plan was unchanged.

Under the terms of the asset purchase agreement, the New Hanover Community Endowment Fund (the Endowment) was established as a nonprofit organization. The Endowment is designated to provide financial support in the following areas in furtherance of the mission and initiatives of the County (1) public primary, secondary, and post-secondary education, (2) health and social equity, (3) community development, and (4) community safety. New Hanover County appoints five of the directors, Novant Health New Hanover Regional Medical Center, LLC appoints six of the Endowment directors, and the Endowment board appoints 2 of the directors. The Endowment received \$759,710,000 from NHW Healthcare, Inc. on February 1, 2021 from cash and cash equivalents.

The total purchase price paid for the acquisition of the Medical Center assets was \$1,500,000,000 plus adjustments for cash and working capital, which are not yet finalized. A summary of the purchase price sources and uses is as follows:

Adjustment escrow	(1) \$	35,000,000
General escrow	(2)	100,000,000
Estimated closing payment	(3)	441,599,000
Transition stabilization escrow	(4)	200,000,000
County revenue stabilization fund	(5)	300,000,000
Mental and behavioural health fund	(6)	50,000,000
Bond Indebtedness:	(7)	
Series 2008A bond (principal and accrued interest)		14,681,000
Series 2008B bond (principal and accrued interest)		14,681,000
Series 2011, 2013, and 2017 bond defeasance escrow purchases		342,773,000
Other transaction fees	(8)	<u>1,266,000</u>
		<u>\$ 1,500,000,000</u>

- (1) The adjustment escrow account was established to address any future payment owned to Novant Health, if any, related to the net working capital reconciliation adjustments. The account is jointly controlled by NHW and NHHNRC. Under the terms of the asset purchase agreement, any residual amounts are expected to be distributed to the Endowment.

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

- (2) The general escrow account was established to address certain trailing liabilities in the form of indemnity claims associated with NHRMC operations incurred prior to the sale. The account is jointly controlled by NHW and NHHNHRMC. Under the terms of the asset purchase agreement, on the second anniversary of the Novant transaction, \$75,000,000 minus amount already released from the account and any amounts for pending claims, will be disbursed to NHW. On the fourth anniversary of the Novant transaction, all remaining amounts in the account will be disbursed to NHW, minus any amounts for pending claims. The entirety of these disbursed funds will then be allocated equally to the Foundation and the Endowment.
- (3) Initial closing payment as of February 1, 2021, prior to final settlement items noted above. The estimated closing payment was paid to the Endowment in February 2021.
- (4) Funds controlled by NHHNHRMC to address transition stabilization initiatives associated with post-closing matters, including: stabilization payments to NHW employees, payments for full insurance associated with terminated NHW policies, administration and settlement of NHW's pension plan, funding for certain administrative services and other costs necessary to facilitate transition and winddown of NHW. During February 2021, NHHNHRMC transferred \$88,075,000 from this escrow account for the administration and settlement of NHW's pension plan.
- (5) Funds controlled by New Hanover County for revenue stabilization purposes, including retirement of debt, financing for capital assets and projects, reserve funds for emergencies and budget shortfalls, and minimization of tax and fee increase. This is recorded in the County's general fund.
- (6) Funds earmarked and allocated to mental and behavioral health and substance use disorder treatment initiatives, including: capital funding for long-term residential substance abuse treatment programs, grant funding commitments for evidence-based programs, and for expanding access to mental health services independent of State assistance. This is recorded in the County's general fund.
- (7) Redemption of Series 2008A and 2008B bonds through draw on line of credit, with funds used to reimburse and terminate the line of credit and reimbursement agreement. Cash contribution used to purchase U.S. Treasury Securities (State and Local Government Series) to provide cash that will be placed into an escrow account to defease the 2011, 2013, and 2017 Series Bonds. See table below for proceeds used to pay off each bond series payable as of February 1, 2021.

	Principal Balance as of February 1, 2021 (a)	Plus Expected Future Interest Payments (b)	Minus Net Present Value Adjustment (c)	Outstanding Balance as of February 1, 2021 (d)	Payments/ Defeasance in February 1, 2021 (e)	Remaining Balance as of February 1, 2021 (d-e)
Series 2008A	\$ 14,680,000	\$ 1,000	\$ -	\$ 14,681,000	\$ 14,681,000	\$ -
Series 2008B	14,680,000	1,000	-	14,681,000	14,681,000	-
Series 2011	60,905,000	2,834,000	33,000	63,706,000	63,706,000	-
Series 2013	25,030,000	2,951,000	77,000	27,904,000	24,904,000	-
Series 2017	200,950,000	58,350,000	8,137,000	251,163,000	251,163,000	-
	<u>\$ 316,245,000</u>	<u>\$ 64,137,000</u>	<u>\$ 8,247,000</u>	<u>\$ 372,135,000</u>	<u>\$ 369,135,000</u>	<u>\$ -</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

- (8) Miscellaneous professional fees and banking fees associated with sale and debt payoffs.

Financial information for the Medical Center as of January 31, 2021 was as follows:

Assets:

Cash, cash equivalents, and investments	\$ 832,923,000
Receivables - net of allowances for doubtful accounts	219,409,000
Due from primary government	147,000
Inventory	43,924,000
Prepays	24,925,000
Restricted cash, cash equivalents, and investments	26,105,000
Restricted receivables - net of allowances for doubtful accounts	783,000
Investment in affiliates	4,338,000
Capital assets:	
Land and construction in progress	39,414,000
Other capital assets, net of depreciation	548,675,000
Total capital assets	<u>588,089,000</u>
Total assets	<u>1,740,643,000</u>

Deferred Outflows of Resources 42,599,000

Liabilities:

Accounts payable and accrued expenses	155,953,000
	14,000
Accrued interest payable	4,580,000
Long-term liabilities, net of amortized charges, discounts, and premiums:	
Due within one year	46,110,000
Due in more than one year	
Net pension liability	10,164,000
Supplemental retirement plans	4,160,000
Bonds payable, less current portion	<u>295,596,000</u>
Total long-term liabilities	<u>309,920,000</u>
Total liabilities	<u>516,577,000</u>

Deferred Inflows of Resources 32,699,000

Net Position (Deficit):

Net investment in capital assets	251,546,000
Restricted	962,056,000
Unrestricted	<u>20,063,000</u>
Total net position (deficit)	<u>\$ 1,233,665,000</u>

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Operating revenue	\$ 518,536,000
Operating expense	<u>519,678,000</u>
Operating loss	<u>(1,142,000)</u>
Nonoperating revenues	2,635,000
Nonoperating expenses	<u>(13,595,000)</u>
Nonoperating expenses, net	<u>(10,960,000)</u>
Deficiency of revenues over expenses before special items, capital and permanent endowment contributions and capital transfers to/from component units.	(12,102,000)
Special items, capital and permanent endowment contributions	<u>(475,000)</u>
Decrease in net position	(12,577,000)
Net position, beginning	<u>1,246,242,000</u>
Net position, ending	<u><u>\$ 1,233,665,000</u></u>

12. Change in Accounting Principle

The County implemented Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, effective July 1, 2020. The statement establishes criteria for identifying fiduciary activities of all state and local governments and provides guidance on how to report fiduciary activities within the financial statements. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The statement describes four fiduciary funds that should be reported if criteria outlined in the statement are met: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. The use of agency funds was eliminated. Additionally, the statement provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. As part of implementing the statement, the County performed a comprehensive review of its fiduciary relationships and applied the criteria within the guidance. As a result, fund balance and net position were restated as follows:

NEW HANOVER COUNTY, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Governmental Activities Net Position - Increase (Decrease)	Nonmajor Special Revenue Fund Balance - Increase (Decrease)	Fiduciary Net Position - Custodial Fund - Increase (Decrease)	
\$ -	\$ -	\$ 129,377	Cash collections for the benefit of inmates from their friends and families. The portion of liabilities in the Agency Fund representing net cash available at the beginning of the year were restated as fund balance in a newly created Public Safety Custodial Fund .
-	-	572,582	Cash collections for the benefit of the Fireman's Relief fund. The portion of liabilities in the Agency Fund representing net cash available at the beginning of the year were restated as fund balance in a newly created Fireman's Relief Custodial Fund.
-	-	14,492	Cash and liabilities related to the deed of trust fees collected required to be remitted to the State of North Carolina were reclassified out of the Agency fund into the newly created Children's Trust Custodial Fund. The portion of liabilities in the Agency Fund representing net cash available at the beginning of the year were restated as fund balance.
-	-	31,148	Cash collections for the benefit of the New Hanover County Soil and Water Conservation District. The portion of liabilities in the Agency Fund representing net cash available at the beginning of the year were restated as fund balance in a newly created Soil and Water Custodial Fund.
133,693	133,693	-	Cash received under the Social Security Administration's Representative Payee Program net of liabilities owed for payments on behalf of beneficiaries was reclassified out of the Agency Fund into a newly created Representative Payee Special Revenue Fund. The portion of liabilities in the Agency Fund representing net cash available at the beginning of the year was restated as fund balance.
7,960,480	7,960,480	-	Cash received for various restricted purposes net of liabilities was reclassified out of the Agency Fund into a new created Special Purpose Fund. The portion of the liabilities in the Agency Fund representing net cash available at the beginning of the year was restated as fund balance.
-	-	-	Cash received for various restricted purposes net of liabilities was reclassified out of the Agency Fund into a new created Special Purpose Fund. The portion of the liabilities in the Agency Fund representing net cash available at the beginning of the year was restated as fund balance.
-	-	-	Cash and receivables related to room occupancy tax collected by the County on behalf of various municipalities were reclassified out of the Agency Fund into a newly created Room Occupancy Tax Fund. The portion of the liabilities representing net cash available at the beginning of the year was restated as fund balance.
-	-	-	Cash, tax receivables and liabilities related to ad valorem and property taxes collected by the County on behalf of various municipalities was reclassified out of the Agency Fund into a newly created Tax Clearing Fund. The portion of the liabilities representing net cash available at the beginning of the year was restated as fund balance.
-	-	-	Cash related to debt collected on behalf of New Hanover Regional Medical Center was reclassified out of the Agency Fund into a newly created NHRMC Debt Setoff Fund. The portion of the liabilities representing net cash available at the beginning of the year was restated as fund balance.
-	-	-	Cash related fees collected on behalf of the City of Wilmington was reclassified out of the Agency Fund into a newly created EnerGov Fund. The portion of the liabilities representing net cash available at the beginning of the year was restated as fund balance.
\$ -	\$ -	\$ 142 -	



NEW HANOVER COUNTY, NORTH CAROLINA

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

	2021	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset) %	1.474%	1.465%	1.453%	1.447%	1.416%	1.480%	1.369%	1.315%
County's proportionate share of the net pension liability (asset) \$	\$ 52,671,585	\$ 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	\$ 101,171,578	\$ 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	52.06%	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	88.61%	94.18%	91.47%	98.09%	98.79%	102.64%	94.35%	98.22%

* 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 EIGHT FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 10,880,413	\$ 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>10,880,413</u>	<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>	<u>\$ -</u>
County's covered payroll	\$103,212,386	\$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	10.54%	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 EIGHT FISCAL YEARS *

	2021	2020	2019	2018	2017		2015	2014
County's proportion of the net pension liability (asset) %	2.775%	2.300%	2.630%	2.746%	2.747%	2.600%	2.496%	2.590%
County's proportionate share of the net pension liability (asset) \$	\$ (635,988)	\$ (454,072)	\$ (435,537)	\$ (468,669)	\$ (513,646)	\$ (602,489)	\$ (565,854)	\$ (553,265)
County's covered payroll	\$ 100,279	\$ 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 payroll	634.22%	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	153.31%	153.77%	160.17%	197.29%	193.88%	19.50%	188.75%	189.65%

* 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 EIGHT FISCAL YEARS *

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 10,834	\$ 9,025	\$ 7,420	\$ 6,780	\$ 6,056	\$ 5,406	\$ 5,115	\$ 4,098
Contributions in relation to the contractually required contribution	<u>34,059</u>	<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>\$ (23,225)</u>	<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	\$ 106,215	\$ 100,279	\$ 95,011	\$ 89,679	\$ 82,738	\$ 80,090	\$ 72,354	\$ 57,965
Contributions as a percentage of covered payroll	32.07%	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 FIVE FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 12,493,995	\$ 11,009,837	\$ 10,390,651	\$ 9,025,548	\$ 8,764,750
Service cost	687,535	603,012	614,883	512,697	525,336
Interest on the total pension liability	399,301	391,821	322,043	341,465	306,832
Differences between expected and actual experience in the measurement of the total pension liability	665,581	581,845	544,177	160,396	-
Changes of assumptions or other inputs	5,816,542	398,504	(463,105)	709,164	(231,341)
Benefit payments	<u>(491,018)</u>	<u>(491,024)</u>	<u>(398,812)</u>	<u>(358,619)</u>	<u>(340,029)</u>
Ending balance of the total pension liability	<u>\$ 19,571,936</u>	<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 FIVE FISCAL YEARS

	2021	2020	2019	2018	2017
Total pension liability	\$ 19,571,936	\$ 12,493,995	\$ 11,009,837	\$ 10,390,651	\$ 9,025,548
Covered payroll	25,744,148	24,588,856	23,222,223	21,990,856	21,309,047
Total pension liability as a percentage of covered payroll	76.02%	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 FOUR FISCAL YEARS

Total OPEB Liability	2021	2020	2019	2018
Service cost	\$ 19,397,338	\$ 17,106,521	\$ 16,612,112	\$ 19,209,269
Interest	14,861,335	13,495,861	11,388,098	10,060,854
Differences between expected and actual experience	(155,039,126)	(1,814,873)	32,549,043	747,780
Changes in assumptions or other inputs	76,858,431	32,273,649	(30,866,839)	(40,871,684)
Benefit payments	<u>(3,435,006)</u>	<u>(2,146,508)</u>	<u>(3,117,721)</u>	<u>(3,887,607)</u>
Net change in total OPEB liability	(47,357,028)	58,914,650	26,564,693	(14,741,388)
Total OPEB liability - beginning	<u>406,914,976</u>	<u>348,000,326</u>	<u>321,435,633</u>	<u>336,177,021</u>
Total OPEB liability - ending	<u>\$ 359,557,948</u>	<u>\$ 406,914,976</u>	<u>\$ 348,000,326</u>	<u>\$ 321,435,633</u>
Covered payroll	\$ 94,026,111	\$ 83,418,661	\$ 83,418,661	\$ 75,788,365
Total OPEB liability as a percentage of covered payroll	382.40%	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%
2021	2.21%

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

MEDICAL CENTER EMPLOYEE PENSION PLAN
CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service cost	\$ 9,001,000	\$ 9,794,000	\$ 9,818,000	\$ 9,036,000	\$ 8,334,000	\$ 7,974,000	\$ -
Interest cost	21,498,000	20,440,000	18,848,000	17,899,000	16,998,000	16,423,000	-
Differences between expected and actual experience	1,552,000	1,722,000	8,756,000	776,000	3,196,000	(3,228,000)	-
Changes in assumptions	(506,000)	(349,000)	(4,858,000)	-	(2,304,000)	-	-
Benefit payments, including refunds of member contributions	(14,286,000)	(13,714,000)	(12,121,000)	(14,336,000)	(14,349,000)	(12,512,000)	-
Net change in total pension liability	17,259,000	17,893,000	20,443,000	13,375,000	11,875,000	8,657,000	-
Total pension liability (beginning)	305,132,000	287,239,000	266,796,000	253,421,000	241,546,000	232,889,000	-
Total pension liability (ending)	\$ 322,391,000	\$ 305,132,000	\$ 287,239,000	\$ 266,796,000	\$ 253,421,000	\$ 241,546,000	\$ 232,889,000
Plan Fiduciary Net Position							
Contributions - employer	\$ 14,530,000	\$ 15,551,000	\$ 14,506,000	\$ 12,613,000	\$ 12,125,000	\$ 8,422,000	\$ -
Net investment income	10,056,000	20,569,000	27,112,000	21,788,000	(10,407,000)	16,615,000	-
Benefit payments, including refunds of member contributions	(14,286,000)	(13,715,000)	(12,121,000)	(14,336,000)	(14,349,000)	(12,512,000)	-
Administrative expense	(320,000)	(242,000)	(240,000)	(254,000)	(249,000)	(233,000)	-
Net change in plan fiduciary net position	9,980,000	22,163,000	29,257,000	19,811,000	(12,880,000)	12,292,000	-
Plan fiduciary net position (beginning)	259,289,000	237,126,000	207,869,000	188,058,000	200,938,000	188,646,000	-
Plan fiduciary net position (ending)	\$ 269,269,000	\$ 259,289,000	\$ 237,126,000	\$ 207,869,000	\$ 188,058,000	\$ 200,938,000	\$ 188,646,000
Net pension liability (ending)	\$ 53,122,000	\$ 45,843,000	\$ 50,113,000	\$ 58,927,000	\$ 65,363,000	\$ 40,608,000	\$ 44,243,000
Net position as a % of pension liability	83.52%	84.98%	82.55%	77.91%	74.21%	83.19%	81.00%
Covered payroll*	\$ 317,768,000	\$ 301,653,000	\$ 280,034,000	\$ 261,390,000	\$ 251,816,000	\$ 241,422,000	\$ 234,391,000
Net pension liability as a % of payroll	16.72%	15.20%	17.90%	22.54%	25.96%	16.13%	18.33%

* The amounts presented for each fiscal year were determined as of the prior calendar year ending December 31

Note: Certain information prior to 2014 was unavailable

As of the date of the sale of the Medical Center, the above plan was frozen and is now reported as a fiduciary fund of the County

NEW HANOVER COUNTY, NORTH CAROLINA

MEDICAL CENTER EMPLOYEE PENSION PLAN
SCHEDULE OF MEDICAL CENTER CONTRIBUTIONS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 14,335,000	\$ 14,530,000	\$ 15,551,000	\$ 14,506,000	\$ 12,613,000	\$ 11,917,000	\$ 8,422,000
Contributions made in relation to the actuarially determined contribution	<u>14,335,000</u>	<u>14,530,000</u>	<u>15,551,000</u>	<u>14,506,000</u>	<u>12,613,000</u>	<u>12,125,000</u>	<u>8,422,000</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(208,000)</u>	<u>-</u>
Covered payroll	\$ 337,366,000	\$ 317,768,000	\$ 301,653,000	\$ 280,034,000	\$ 261,390,000	\$ 251,816,000	\$ 241,422,000
Contribution as a % of payroll	4.25%	4.57%	5.16%	5.18%	4.83%	4.82%	3.49%

Notes to Schedule:

Valuation date: Actuarially determined contribution rates are calculated as of January 1, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method:

Asset valuation method:	Entry age normal with 20-year closed amortization period for initial unfunded and subsequent actuarial gains/losses
IRS limit increases:	5-year smoothing of investment gains and losses
Salary increases:	2.50%
Investment rate of return:	3.00%
Retirement age:	7.00%, net of pension plan investment expense, including inflation, varies by age (same as GASB 68)

Certain information prior to 2014 was unavailable.

As of the date of the sale of the Medical Center, the above plan was frozen and is now reported as a fiduciary fund of the County.



NEW HANOVER COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2021

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Cash and investments	\$ 9,442,169	\$ 6,420,871	\$ 15,863,040
Restricted cash	8,119,959	88,426,915	96,546,874
Receivables:			
Intergovernmental	10,100	812,753	822,853
Other sources, net	142,948	-	142,948
Inventory	17,827	-	17,827
Prepays	38,250	-	38,250
Total assets	<u>\$ 17,771,253</u>	<u>\$ 95,660,539</u>	<u>\$ 113,431,792</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 259,841	\$ 5,608,094	\$ 5,867,935
Total liabilities	<u>259,841</u>	<u>5,608,094</u>	<u>5,867,935</u>
Fund Balances:			
Non-spendable			
Inventory	17,827	-	17,827
Prepays	38,250	-	38,250
Restricted:			
Stabilization for State statute	1,265,130	58,073,887	59,339,017
Restricted, all other	14,264,386	12,932,271	27,196,657
Committed	-	19,677,106	19,677,106
Assigned	1,925,819	-	1,925,819
Unassigned	-	(630,819)	(630,819)
Total fund balances	<u>17,511,412</u>	<u>90,052,445</u>	<u>107,563,857</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 17,771,253</u>	<u>\$ 95,660,539</u>	<u>\$ 113,431,792</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, 2021

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Taxes	\$ 715,242	\$ -	\$ 715,242
Intergovernmental revenues	379,612	2,364,277	2,743,889
Charges for services	2,144,534	-	2,144,534
Investment earnings	119,299	36,074	155,373
Net decrease in fair value of investments	1,701,111	-	1,701,111
Miscellaneous	1,300,084	-	1,300,084
Total revenues	<u>6,359,882</u>	<u>2,400,351</u>	<u>8,760,233</u>
Expenditures:			
Current:			
General government	1,474,945	-	1,474,945
Human services	370,569	-	370,569
Public safety	643,726	168,818	812,544
Economic and physical development	2,433	-	2,433
Culture and recreation	1,671,587	-	1,671,587
Capital outlay	667,724	33,001,623	33,669,347
Debt service:			
Bond issuance costs	1,970	449,996	451,966
Total expenditures	<u>4,832,954</u>	<u>33,620,437</u>	<u>38,453,391</u>
Revenues over (under) expenditures	<u>1,526,928</u>	<u>(31,220,086)</u>	<u>(29,693,158)</u>
Other Financing Sources (Uses):			
Long-term debt issued	1,984,512	66,035,000	68,019,512
Premium on long-term debt issued	62,959	12,429,663	12,492,622
Transfers to other funds	-	(849)	(849)
Transfers from other funds	226,295	573,000	799,295
Total other financing sources (uses)	<u>2,273,766</u>	<u>79,036,814</u>	<u>81,310,580</u>
Net change in fund balances	3,800,694	47,816,728	51,617,422
Fund Balances:			
Beginning of year - July 1 as previously reported	5,616,545	42,235,717	47,852,262
Prior period restatement - change in accounting principle	8,094,173	-	8,094,173
Beginning of year - July 1 as restated	<u>13,710,718</u>	<u>42,235,717</u>	<u>55,946,435</u>
End of year - June 30	<u>\$ 17,511,412</u>	<u>\$ 90,052,445</u>	<u>\$ 107,563,857</u>

NEW HANOVER COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
 JUNE 30, 2021

	Local Law Enforcement Block Grant	Emergency Telephone System Grant	Revolving Loan Program	Stormwater Fee Program	Special Purpose Fund
Assets:					
Cash and investments	\$ 6,875	\$ 516,822	\$ 105,003	\$ 1,226,935	\$ -
Restricted cash	-	-	-	-	8,044,895
Receivables:					
Intergovernmental	10,100	-	-	-	-
Other sources, net	-	134,525	-	-	-
Inventory	-	-	-	-	-
Prepays	-	-	-	-	-
Total assets	<u>\$ 16,975</u>	<u>\$ 651,347</u>	<u>\$ 105,003</u>	<u>\$ 1,226,935</u>	<u>\$ 8,044,895</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ 13,696	\$ -	\$ 47,567	\$ -
Total liabilities	<u>-</u>	<u>13,696</u>	<u>-</u>	<u>47,567</u>	<u>-</u>
Fund Balances:					
Non-spendable:					
Inventory	-	-	-	-	-
Prepays	-	-	-	-	-
Restricted:					
Stabilization for State statute	10,100	145,669	-	1,100,938	-
Restricted, all other	6,875	330,301	-	78,430	6,385,760
Assigned	-	161,681	105,003	-	1,659,135
Total fund balances	<u>16,975</u>	<u>637,651</u>	<u>105,003</u>	<u>1,179,368</u>	<u>8,044,895</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 16,975</u>	<u>\$ 651,347</u>	<u>\$ 105,003</u>	<u>\$ 1,226,935</u>	<u>\$ 8,044,895</u>

NEW HANOVER COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
 JUNE 30, 2021

	Representative Payee Fund	Parks Conservancy of NHC	Airlie Gardens Foundation, Inc.	Public Health Foundation	Total Nonmajor Special Revenue Governmental Funds
Assets:					
Cash and investments	\$ 212,971	\$ -	\$ 7,373,563	\$ -	\$ 9,442,169
Restricted cash	-	53,731	-	21,333	8,119,959
Receivables:					
Intergovernmental	-	-	-	-	10,100
Other sources, net	-	-	8,423	-	142,948
Inventory	-	-	17,827	-	17,827
Prepays	-	-	38,250	-	38,250
Total assets	<u>\$ 212,971</u>	<u>\$ 53,731</u>	<u>\$ 7,438,063</u>	<u>\$ 21,333</u>	<u>\$ 17,771,253</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	<u>\$ 16,763</u>	<u>\$ -</u>	<u>\$ 181,815</u>	<u>\$ -</u>	<u>\$ 259,841</u>
Total liabilities	<u>16,763</u>	<u>-</u>	<u>181,815</u>	<u>-</u>	<u>259,841</u>
Fund Balances:					
Non-spendable:					
Inventory	-	-	17,827	-	17,827
Prepays	-	-	38,250	-	38,250
Restricted:					
Stabilization for State statute	-	-	8,423	-	1,265,130
Restricted, all other	196,208	53,731	7,191,748	21,333	14,264,386
Assigned	-	-	-	-	1,925,819
Total fund balances	<u>196,208</u>	<u>53,731</u>	<u>7,256,248</u>	<u>21,333</u>	<u>17,511,412</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 212,971</u>	<u>\$ 53,731</u>	<u>\$ 7,438,063</u>	<u>\$ 21,333</u>	<u>\$ 17,771,253</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, 2021

	Local Law Enforcement Block Grant	Emergency Telephone System Grant	Revolving Loan Program	Stormwater Fee Program	Special Purpose Fund
Revenues:					
Other taxes	\$ -	\$ 715,242	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	138,468
Intergovernmental revenues	82,564	-	-	-	-
Investment earnings	3	1,703	478	-	38,496
Net decrease in fair value of investments	-	-	-	-	-
Miscellaneous	-	-	4,234	-	1,287,703
Total revenues	<u>82,567</u>	<u>716,945</u>	<u>4,712</u>	<u>-</u>	<u>1,464,667</u>
Expenditures:					
Current:					
Operating costs	82,564	529,018	2,433	424,704	1,380,252
Capital outlay	-	-	-	667,724	-
Payments made for the benefit of beneficiaries	-	-	-	-	-
Bond issuance costs	-	-	-	1,970	-
Total expenditures	<u>82,564</u>	<u>529,018</u>	<u>2,433</u>	<u>1,094,398</u>	<u>1,380,252</u>
Revenues over (under) expenditures	<u>3</u>	<u>187,927</u>	<u>2,279</u>	<u>(1,094,398)</u>	<u>84,415</u>
Other Financing Sources (Uses):					
Long-term debt issued	-	-	-	1,984,512	-
Premium on long-term debt issuance	-	-	-	62,959	-
Transfer from other funds	-	-	-	226,295	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,273,766</u>	<u>-</u>
Net change in fund balances	3	187,927	2,279	1,179,368	84,415
Fund Balances:					
Beginning of year - July 1 as previously reported	16,972	449,724	102,724	-	-
Prior period restatement - change in accounting principle	-	-	-	-	7,960,480
Beginning of year - July 1 as restated	<u>16,972</u>	<u>449,724</u>	<u>102,724</u>	<u>-</u>	<u>7,960,480</u>
End of year - June 30	<u>\$ 16,975</u>	<u>\$ 637,651</u>	<u>\$ 105,003</u>	<u>\$ 1,179,368</u>	<u>\$ 8,044,895</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, 2021

	Representative Payee Fund	Parks Conservancy of NHC	Airlie Gardens Foundation, Inc.	Public Health Foundation	Total Nonmajor Special Revenue Governmental Funds
Revenues:					
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ 715,242
Charges for services	-	-	2,006,066	-	2,144,534
Intergovernmental revenues	297,048	-	-	-	379,612
Investment earnings	1,004	5	77,610	-	119,299
Net decrease in fair value of investments	-	-	1,701,111	-	1,701,111
Miscellaneous	-	8,147	-	-	1,300,084
Total revenues	<u>298,052</u>	<u>8,152</u>	<u>3,784,787</u>	<u>-</u>	<u>6,359,882</u>
Expenditures:					
Current:					
Operating costs	-	10,622	1,498,030	100	3,927,723
Capital outlay	-	-	-	-	667,724
Payments made for the benefit of of beneficiaries	235,537	-	-	-	235,537
Bond issuance costs	-	-	-	-	1,970
Total expenditures	<u>235,537</u>	<u>10,622</u>	<u>1,498,030</u>	<u>100</u>	<u>4,832,954</u>
Revenues over (under) expenditures	<u>62,515</u>	<u>(2,470)</u>	<u>2,286,757</u>	<u>(100)</u>	<u>1,526,928</u>
Other Financing Sources (Uses):					
Long-term debt issued	-	-	-	-	1,984,512
Premium on long-term debt issuance	-	-	-	-	62,959
Transfer from other funds	-	-	-	-	226,295
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,273,766</u>
Net change in fund balances	62,515	(2,470)	2,286,757	(100)	3,800,694
Fund Balances:					
Beginning of year - July 1 as previously reported	-	56,201	4,969,491	21,433	5,616,545
Prior period restatement - change in accounting principle	133,693	-	-	-	8,094,173
Beginning of year - July 1 as restated	<u>133,693</u>	<u>56,201</u>	<u>4,969,491</u>	<u>21,433</u>	<u>13,710,718</u>
End of year - June 30	<u>\$ 196,208</u>	<u>\$ 53,731</u>	<u>\$ 7,256,248</u>	<u>\$ 21,333</u>	<u>\$ 17,511,412</u>

NEW HANOVER COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECT GOVERNMENTAL FUNDS
 JUNE 30, 2021

	\$160 Million School Bond Capital Project	\$164 Million CFCC Bond Expenditure Capital Project	Juvenile Justice Facility Capital Project	Public School Building Capital Fund Capital Project	Controlled Substance Tax Capital Project	Federal Forfeited Property Capital Project	Masons Inlet Relocation Capital Project	Public Health and Social Services Facility Capital Project
Assets:								
Cash and investments	\$ -	\$ -	\$ -	\$ 13,108	\$ 136,736	\$ 260,978	\$ 4,048,374	\$ 263,947
Restricted cash	8,827,141	328,682	815,930	-	-	-	-	-
Receivables:								
Intergovernmental	57,785	-	-	630,819	-	-	-	-
Total assets	<u>\$ 8,884,926</u>	<u>\$ 328,682</u>	<u>\$ 815,930</u>	<u>\$ 643,927</u>	<u>\$ 136,736</u>	<u>\$ 260,978</u>	<u>\$ 4,048,374</u>	<u>\$ 263,947</u>
Liabilities and Fund Balances:								
Liabilities:								
Accounts payable and accrued liabilities	\$ 534,160	\$ -	\$ 28,950	\$ 643,927	\$ 42	\$ 46,105	\$ -	\$ 103
Total liabilities	<u>534,160</u>	<u>-</u>	<u>28,950</u>	<u>643,927</u>	<u>42</u>	<u>46,105</u>	<u>-</u>	<u>103</u>
Fund Balances:								
Restricted:								
Stabilization for State statute	57,785	-	4,475	630,819	-	-	89,333	159,832
Restricted, all other	8,292,981	328,682	-	-	136,694	214,873	3,959,041	-
Committed	-	-	782,505	-	-	-	-	104,012
Unassigned	-	-	-	(630,819)	-	-	-	-
Total fund balances	<u>8,350,766</u>	<u>328,682</u>	<u>786,980</u>	<u>-</u>	<u>136,694</u>	<u>214,873</u>	<u>4,048,374</u>	<u>263,844</u>
Total liabilities and fund balances	<u>\$ 8,884,926</u>	<u>\$ 328,682</u>	<u>\$ 815,930</u>	<u>\$ 643,927</u>	<u>\$ 136,736</u>	<u>\$ 260,978</u>	<u>\$ 4,048,374</u>	<u>\$ 263,947</u>

NEW HANOVER COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECT GOVERNMENTAL FUNDS
 JUNE 30, 2021

	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	Government Center Redevelopment Capital Project	Nonmajor Capital Project Governmental Funds
Assets:							
Cash and investments	\$ 277,622	\$ 1,111,666	\$ 308,440	\$ -	\$ -	\$ -	\$ 6,420,871
Restricted cash	-	-	-	21,353,253	10,997,886	46,104,023	88,426,915
Receivables:							
Intergovernmental	94,615	29,534	-	-	-	-	812,753
Total assets	<u>\$ 372,237</u>	<u>\$ 1,141,200</u>	<u>\$ 308,440</u>	<u>\$ 21,353,253</u>	<u>\$ 10,997,886</u>	<u>\$ 46,104,023</u>	<u>\$ 95,660,539</u>
Liabilities and Fund Balances:							
Liabilities:							
Accounts payable and accrued liabilities	<u>\$ 20,158</u>	<u>\$ 64,305</u>	<u>\$ -</u>	<u>\$ 2,157,311</u>	<u>\$ -</u>	<u>\$ 2,113,033</u>	<u>\$ 5,608,094</u>
Total liabilities	<u>20,158</u>	<u>64,305</u>	<u>-</u>	<u>2,157,311</u>	<u>-</u>	<u>2,113,033</u>	<u>5,608,094</u>
Fund Balances:							
Restricted:							
Stabilization for State statute	226,814	56,992	-	17,703,656		39,144,181	58,073,887
Restricted, all other	-	-	-	-	-	-	12,932,271
Committed	125,265	1,019,903	308,440	1,492,286	10,997,886	4,846,809	19,677,106
Unassigned	-	-	-	-	-	-	(630,819)
Total fund balances	<u>352,079</u>	<u>1,076,895</u>	<u>308,440</u>	<u>19,195,942</u>	<u>10,997,886</u>	<u>43,990,990</u>	<u>90,052,445</u>
Total liabilities and fund balances	<u>\$ 372,237</u>	<u>\$ 1,141,200</u>	<u>\$ 308,440</u>	<u>\$ 21,353,253</u>	<u>\$ 10,997,886</u>	<u>\$ 46,104,023</u>	<u>\$ 95,660,539</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, 2021

	\$160 Million School Bond Capital Project	\$164 Million CFCC Bond Expenditure Capital Project	Juvenile Justice Facility Capital Project	Public School Building Capital Fund Capital Project	Controlled Substance Tax Capital Project	Federal Forfeited Property Capital Project	Masons Inlet Relocation Capital Project	Public Health and Social Services Facility Capital Project
Revenues:								
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ 1,864,089	\$ 135,407	\$ 125,840	\$ -	\$ -
Investment earnings	2,860	101	427	-	393	1,965	19,335	1,871
Total revenues	2,860	101	427	1,864,089	135,800	127,805	19,335	1,871
Expenditures:								
Supplies	-	-	-	-	34,437	87,763	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Capital outlay	7,295,768	224,302	6,360,484	1,864,089	43,446	371,830	246,178	185,372
Contracted services	-	-	-	-	-	46,618	-	-
Total expenditures	7,295,768	224,302	6,360,484	1,864,089	77,883	506,211	246,178	185,372
Revenues over (under) expenditures	(7,292,908)	(224,201)	(6,360,057)	-	57,917	(378,406)	(226,843)	(183,501)
Other Financing Sources (Uses):								
Long-term debt issued	-	-	-	-	-	-	-	-
Premium on long-term debt issuance	-	-	-	-	-	-	-	-
Transfers to other funds	-	-	-	-	-	(849)	-	-
Transfers from other funds	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	(849)	-	-
Net change in fund balances	(7,292,908)	(224,201)	(6,360,057)	-	57,917	(379,255)	(226,843)	(183,501)
Fund Balances:								
Beginning of year - July 1	15,643,674	552,883	7,147,037	-	78,777	594,128	4,275,217	447,345
End of year - June 30	\$ 8,350,766	\$ 328,682	\$ 786,980	\$ -	\$ 136,694	\$ 214,873	\$ 4,048,374	\$ 263,844

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, 2021

	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	Government Center Redevelopment Capital Project	Total Nonmajor Capital Project Governmental Funds
Revenues:							
Intergovernmental revenues	\$ 128,727	\$ 110,214	\$ -	\$ -	\$ -	\$ -	\$ 2,364,277
Investment earnings	980	221	261	603	5,781	1,276	36,074
Total revenues	<u>129,707</u>	<u>110,435</u>	<u>261</u>	<u>603</u>	<u>5,781</u>	<u>1,276</u>	<u>2,400,351</u>
Expenditures:							
Supplies	-	-	-	-	-	-	122,200
Bond issuance costs	-	7,883	-	128,554	-	313,559	449,996
Capital outlay	247,110	2,157,537	-	4,371,694	1,293,245	8,340,568	33,001,623
Contracted services	-	-	-	-	-	-	46,618
Total expenditures	<u>247,110</u>	<u>2,165,420</u>	<u>-</u>	<u>4,500,248</u>	<u>1,293,245</u>	<u>8,654,127</u>	<u>33,620,437</u>
Revenues over (under) expenditures	<u>(117,403)</u>	<u>(2,054,985)</u>	<u>261</u>	<u>(4,499,645)</u>	<u>(1,287,464)</u>	<u>(8,652,851)</u>	<u>(31,220,086)</u>
Other Financing Sources (Uses):							
Long-term debt issued	-	1,560,000	-	20,160,000	-	44,315,000	66,035,000
Premium on long-term debt issuance	-	74,734	-	4,026,088	-	8,328,841	12,429,663
Transfers to other funds	-	-	-	-	-	-	(849)
Transfers from other funds	273,000	-	300,000	-	-	-	573,000
	<u>273,000</u>	<u>1,634,734</u>	<u>300,000</u>	<u>24,186,088</u>	<u>-</u>	<u>52,643,841</u>	<u>79,036,814</u>
Net change in fund balances	155,597	(420,251)	300,261	19,686,443	(1,287,464)	43,990,990	47,816,728
Fund Balances:							
Beginning of year - July 1	<u>196,482</u>	<u>1,497,146</u>	<u>8,179</u>	<u>(490,501)</u>	<u>12,285,350</u>	<u>-</u>	<u>42,235,717</u>
End of year - June 30	<u>\$ 352,079</u>	<u>\$ 1,076,895</u>	<u>\$ 308,440</u>	<u>\$ 19,195,942</u>	<u>\$ 10,997,886</u>	<u>\$ 43,990,990</u>	<u>\$ 90,052,445</u>



NEW HANOVER COUNTY, NORTH CAROLINA

GENERAL FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2021 AND 2020

	2021	2020
Assets:		
Cash and investments	\$ 111,201,924	\$ 86,731,567
Restricted cash and investments	350,015,480	-
Receivables:		
Interfund loans	932,465	1,391,963
Intergovernmental	26,658,908	27,090,576
Other sources, net	6,406,670	6,734,258
Due from component units	496,939	512,963
Inventory	9,473	8,401
Prepays	100,315	154,743
Total assets	<u>\$ 495,822,174</u>	<u>\$ 122,624,471</u>
Liabilities and Fund Balances:		
Liabilities:		
Accounts payable and accrued liabilities	\$ 15,831,371	\$ 12,450,396
Advances from grantor	3,225,118	124,672
Total liabilities	<u>19,056,489</u>	<u>12,575,068</u>
Deferred Inflows of Resources		
Prepaid property taxes not yet earned	460,564	383,771
Taxes receivable	3,149,306	2,999,660
Grant receivable	139,024	-
Scattered site/SARF receivables	22,619	55,181
Total deferred inflows of resources	<u>3,771,513</u>	<u>3,438,612</u>
Fund Balances:		
Non-spendable:		
Inventory	9,474	8,401
Prepays	100,315	154,743
Restricted:		
Stabilization for State statute	33,390,584	36,094,513
Register of Deeds	239,191	165,669
Mental and behavioral health	50,001,810	-
Revenue stabilization	300,012,670	-
Committed:		
LEO Special Separation Allowance	4,022,219	3,703,365
Assigned:		
Subsequent years' expenditures	190,000	4,815,988
Post-employment benefits	4,585,510	4,564,437
Capital improvement plan	14,407,018	750
Unassigned	<u>66,035,381</u>	<u>57,102,925</u>
Total fund balances	<u>472,994,172</u>	<u>106,610,791</u>
Total liabilities and fund balances	<u>\$ 495,822,174</u>	<u>\$ 122,624,471</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, 2021

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Taxes:				
Ad valorem taxes	\$ 177,017,949	\$ 177,959,061	\$ 941,112	\$ 171,881,186
Other	69,861,059	79,545,165	9,684,106	66,881,816
Total taxes	246,879,008	257,504,226	10,625,218	238,763,002
Intergovernmental revenue	61,200,728	56,252,816	(4,947,912)	52,078,166
Charges for services	12,735,857	13,354,356	618,499	12,238,213
Investment earnings	1,263,830	530,991	(732,839)	1,503,313
Miscellaneous	1,127,779	749,906	(377,873)	606,069
Total revenues	323,207,202	328,392,295	5,185,093	305,188,763
Expenditures:				
Current:				
General government	50,152,633	45,901,542	4,251,091	46,924,764
Human services	70,328,795	63,245,168	7,083,627	53,973,512
Public safety	86,530,388	79,330,191	7,200,197	76,131,610
Economic and physical development	1,603,011	1,585,610	17,401	2,513,740
Culture and recreation	13,827,343	12,168,133	1,659,210	12,384,300
Education - community college	10,823,244	10,823,244	-	11,027,248
Education - public schools	83,374,975	83,374,975	-	81,854,372
Debt service:				
Bond issuance costs	10,000	7,780	2,220	-
Total expenditures	316,650,389	296,436,643	20,213,746	284,809,546
Revenues over (under) expenditures	6,556,813	31,955,652	25,398,839	20,379,217
Other Financing Sources (Uses):				
Long term debt issued	1,780,482	1,540,000	(240,482)	4,415,959
Premium on long-term debt issuance	-	73,557	73,557	560,897
Sales of capital assets	240,000	441,260	201,260	460,484
Insurance claim proceeds	4,399	352,487	348,088	641,631
Transfers from other funds	16,794	849	(15,945)	631,661
Transfer to other funds	(18,397,484)	(18,017,553)	379,931	(17,878,298)
Refunding bonds issued	3,260,000	2,650,000	(610,000)	-
Premium refunding bonds	-	580,687	580,687	-
Payment to refunded bond escrow agent	(3,250,000)	(3,210,352)	39,648	-
Special item - sale of NHRMC	-	350,000,000	350,000,000	-
Appropriated fund balance	9,788,996	-	(9,788,996)	-
Total other financing sources (uses)	(6,556,813)	334,410,935	340,967,748	(11,167,666)
Net change in fund balances	\$ -	366,366,587	\$ 366,366,587	9,211,551
Fund Balances:				
Beginning of year - July 1		106,627,585		97,416,034
End of year - June 30		\$ 472,994,172		\$ 106,627,585

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, 2021

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Budget	Actual	Variance Over/Under	Actual
Other Financing Sources (Uses):				
Transfers from other funds	\$ 16,794	\$ 16,794	\$ -	\$ -
Transfer to other funds	(16,794)	-	16,794	-
Total other financing sources (uses)	-	16,794	16,794	-
Net change in fund balance	<u>\$ -</u>	16,794	<u>\$ 16,794</u>	-
Fund Balance:				
Beginning of year - July 1		<u>(16,794)</u>		<u>(16,794)</u>
End of year - June 30		<u>\$ -</u>		<u>\$ (16,794)</u>

NEW HANOVER COUNTY, NORTH CAROLINA

DEBT SERVICE FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Assets:		
Receivables:		
Intergovernmental	\$ 4,529,940	\$ 3,707,235
Other sources, net	<u>508,571</u>	<u>177,426</u>
Total assets	<u>\$ 5,038,511</u>	<u>\$ 3,884,661</u>
Liabilities and Fund Balance:		
Liabilities:		
Interfund loan	\$ 932,465	\$ 872,827
Total liabilities	<u>932,465</u>	<u>872,827</u>
Fund Balance:		
Restricted:		
Stabilization by State statute	5,038,511	3,884,661
Unassigned	<u>(932,465)</u>	<u>(872,827)</u>
Total fund balance	<u>4,106,046</u>	<u>3,011,834</u>
Total liabilities and fund balance	<u>\$ 5,038,511</u>	<u>\$ 3,884,661</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, 2021

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Taxes:				
Ad valorem taxes	\$ 23,142,931	\$ 23,455,231	\$ 312,300	\$ 22,653,539
Other	15,388,589	16,390,582	1,001,993	14,290,926
Total taxes	38,531,520	39,845,813	1,314,293	36,944,465
Intergovernmental revenue	6,684,754	6,681,418	(3,336)	3,846,628
Investment earnings	-	535	535	12,935
Total revenues	45,216,274	46,527,766	1,311,492	40,804,028
Expenditures:				
Debt service:				
Principal	33,469,999	33,470,000	(1)	33,745,000
Interest and fees	16,103,568	15,828,723	274,845	14,032,537
Installment lease payments	12,808,925	12,801,049	7,876	11,569,085
Bond issuance costs	-	3,334,250	(3,334,250)	-
Total expenditures	62,382,492	65,434,022	(3,051,530)	59,346,622
Revenues over (under) expenditures	(17,166,218)	(18,906,256)	(1,740,038)	(18,542,594)
Other Financing Sources (Uses):				
Refunding bonds issued	59,250,000	57,805,000	(1,445,000)	-
Premium refunding bonds	-	4,779,250	4,779,250	-
Payment to refunded bond escrow agent	(59,250,000)	(59,250,000)	-	-
Transfer from other funds	16,666,218	16,666,218	-	14,422,293
Appropriated fund balance	500,000	-	(500,000)	-
Total other financing sources (uses)	17,166,218	20,000,468	2,834,250	14,422,293
Net change in fund balance	\$ -	1,094,212	\$ 1,094,212	(4,120,301)
Fund Balance:				
Beginning of year - July 1		3,011,834		7,132,135
End of year - June 30		\$ 4,106,046		\$ 3,011,834

NEW HANOVER COUNTY, NORTH CAROLINA

ROOM OCCUPANCY TAX FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Assets:		
Cash and investments	\$ 50,550,922	\$ 45,861,394
Receivables:		
Other sources, net	<u>1,742,090</u>	<u>1,210,404</u>
Total assets	<u>\$ 52,293,012</u>	<u>\$ 47,071,798</u>
Liabilities and Fund Balance:		
Liabilities:		
Due to component unit	<u>\$ 1,219,368</u>	<u>\$ 723,322</u>
Total liabilities	<u>1,219,368</u>	<u>723,322</u>
Deferred Inflows of Resources		
Taxes receivable	(3,852)	(3,852)
Special assessments receivable	<u>96,103</u>	<u>166,256</u>
Total deferred inflows of resources	<u>92,251</u>	<u>162,404</u>
Fund Balance:		
Restricted:		
Economic and physical development	44,620,887	44,832,107
Stabilization by State statute	1,802,608	1,353,965
Assigned:		
Subsequent years' expenditures	<u>4,557,898</u>	<u>-</u>
Total fund balance	<u>50,981,393</u>	<u>46,186,072</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 52,293,012</u>	<u>\$ 47,071,798</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, 2021

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Room occupancy taxes	\$ 5,281,000	\$ 8,795,858	\$ 3,514,858	\$ 6,119,764
Special assessments	41,462	79,775	38,313	118,929
Intergovernmental revenue	861,700	244,076	(617,624)	2,013,120
Investment earnings	-	222,173	222,173	611,821
Total revenues	<u>6,184,162</u>	<u>9,341,882</u>	<u>3,157,720</u>	<u>8,863,634</u>
Expenditures:				
Current:				
Collection fee to New Hanover County	97,848	91,750	6,098	91,750
Tourism distributions to TDA and municipalities	3,449,122	3,363,982	85,140	2,392,794
Erosion control	<u>2,780,753</u>	<u>1,090,829</u>	<u>1,689,924</u>	<u>1,667,557</u>
Total expenditures	<u>6,327,723</u>	<u>4,546,561</u>	<u>1,781,162</u>	<u>4,152,101</u>
Revenues over (under) expenditures	<u>(143,561)</u>	<u>4,795,321</u>	<u>4,938,882</u>	<u>4,711,533</u>
Other Financing Sources (Uses):				
Appropriated fund balance	<u>143,561</u>	-	(143,561)	(629,051)
Total other financing sources (uses)	<u>143,561</u>	-	(143,561)	(629,051)
Net change in fund balance	<u>\$ -</u>	<u>4,795,321</u>	<u>\$ 4,795,321</u>	<u>4,082,482</u>
Fund Balance:				
Beginning of year - July 1		<u>46,186,072</u>		<u>42,103,590</u>
End of year - June 30		<u>\$ 50,981,393</u>		<u>\$ 46,186,072</u>

NEW HANOVER COUNTY, NORTH CAROLINA

SPECIAL FIRE DISTRICT FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Assets:		
Cash and investments	\$ 2,362,831	\$ 2,922,683
Receivables:		
Intergovernmental	1,179,606	866,688
Other sources, net	<u>252,987</u>	<u>252,333</u>
Total assets	<u><u>\$ 3,795,424</u></u>	<u><u>\$ 4,041,704</u></u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable and accrued liabilities	<u>\$ 574,358</u>	<u>\$ 443,806</u>
Total liabilities	<u>574,358</u>	<u>443,806</u>
Deferred Inflows of Resources		
Taxes receivable	<u>164,778</u>	<u>177,478</u>
Total deferred inflows of resources	<u>164,778</u>	<u>177,478</u>
Fund Balance:		
Restricted:		
Stabilization by State statute	1,550,019	1,159,511
Public safety	1,506,269	1,684,051
Assigned:		
Subsequent years' expenditures	<u>-</u>	<u>576,858</u>
Total fund balance	<u>3,056,288</u>	<u>3,420,420</u>
Total liabilities, deferred inflows of resources, and fund balance	<u><u>\$ 3,795,424</u></u>	<u><u>\$ 4,041,704</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, 2021

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad valorem taxes, including interest	\$ 10,870,655	\$ 10,898,912	\$ 28,257	\$ 10,821,349
Other taxes	3,650,246	3,913,729	263,483	3,326,614
Miscellaneous	2,000	49,321	47,321	24,016
Intergovernmental revenue	129,798	97,278	(32,520)	77,218
Charges for services	69,198	25,939	(43,259)	17,387
Investment earnings	33,000	10,034	(22,966)	30,389
Total revenues	<u>14,754,897</u>	<u>14,995,213</u>	<u>240,316</u>	<u>14,296,973</u>
Expenditures:				
Current:				
Operating expenditures	13,970,752	13,400,893	569,859	13,378,347
Capital outlay	1,764,919	1,663,487	101,432	1,347,629
Bond issuance cost	30,000	27,249	2,751	-
Installment debt payments	<u>1,529,170</u>	<u>1,522,600</u>	<u>6,570</u>	<u>1,473,059</u>
Total expenditures	<u>17,294,841</u>	<u>16,614,229</u>	<u>680,612</u>	<u>16,199,035</u>
Revenues over (under) expenditures	<u>(2,539,944)</u>	<u>(1,619,016)</u>	<u>920,928</u>	<u>(1,902,062)</u>
Other Financing Sources (Uses):				
Appropriated fund balance	1,261,175	-	(1,261,175)	-
Long-term debt issued	656,569	525,000	(131,569)	574,041
Premium on long-term debt issuance	-	100,146	100,146	92,404
Refunding bonds issued	4,200,000	3,415,000	(785,000)	-
Premium refunding bonds	-	749,437	749,437	-
Payment to refunded bond escrow agent	(4,170,000)	(4,138,900)	31,100	-
Insurance claim proceeds	56,954	68,955	12,001	42,830
Transfer from other funds	835,246	835,246	-	1,576,682
Transfer to other funds	<u>(300,000)</u>	<u>(300,000)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>2,539,944</u>	<u>1,254,884</u>	<u>(1,285,060)</u>	<u>2,285,957</u>
Net change in fund balance	<u>\$ -</u>	<u>(364,132)</u>	<u>\$ (364,132)</u>	<u>383,895</u>
Fund Balance:				
Beginning of year - July 1		<u>3,420,420</u>		<u>3,036,525</u>
End of year - June 30		<u>\$ 3,056,288</u>		<u>\$ 3,420,420</u>

NEW HANOVER COUNTY, NORTH CAROLINA

LOCAL LAW ENFORCEMENT BLOCK GRANT FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Assets:		
Cash and investments	\$ 6,875	\$ -
Receivables:		
Intergovernmental	10,100	56,805
Total assets	<u>\$ 16,975</u>	<u>\$ 56,805</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ -	\$ 11,198
Interfund loan	-	28,635
Total liabilities	-	39,833
Fund Balance:		
Restricted:		
Stabilization by State statute	\$ 10,100	\$ 61,755
Public safety	6,875	-
Unassigned	-	(44,783)
Total fund balance	<u>16,975</u>	<u>16,972</u>
Total liabilities and fund balance	<u>\$ 16,975</u>	<u>\$ 56,805</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, 2021
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Intergovernmental revenue	\$ 114,235	\$ 82,564	\$ (31,671)	\$ 56,805
Investment earnings	-	3	3	297
Total revenues	<u>114,235</u>	<u>82,567</u>	<u>(31,668)</u>	<u>57,102</u>
Expenditures:				
Current:				
Operating expenditures	<u>114,235</u>	<u>82,564</u>	<u>31,671</u>	<u>56,805</u>
Total expenditures	<u>114,235</u>	<u>82,564</u>	<u>31,671</u>	<u>56,805</u>
Revenues over (under) expenditures	<u>-</u>	<u>3</u>	<u>3</u>	<u>297</u>
Net change in fund balance	<u>\$ -</u>	<u>3</u>	<u>\$ 3</u>	<u>297</u>
Fund Balance:				
Beginning of year - July 1		<u>16,972</u>		<u>16,675</u>
End of year - June 30		<u>\$ 16,975</u>		<u>\$ 16,972</u>

NEW HANOVER COUNTY, NORTH CAROLINA

EMERGENCY TELEPHONE SYSTEM FUND - ARTICLE 3

COMPARATIVE BALANCE SHEET

JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Assets:		
Cash and investments	\$ 516,822	\$ 509,173
Receivables:		
Other sources, net	<u>134,525</u>	<u>54,409</u>
Total assets	<u>\$ 651,347</u>	<u>\$ 563,582</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	<u>\$ 13,696</u>	<u>\$ 113,858</u>
Total liabilities	<u>13,696</u>	<u>113,858</u>
Fund Balance:		
Restricted:		
Public safety	330,301	303,004
Stabilization by State statute	145,669	54,409
Assigned:		
Subsequent years' expenditures	<u>161,681</u>	<u>92,311</u>
Total fund balance	<u>637,651</u>	<u>449,724</u>
Total liabilities and fund balance	<u>\$ 651,347</u>	<u>\$ 563,582</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, 2021
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Other taxes	\$ 851,511	\$ 715,242	\$ (136,269)	\$ 652,910
Investment earnings	-	1,703	1,703	5,892
Total revenues	<u>851,511</u>	<u>716,945</u>	<u>(134,566)</u>	<u>658,802</u>
Expenditures:				
Current:				
Operating expenditures	<u>943,822</u>	<u>529,018</u>	<u>414,804</u>	<u>708,410</u>
Total expenditures	<u>943,822</u>	<u>529,018</u>	<u>414,804</u>	<u>708,410</u>
Revenues over (under) expenditures	<u>(92,311)</u>	<u>187,927</u>	<u>280,238</u>	<u>(49,608)</u>
Other Financing Sources (Uses):				
Appropriated fund balance	<u>92,311</u>	-	<u>(92,311)</u>	-
Total other financing sources (uses)	<u>92,311</u>	-	<u>(92,311)</u>	-
Net change in fund balance	<u>\$ -</u>	<u>187,927</u>	<u>\$ 187,927</u>	<u>(49,608)</u>
Fund Balance:				
Beginning of year - July 1		<u>449,724</u>		<u>499,332</u>
End of year - June 30		<u>\$ 637,651</u>		<u>\$ 449,724</u>

NEW HANOVER COUNTY, NORTH CAROLINA

REVOLVING LOAN PROGRAM
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Assets:		
Cash and investments	\$ 105,003	\$ 102,724
Total assets	<u>\$ 105,003</u>	<u>\$ 102,724</u>
Liabilities and Fund Balance:		
Fund Balance:		
Restricted:		
Stabilization by State statute	\$ -	\$ 2,433
Assigned:		
Revolving loans	91,003	86,291
Subsequent years' expenditures	<u>14,000</u>	<u>14,000</u>
Total fund balance	<u>105,003</u>	<u>102,724</u>
Total liabilities and fund balance	<u>\$ 105,003</u>	<u>\$ 102,724</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, 2021

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Miscellaneous revenue	\$ 10,000	\$ 4,234	\$ (5,766)	\$ 16,251
Investment earnings	-	478	478	1,266
Total revenues	10,000	4,712	(5,288)	17,517
Expenditures:				
Current:				
Operating expenditures	26,433	2,433	24,000	-
Total expenditures	26,433	2,433	24,000	-
Revenues over (under) expenditures	(16,433)	2,279	18,712	17,517
Other Financing Sources (Uses):				
Appropriated fund balance	16,433	-	(16,433)	-
Total other financing sources (uses)	16,433	-	(16,433)	-
Net change in fund balance	\$ -	2,279	\$ 2,279	17,517
Fund Balance:				
Beginning of year - July 1		102,724		85,207
End of year - June 30		\$ 105,003		\$ 102,724

NEW HANOVER COUNTY, NORTH CAROLINA

STORMWATER FEE PROGRAM
COMPARATIVE BALANCE SHEET
JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Assets:		
Cash and investments	\$ 1,226,935	\$ -
Total assets	<u>\$ 1,226,935</u>	<u>\$ -</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 47,567	\$ -
Total liabilities	<u>47,567</u>	<u>-</u>
Fund Balance:		
Restricted:		
Stabilization by State statute	\$ 1,100,938	\$ -
General government	<u>78,430</u>	<u>-</u>
Total fund balance	<u>1,179,368</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 1,226,935</u>	<u>-</u>

NEW HANOVER COUNTY, NORTH CAROLINA

STORMWATER FEE PROGRAM

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2021

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Final Budget	Actual	Variance Over/Under	Actual
Expenditures:				
Current:				
Operating expenditures	\$ 534,480	\$ 424,704	\$ 109,776	\$ -
Capital outlay	1,784,512	667,724	1,116,788	-
Bond issuance costs	3,754	1,970	1,784	-
Total expenditures	<u>2,322,746</u>	<u>1,094,398</u>	<u>1,228,348</u>	<u>-</u>
Revenues over (under) expenditures	<u>(2,322,746)</u>	<u>(1,094,398)</u>	<u>1,228,348</u>	<u>-</u>
Other Financing Sources (Uses):				
Long term debt issued	2,046,451	1,984,512	(61,939)	-
Premium on long-term debt issuance	-	62,959	62,959	-
Transfers from other funds	<u>276,295</u>	<u>226,295</u>	<u>(50,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>2,322,746</u>	<u>2,273,766</u>	<u>(48,980)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>1,179,368</u>	<u>\$ 1,179,368</u>	<u>-</u>
Fund Balance:				
Beginning of year - July 1		-		-
End of year - June 30		<u>\$ 1,179,368</u>		<u>\$ -</u>

NEW HANOVER COUNTY, NORTH CAROLINA

AMERICAN RESCUE PLAN
COMPARATIVE BALANCE SHEET
JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Assets:		
Cash and investments	\$ 22,316,092	\$ -
Total assets	<u>\$ 22,316,092</u>	<u>\$ -</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable and accrued liabilities	\$ 5,739,766	\$ -
Advances from grantor	<u>16,902,619</u>	<u>-</u>
Total liabilities	<u>22,642,385</u>	<u>-</u>
Fund Balance:		
Total fund balance	<u>\$ (326,293)</u>	<u>\$ -</u>
Total liabilities and fund balance	<u>\$ 22,316,092</u>	<u>-</u>

NEW HANOVER COUNTY, NORTH CAROLINA

AMERICAN RESCUE PLAN

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2021

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Intergovernmental revenue	\$ 45,543,632	\$ 5,537,843	\$ (40,005,789)	\$ -
Investment earnings	-	5,061	5,061	-
Total revenues	45,543,632	5,542,904	(40,000,728)	-
Expenditures:				
Current:				
Operating expenditures	39,255,996	5,869,197	33,386,799	-
Capital outlay	3,600,000	-	3,600,000	-
Total expenditures	42,855,996	5,869,197	36,986,799	-
Revenues over (under) expenditures	2,687,636	(326,293)	(3,013,929)	-
Other Financing Sources (Uses):				
Transfers from other funds	329,931	-	(329,931)	-
Transfer to other funds	(3,017,567)	-	3,017,567	-
Total other financing sources (uses)	(2,687,636)	-	2,687,636	-
Net change in fund balance	\$ -	(326,293)	\$ (326,293)	-
Fund Balance:				
Beginning of year - July 1		-		-
End of year - June 30		\$ (326,293)		\$ -

NEW HANOVER COUNTY, NORTH CAROLINA

SPECIAL PURPOSE FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Assets:		
Cash and investments	\$ 8,044,895	\$ -
Total assets	<u>\$ 8,044,895</u>	<u>\$ -</u>
Liabilities and Fund Balance:		
Fund Balance:		
Restricted:		
General government	2,482,230	-
Human services	2,562,056	-
Public safety	110,470	-
Culture and recreation	1,231,004	-
Assigned:		
Purposes within fund	<u>1,659,135</u>	<u>-</u>
Total fund balances	<u>8,044,895</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 8,044,895</u>	<u>\$ -</u>

NEW HANOVER COUNTY, NORTH CAROLINA

SPECIAL PURPOSE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2021

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Charges for services	\$ 7,052,498	\$ 138,468	\$ (6,914,030)	\$ -
Investment earnings	-	38,496	38,496	-
Miscellaneous	-	1,287,703	1,287,703	-
Total revenues	<u>7,052,498</u>	<u>1,464,667</u>	<u>(5,587,831)</u>	<u>-</u>
Expenditures:				
Current:				
General government	\$ 2,878,500	\$ 1,050,241	\$ 1,828,259	\$ -
Human services	2,851,461	134,932	2,716,529	-
Public safety	72,537	32,144	40,393	-
Culture and recreation	<u>1,250,000</u>	<u>162,935</u>	<u>1,087,065</u>	<u>-</u>
Total expenditures	<u>7,052,498</u>	<u>1,380,252</u>	<u>5,672,246</u>	<u>-</u>
Revenues over (under) expenditures	<u>-</u>	<u>84,415</u>	<u>84,415</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>84,415</u>	<u>\$ 84,415</u>	<u>-</u>
Fund Balance:				
Beginning of year - July 1 as previously reported		-		-
Prior period restatement - change in accounting principle		<u>7,960,480</u>		<u>-</u>
Beginning of year - July 1 as restated		<u>7,960,480</u>		<u>-</u>
End of year - June 30		<u>\$ 8,044,895</u>		<u>\$ -</u>

NEW HANOVER COUNTY, NORTH CAROLINA

REPRESENTATIVE PAYEE FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Assets:		
Cash and investments	\$ 212,971	\$ -
Total assets	<u>\$ 212,971</u>	<u>\$ -</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 16,763	\$ -
Total liabilities	<u>16,763</u>	<u>-</u>
Fund Balance:		
Restricted:		
Human services	\$ 196,208	\$ -
General government	<u>-</u>	<u>-</u>
Total fund balance	<u>196,208</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 212,971</u>	<u>\$ -</u>

NEW HANOVER COUNTY, NORTH CAROLINA

REPRESENTATIVE PAYEE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE (GAAP BASIS) - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2021

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Intergovernmental revenue	\$ 325,000	\$ 297,048	\$ (27,952)	\$ -
Investment earnings	-	1,004	1,004	-
Total revenues	325,000	298,052	(26,948)	-
Expenditures:				
Current:				
Payments made for the benefit beneficiaries	\$ 325,000	\$ 235,537	\$ 89,463	\$ -
Total expenditures	325,000	235,537	89,463	-
Revenues over (under) expenditures	-	62,515	62,515	-
Net change in fund balance	\$ -	62,515	\$ 62,515	-
Fund Balance:				
Beginning of year - July 1 as previously reported		-		-
Prior period restatement - change in accounting principle		133,693		-
Beginning of year - July 1 as restated		133,693		-
End of year - June 30		\$ 196,208		\$ -

NEW HANOVER COUNTY, NORTH CAROLINA

PARKS CONSERVANCY OF NEW HANOVER COUNTY
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Assets:		
Restricted cash	\$ 53,731	\$ 56,201
Total assets	<u>\$ 53,731</u>	<u>\$ 56,201</u>
Liabilities and Fund Balance:		
Fund Balance:		
Restricted:		
Culture and recreation	\$ 53,731	\$ 56,201
Total fund balance	<u>53,731</u>	<u>56,201</u>
Total liabilities and fund balance	<u>\$ 53,731</u>	<u>\$ 56,201</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, 2021
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Contributions	\$ -	\$ 8,147	\$ 8,147	\$ 11,200
Investment earnings	-	5	5	15
Total revenues	-	8,152	8,152	11,215
Expenditures:				
Current:				
Operating expenditures	-	10,622	(10,622)	5,857
Total expenditures	-	10,622	(10,622)	5,857
Revenues over (under) expenditures	\$ -	(2,470)	\$ (2,470)	5,358
Fund Balance:				
Beginning of year - July 1		56,201		50,843
End of year - June 30		\$ 53,731		\$ 56,201

NEW HANOVER COUNTY, NORTH CAROLINA

AIRLIE GARDENS FOUNDATION, INC.

COMPARATIVE BALANCE SHEET

JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Assets:		
Cash and investments	\$ 7,373,563	\$ 4,902,474
Receivables:		
Other sources, net	8,423	126,310
Inventory	17,827	26,346
Prepays	38,250	21,364
Total assets	<u>\$ 7,438,063</u>	<u>\$ 5,076,494</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 181,815	\$ 107,003
Total liabilities	<u>181,815</u>	<u>107,003</u>
Fund Balance:		
Non-spendable:		
Inventory	17,827	26,346
Prepays	38,250	21,364
Restricted:		
Culture and recreation	7,191,748	4,795,471
Stabilization by State statute	8,423	126,310
Total fund balance	<u>7,256,248</u>	<u>4,969,491</u>
Total liabilities and fund balance	<u>\$ 7,438,063</u>	<u>\$ 5,076,494</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, 2021

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Final Budget	Actual	Variance Over/Under	Actual
Revenues:				
Public support and revenue	\$ -	\$ 2,006,066	\$ 2,006,066	\$ 1,705,340
Investment earnings	-	77,610	77,610	93,680
Net decrease in fair value of investments	-	1,701,111	1,701,111	(108,190)
Total revenues	-	3,784,787	3,784,787	1,690,830
Expenditures:				
Current:				
Operating expenditures	-	1,498,030	(1,498,030)	1,535,897
Total expenditures	-	1,498,030	(1,498,030)	1,535,897
Revenues over (under) expenditures	\$ -	2,286,757	\$ 2,286,757	154,933
Fund Balance:				
Beginning of year - July 1		4,969,491		4,814,558
End of year - June 30		\$ 7,256,248		\$ 4,969,491

NEW HANOVER COUNTY, NORTH CAROLINA

PUBLIC HEALTH FOUNDATION
COMPARATIVE BALANCE SHEET
JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Assets:		
Restricted cash	\$ 21,333	\$ 21,433
Total assets	<u>\$ 21,333</u>	<u>\$ 21,433</u>
Liabilities and Fund Balance:		
Fund Balance:		
Restricted:		
Human services	\$ 21,333	\$ 21,433
Total fund balance	<u>21,333</u>	<u>21,433</u>
Total liabilities and fund balance	<u>\$ 21,333</u>	<u>\$ 21,433</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, 2021
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	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		21,433		21,533
End of year - June 30		\$ 21,333		\$ 21,433



NEW HANOVER COUNTY, NORTH CAROLINA

\$164 MILLION CFCC BOND EXPENDITURE CAPITAL PROJECT FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Assets:		
Restricted cash	\$ 328,682	\$ 565,194
Total assets	<u>\$ 328,682</u>	<u>\$ 565,194</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ -	\$ 12,311
Total liabilities	<u>-</u>	<u>12,311</u>
Fund Balance:		
Restricted:		
Education	<u>328,682</u>	<u>552,883</u>
Total fund balance	<u>328,682</u>	<u>552,883</u>
Total liabilities and fund balance	<u>\$ 328,682</u>	<u>\$ 565,194</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, 2021

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ 317,488	\$ 577,955	\$ 101	\$ 578,056
Total	<u>317,488</u>	<u>577,955</u>	<u>101</u>	<u>578,056</u>
Expenditures:				
Capital outlay:				
Bond issuance costs	57,744	57,744	-	57,744
Construction	<u>167,179,983</u>	<u>166,887,566</u>	<u>224,302</u>	<u>167,111,868</u>
Total expenditures	<u>167,237,727</u>	<u>166,945,310</u>	<u>224,302</u>	<u>167,169,612</u>
Revenues over (under) expenditures	<u>(166,920,239)</u>	<u>(166,367,355)</u>	<u>(224,201)</u>	<u>(166,591,556)</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>\$ 552,883</u>	<u>(224,201)</u>	<u>\$ 328,682</u>
Fund Balance:				
Beginning of year - July 1			<u>552,883</u>	
End of year - June 30			<u>\$ 328,682</u>	

NEW HANOVER COUNTY, NORTH CAROLINA

\$160M SCHOOL BOND EXPENDITURE CAPITAL PROJECT FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Assets:		
Restricted cash and investments	\$ 8,827,141	\$ 20,991,639
Receivables:		
Intergovernmental	57,785	348,351
Total assets	<u>\$ 8,884,926</u>	<u>\$ 21,339,990</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 534,160	\$ 5,696,316
Total liabilities	<u>534,160</u>	<u>5,696,316</u>
Fund Balance:		
Restricted:		
Stabilization by State statute	57,785	348,351
Education	8,292,981	15,295,323
Total fund balance	<u>8,350,766</u>	<u>15,643,674</u>
Total liabilities and fund balance	<u>\$ 8,884,926</u>	<u>\$ 21,339,990</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, 2021

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ -	\$ 1,896,414	\$ 2,860	\$ 1,899,274
Total revenues	-	1,896,414	2,860	1,899,274
Expenditures:				
Capital outlay:				
Bond issuance cost	461,572	481,463	-	481,463
Construction	165,313,300	151,598,087	7,295,768	158,893,855
Total expenditures	165,774,872	152,079,550	7,295,768	159,375,318
Revenues over (under) expenditures	(165,774,872)	(150,183,136)	(7,292,908)	(157,476,044)
Other Financing Sources (Uses):				
Long-term debt issued	160,000,000	150,595,000	-	150,595,000
Premiums on long-term debt issued	4,157,572	13,614,510	-	13,614,510
Transfers from other funds	1,617,300	1,617,300	-	1,617,300
Total other financing sources (uses)	165,774,872	165,826,810	-	165,826,810
Net change in fund balance	\$ -	\$ 15,643,674	(7,292,908)	\$ 8,350,766
Fund Balance:				
Beginning of year - July 1			15,643,674	
End of year - June 30			\$ 8,350,766	

NEW HANOVER COUNTY, NORTH CAROLINA

JUVENILE JUSTICE FACILITY CAPITAL PROJECT FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Assets:		
Restricted cash	\$ 815,930	\$ 8,569,650
Total assets	<u>\$ 815,930</u>	<u>\$ 8,569,650</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 28,950	\$ 1,422,613
Total liabilities	<u>28,950</u>	<u>1,422,613</u>
Fund Balance:		
Restricted:		
Stabilization by State statute	4,475	6,355,663
Committed - public safety	<u>782,505</u>	<u>791,374</u>
Total fund balance	<u>786,980</u>	<u>7,147,037</u>
Total liabilities and fund balance	<u>\$ 815,930</u>	<u>\$ 8,569,650</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, 2021

	Project	Actual		
	Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ -	\$ 34,595	\$ 427	\$ 35,022
Total revenues	-	34,595	427	35,022
Expenditures:				
Capital outlay:				
Bond issuance cost	161,944	148,933	-	148,933
Construction	16,894,912	9,789,668	6,360,484	16,150,152
Total expenditures	17,056,856	9,938,601	6,360,484	16,299,085
Revenues over (under) expenditures	(17,056,856)	(9,904,006)	(6,360,057)	(16,264,063)
		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	\$ -	\$ 7,147,037	(6,360,057)	\$ 786,980
Fund Balance:				
Beginning of year - July 1			7,147,037	
End of year - June 30			\$ 786,980	

NEW HANOVER COUNTY, NORTH CAROLINA

PUBLIC SCHOOL BUILDING CAPITAL FUND CAPITAL PROJECT FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Assets:		
Cash and investments	\$ 13,108	\$ -
Receivables:		
Intergovernmental	630,819	889,082
Total assets	<u>\$ 643,927</u>	<u>\$ 889,082</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	643,927	889,082
Total liabilities	<u>643,927</u>	<u>889,082</u>
Fund Balance:		
Restricted:		
Stabilization by State statute	630,819	889,082
Unassigned	<u>(630,819)</u>	<u>(889,082)</u>
Total fund balance	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 643,927</u>	<u>\$ 889,082</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, 2021

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Intergovernmental revenues	\$ 24,762,185	\$ 20,939,396	\$ 1,864,089	\$ 22,803,485
Total revenues	<u>24,762,185</u>	<u>20,939,396</u>	<u>1,864,089</u>	<u>22,803,485</u>
Expenditures:				
Capital outlay:				
Construction	<u>24,762,185</u>	<u>20,939,396</u>	<u>1,864,089</u>	<u>22,803,485</u>
Total expenditures	<u>24,762,185</u>	<u>20,939,396</u>	<u>1,864,089</u>	<u>22,803,485</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

CONTROLLED SUBSTANCE TAX CAPITAL PROJECT FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Assets:		
Cash and investments	\$ 136,736	\$ 81,317
Total assets	<u>\$ 136,736</u>	<u>\$ 81,317</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 42	\$ 2,540
Total liabilities	<u>42</u>	<u>2,540</u>
Fund Balance:		
Restricted:		
Public Safety	<u>136,694</u>	<u>78,777</u>
Total fund balance	<u>136,694</u>	<u>78,777</u>
Total liabilities and fund balance	<u>\$ 136,736</u>	<u>\$ 81,317</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, 2021

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Intergovernmental revenues	\$ 2,018,548	\$ 2,024,724	\$ 135,407	\$ 2,160,131
Miscellaneous	50,382	50,382	-	50,382
Investment earnings	31,279	31,393	393	31,786
Total revenues	<u>2,100,209</u>	<u>2,106,499</u>	<u>135,800</u>	<u>2,242,299</u>
Expenditures:				
Supplies	1,242,432	1,221,119	34,437	1,255,556
Capital outlay	803,684	752,511	43,446	795,957
Contracted services	20,444	20,443	-	20,443
Total expenditures	<u>2,066,560</u>	<u>1,994,073</u>	<u>77,883</u>	<u>2,071,956</u>
Revenues over (under) expenditures	<u>33,649</u>	<u>112,426</u>	<u>57,917</u>	<u>170,343</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>\$ 78,777</u>	57,917	<u>\$ 136,694</u>
Fund Balance:				
Beginning of year - July 1			<u>78,777</u>	
End of year - June 30			<u>\$ 136,694</u>	

NEW HANOVER COUNTY, NORTH CAROLINA

FEDERAL FORFEITED PROPERTY CAPITAL PROJECT FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Assets:		
Cash and investments	\$ 260,978	\$ 601,450
Receivables:		
Other sources	-	795
Total assets	<u>\$ 260,978</u>	<u>\$ 602,245</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 46,105	\$ 8,117
Total liabilities	<u>46,105</u>	<u>8,117</u>
Fund Balance:		
Restricted:		
Stabilization by State statute	-	92,808
Public safety	<u>214,873</u>	<u>501,320</u>
Total fund balance	<u>214,873</u>	<u>594,128</u>
Total liabilities and fund balance	<u>\$ 260,978</u>	<u>\$ 602,245</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, 2021

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Intergovernmental revenue	\$ 8,309,586	\$ 8,341,476	\$ 125,840	\$ 8,467,316
Miscellaneous	223,735	223,734	-	223,734
Investment earnings	51,702	52,924	1,965	54,889
Total revenues	<u>8,585,023</u>	<u>8,618,134</u>	<u>127,805</u>	<u>8,745,939</u>
Expenditures:				
Supplies	2,120,412	1,984,690	87,763	2,072,453
Capital outlay	4,905,220	4,539,455	371,830	4,911,285
Contracted services	406,481	350,909	46,618	397,527
Total expenditures	<u>7,432,113</u>	<u>6,875,054</u>	<u>506,211</u>	<u>7,381,265</u>
Revenues over (under) expenditures	<u>1,152,910</u>	<u>1,743,080</u>	<u>(378,406)</u>	<u>1,364,674</u>
Other Financing Sources (Uses):				
Transfers to other funds	(1,220,410)	(1,216,452)	(849)	(1,217,301)
Gain on disposal of capital assets	67,500	67,500	-	67,500
Total other financing sources (uses)	<u>(1,152,910)</u>	<u>(1,148,952)</u>	<u>(849)</u>	<u>(1,149,801)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 594,128</u>	<u>(379,255)</u>	<u>\$ 214,873</u>
Fund Balance:				
Beginning of year - July 1			<u>594,128</u>	
End of year - June 30			<u>\$ 214,873</u>	

NEW HANOVER COUNTY, NORTH CAROLINA

MASONS INLET RELOCATION CAPITAL PROJECT FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Assets:		
Cash and investments	\$ 4,048,374	\$ 4,280,866
Total assets	<u>\$ 4,048,374</u>	<u>\$ 4,280,866</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ -	\$ 5,649
Total liabilities	<u>-</u>	<u>5,649</u>
Fund Balance:		
Restricted:		
Stabilization by State statute	89,333	92,476
Economic and physical development	<u>3,959,041</u>	<u>4,182,741</u>
Total fund balance	<u>4,048,374</u>	<u>4,275,217</u>
Total liabilities and fund balance	<u>\$ 4,048,374</u>	<u>\$ 4,280,866</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, 2021

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ 100,000	\$ 323,569	\$ 19,335	\$ 342,904
Intergovernmental revenue	5,583,947	4,629,247	-	4,629,247
Contributions	-	214,792	-	214,792
Sales tax refund	162	162	-	162
Total revenues	5,684,109	5,167,770	19,335	5,187,105
Expenditures:				
Land	340,153	340,153	-	340,153
Construction	30,966,128	26,174,572	246,178	26,420,750
Total expenditures	31,306,281	26,514,725	246,178	26,760,903
Revenues over (under) expenditures	(25,622,172)	(21,346,955)	(226,843)	(21,573,798)
Other Financing Sources (Uses):				
Transfers from other funds	25,622,172	25,622,172	-	25,622,172
Total other financing sources (uses)	25,622,172	25,622,172	-	25,622,172
Net change in fund balance	\$ -	\$ 4,275,217	(226,843)	\$ 4,048,374
Fund Balance:				
Beginning of year - July 1			4,275,217	
End of year - June 30			\$ 4,048,374	

NEW HANOVER COUNTY, NORTH CAROLINA

PUBLIC HEALTH AND SOCIAL SERVICES FACILITY CAPITAL PROJECT FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Assets:		
Cash and investments	\$ 263,947	\$ 673,836
Total assets	<u>\$ 263,947</u>	<u>\$ 673,836</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 103	\$ 226,491
Total liabilities	<u>103</u>	<u>226,491</u>
Fund Balance:		
Restricted:		
Stabilization by State statute	159,832	236,113
Committed	<u>104,012</u>	<u>211,232</u>
Total fund balance	<u>263,844</u>	<u>447,345</u>
Total liabilities and fund balance	<u>\$ 263,947</u>	<u>\$ 673,836</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, 2021

	Project	Actual		
	Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Contributions	\$ 1,202,978	\$ 1,202,978	\$ -	\$ 1,202,978
Investment earnings	386,963	395,494	1,871	397,365
Total revenues	<u>1,589,941</u>	<u>1,598,472</u>	<u>1,871</u>	<u>1,600,343</u>
Expenditures:				
Construction	\$ 24,949,920	\$ 24,361,132	\$ 185,372	\$ 24,546,504
Total expenditures	<u>24,949,920</u>	<u>24,361,132</u>	<u>185,372</u>	<u>24,546,504</u>
Revenues over (under) expenditures	<u>(23,359,979)</u>	<u>(22,762,660)</u>	<u>(183,501)</u>	<u>(22,946,161)</u>
Other Financing Sources (Uses):				
Transfers from other funds	4,009,979	4,009,979	-	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>23,210,005</u>	<u>-</u>	<u>23,210,005</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 447,345</u>	<u>(183,501)</u>	<u>\$ 263,844</u>
Fund Balance:				
Beginning of year - July 1			<u>447,345</u>	
End of year - June 30			<u>\$ 263,844</u>	

NEW HANOVER COUNTY, NORTH CAROLINA

BIKE/PEDESTRIAN PATHS CAPITAL PROJECT FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Assets:		
Cash and investments	\$ 277,622	\$ 251,613
Receivables:		
Intergovernmental	94,615	-
Total assets	<u>\$ 372,237</u>	<u>\$ 251,613</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 20,158	\$ 55,131
Total liabilities	<u>20,158</u>	<u>55,131</u>
Fund Balance:		
Restricted:		
Stabilization for State statute	226,814	307,477
Committed - culture and recreation	125,265	-
Unassigned	-	(110,995)
Total fund balance	<u>352,079</u>	<u>196,482</u>
Total liabilities and fund balance	<u>\$ 372,237</u>	<u>\$ 251,613</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, 2021

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Intergovernmental revenues	\$ 1,320,046	\$ 788,474	\$ 128,727	\$ 917,201
Contributions	22,500	22,500	-	22,500
Investment earnings	-	3,172	980	4,152
Total revenues	<u>1,342,546</u>	<u>814,146</u>	<u>129,707</u>	<u>943,853</u>
Expenditures:				
Capital outlay:				
Construction	<u>2,729,188</u>	<u>1,973,956</u>	<u>247,110</u>	<u>2,221,066</u>
Total expenditures	<u>2,729,188</u>	<u>1,973,956</u>	<u>247,110</u>	<u>2,221,066</u>
Revenues over (under) expenditures	<u>(1,386,642)</u>	<u>(1,159,810)</u>	<u>(117,403)</u>	<u>(1,277,213)</u>
Other Financing Sources (Uses):				
Transfers from other funds	1,356,292	1,356,292	273,000	1,629,292
Gain on disposal of capital assets	<u>30,350</u>	-	-	-
Total other financing sources (uses)	<u>1,386,642</u>	<u>1,356,292</u>	<u>273,000</u>	<u>1,629,292</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 196,482</u>	155,597	<u>\$ 352,079</u>
Fund Balance:				
Beginning of year - July 1			<u>196,482</u>	
End of year - June 30			<u>\$ 352,079</u>	

NEW HANOVER COUNTY, NORTH CAROLINA

CAPITAL IMPROVEMENT PROJECTS CAPITAL PROJECT FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Assets:		
Cash and investments	\$ 1,111,666	\$ 2,043,714
Receivables:		
Intergovernmental	29,534	462,940
Total assets	<u>\$ 1,141,200</u>	<u>\$ 2,506,654</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 64,305	\$ 1,009,508
Total liabilities	<u>64,305</u>	<u>1,009,508</u>
Fund Balance:		
Restricted:		
Stabilization by State statute	56,992	1,913,334
Committed - general government	1,019,903	-
Unassigned	<u>-</u>	<u>(416,188)</u>
Total fund balance	<u>1,076,895</u>	<u>1,497,146</u>
Total liabilities and fund balance	<u>\$ 1,141,200</u>	<u>\$ 2,506,654</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, 2021

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Contributions	\$ 529,452	\$ 529,452	\$ -	\$ 529,452
Intergovernmental revenues	1,701,495	1,582,029	110,214	1,692,243
Investment earnings	51,828	62,025	221	62,246
Total revenues	<u>2,282,775</u>	<u>2,173,506</u>	<u>110,435</u>	<u>2,283,941</u>
Expenditures:				
Capital outlay:				
Bond issuance costs	45,462	40,889	7,883	48,772
Construction	15,446,136	13,839,564	2,157,537	15,997,101
Total expenditures	<u>15,491,598</u>	<u>13,880,453</u>	<u>2,165,420</u>	<u>16,045,873</u>
Revenues over (under) expenditures	<u>(13,208,823)</u>	<u>(11,706,947)</u>	<u>(2,054,985)</u>	<u>(13,761,932)</u>
Other Financing Sources (Uses):				
Long-term debt issued	4,632,487	4,085,000	1,560,000	5,645,000
Premiums on long-term debt issued	-	542,757	74,734	617,491
Sale of capital assets	502,580	502,580	-	502,580
Transfers from other funds	8,861,492	8,861,492	-	8,861,492
Transfers to other funds	(787,736)	(787,736)	-	(787,736)
Total other financing sources (uses)	<u>13,208,823</u>	<u>13,204,093</u>	<u>1,634,734</u>	<u>14,838,827</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,497,146</u>	(420,251)	<u>\$ 1,076,895</u>
Fund Balance:				
Beginning of year - July 1			<u>1,497,146</u>	
End of year - June 30			<u>\$ 1,076,895</u>	

NEW HANOVER COUNTY, NORTH CAROLINA

SPECIAL FIRE DISTRICT REVENUE IMPROVEMENT PROJECTS CAPITAL PROJECT FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Assets:		
Cash and investments	\$ 308,440	\$ 8,179
Total assets	<u>\$ 308,440</u>	<u>\$ 8,179</u>
Liabilities and Fund Balance:		
Fund Balance:		
Committed - public safety	\$ 308,440	\$ 8,179
Total fund balance	<u>308,440</u>	<u>8,179</u>
Total liabilities and fund balance	<u>\$ 308,440</u>	<u>\$ 8,179</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, 2021

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ -	\$ 1,786	\$ 261	\$ 2,047
Total revenues	-	1,786	261	2,047
Expenditures:				
Capital outlay:				
Construction	345,000	338,607	-	338,607
Total expenditures	345,000	338,607	-	338,607
Revenues over (under) expenditures	(345,000)	(336,821)	261	(336,560)
Other Financing Sources (Uses):				
Transfers from other funds	345,000	345,000	300,000	645,000
Total other financing sources (uses)	345,000	345,000	300,000	645,000
Net change in fund balance	\$ -	\$ 8,179	300,261	\$ 308,440
Fund Balance:				
Beginning of year - July 1			8,179	
End of year - June 30			\$ 308,440	

NEW HANOVER COUNTY, NORTH CAROLINA

HEALING TRANSITION FACILITY CAPITAL PROJECT FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Assets:		
Restricted cash	\$ 21,353,253	\$ -
Total assets	<u>\$ 21,353,253</u>	<u>\$ -</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 2,157,311	\$ -
Interfund loan	-	490,501
Total liabilities	<u>2,157,311</u>	<u>490,501</u>
Fund Balance:		
Restricted:		
Stabilization by State statute	17,703,656	-
Committed - human services	1,492,286	-
Unassigned	-	(490,501)
Total fund balance	<u>19,195,942</u>	<u>(490,501)</u>
Total liabilities and fund balance	<u>\$ 21,353,253</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, 2021

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ -	\$ -	\$ 603	\$ 603
Total revenues	-	-	603	603
Expenditures:				
Bond issuance costs	247,395	-	128,554	128,554
Capital outlay	25,229,186	490,501	4,371,694	4,862,195
Total expenditures	25,476,581	490,501	4,500,248	4,990,749
Revenues over (under) expenditures	(25,476,581)	(490,501)	(4,499,645)	(4,990,146)
Other Financing Sources (Uses):				
Long-term debt issued	25,476,581	-	20,160,000	20,160,000
Premiums on long-term debt issued	-	-	4,026,088	4,026,088
Transfers from other funds	-	-	-	-
Total other financing sources (uses)	25,476,581	-	24,186,088	24,186,088
Net change in fund balance	\$ -	\$ (490,501)	19,686,443	\$ 19,195,942
Fund Balance:				
Beginning of year - July 1			(490,501)	
End of year - June 30			\$ 19,195,942	

NEW HANOVER COUNTY, NORTH CAROLINA

AIRPORT TERMINAL EXPANSION CAPITAL PROJECT FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Assets:		
Restricted cash	\$ 10,997,886	\$ 13,482,581
Total assets	<u>\$ 10,997,886</u>	<u>\$ 13,482,581</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ -	\$ 1,197,231
Total liabilities	<u>-</u>	<u>1,197,231</u>
Fund Balance:		
Restricted		
Committed - economic and physical development	<u>10,997,886</u>	<u>12,285,350</u>
Total fund balance	<u>10,997,886</u>	<u>12,285,350</u>
Total liabilities and fund balance	<u>\$ 10,997,886</u>	<u>\$ 13,482,581</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, 2021

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ -	\$ 36,009	\$ 5,781	\$ 41,790
Total revenues	-	36,009	5,781	41,790
Expenditures:				
Bond issuance costs	144,698	127,993	-	127,993
Capital outlay	20,000,000	2,105,513	1,293,245	3,398,758
Total expenditures	20,144,698	2,233,506	1,293,245	3,526,751
Revenues over (under) expenditures	(20,144,698)	(2,197,497)	(1,287,464)	(3,484,961)
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
Total other financing sources (uses)	20,144,698	14,482,847	-	14,482,847
Net change in fund balance	\$ -	\$ 12,285,350	(1,287,464)	\$ 10,997,886
Fund Balance:				
Beginning of year - July 1			12,285,350	
End of year - June 30			\$ 10,997,886	

NEW HANOVER COUNTY, NORTH CAROLINA

GOVERNMENT CENTER REDEVELOPMENT CAPITAL PROJECT FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Assets:		
Restricted cash	\$ 46,104,023	\$ -
Total assets	<u>\$ 46,104,023</u>	<u>\$ -</u>
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 2,113,033	\$ -
Total liabilities	<u>2,113,033</u>	<u>-</u>
Fund Balance:		
Restricted:		
Stabilization by State statute	39,144,181	-
Committed - general government	4,846,809	-
Total fund balance	<u>43,990,990</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 46,104,023</u>	<u>\$ -</u>

NEW HANOVER COUNTY, NORTH CAROLINA

GOVERNMENT CENTER REDEVELOPMENT 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, 2021

		Actual		
	Project	Prior	Current	Total
	Authorization	Years	Year	to Date
Revenues:				
Investment earnings	\$ -	\$ -	\$ 1,276	\$ 1,276
Total revenues	-	-	1,276	1,276
Expenditures:				
Bond issuance costs	1,272,853	-	313,559	313,559
Capital outlay	52,301,187	-	8,340,568	8,340,568
Total expenditures	53,574,040	-	8,654,127	8,654,127
Revenues over (under) expenditures	(53,574,040)	-	(8,652,851)	(8,652,851)
Other Financing Sources (Uses):				
Long-term debt issued	53,574,040	-	44,315,000	44,315,000
Premiums on long-term debt issued	-	-	8,328,841	8,328,841
Total other financing sources (uses)	53,574,040	-	52,643,841	52,643,841
Net change in fund balance	\$ -	\$ -	43,990,990	\$ 43,990,990
Fund Balance:				
Beginning of year - July 1			-	
End of year - June 30			\$ 43,990,990	



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, 2021

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	2021			2020
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Charges for services	\$ 19,421,649	\$ 18,007,214	\$ (1,414,435)	\$ 18,172,234
Intergovernmental revenues	435,000	1,512,896	1,077,896	3,640,981
Investment earnings	108,000	46,169	(61,831)	137,271
Other	477,000	466,143	(10,857)	517,749
Total revenues	<u>20,441,649</u>	<u>20,032,422</u>	<u>(409,227)</u>	<u>22,468,235</u>
Expenditures:				
Current:				
Salaries and employee benefits	2,762,571	2,736,426	26,145	2,716,153
Operating expenditures	12,816,786	9,602,332	3,214,454	6,565,486
Installment debt payments and fees	156,858	156,859	(1)	68,518
Capital expenditures	<u>1,683,143</u>	<u>1,448,874</u>	<u>234,269</u>	<u>2,236,838</u>
Total expenditures	<u>17,419,358</u>	<u>13,944,491</u>	<u>3,474,867</u>	<u>11,586,995</u>
Revenue over (under) expenditures	<u>3,022,291</u>	<u>6,087,931</u>	<u>3,065,640</u>	<u>10,881,240</u>
Other Financing Sources (Uses):				
Long-term debt issued	-	-	-	700,000
Premium on long-term debt issuance	-	-	-	112,680
Transfers from other funds	-	-	-	125,000
Transfers to other funds	(10,140,000)	(10,140,000)	-	(8,050,000)
Administrative reserve	(1,612,309)	-	1,612,309	-
Appropriated fund balance	<u>8,730,018</u>	<u>-</u>	<u>(8,730,018)</u>	<u>-</u>
Total other financing sources (uses)	<u>(3,022,291)</u>	<u>(10,140,000)</u>	<u>(7,117,709)</u>	<u>(7,112,320)</u>
(under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (4,052,069)</u>	<u>\$ (4,052,069)</u>	<u>\$ 3,768,920</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis:				
Revenues and other financing sources over				
(under) expenditures and other financing uses		\$ (4,052,069)		\$ 3,768,920
Reconciling items:				
Revenues and other sources - capital project funds		53,633		185,376
Expenses not capitalized - capital project funds		(164,935)		-
Accrued vacation		(24,672)		(32,411)
Depreciation and amortization expenses		(5,939,053)		(4,592,383)
Capital outlay, costs, capitalized		1,448,874		2,236,838
Landfill closure costs		9,810,512		(5,785,123)
Long-term debt proceeds, premiums		-		(812,680)
Principal payments on debt		147,313		58,575
Loss on disposal of capital assets		-		(244,630)
(Decrease) Increase in deferred outflows of resources - pensions		91,141		(70,044)
(Decrease) Increase in deferred outflows of resources - OPEB		1,011,983		88,120
Decrease (Increase) in net pension liability		(225,138)		(95,159)
Decrease (Increase) OPEB liability		981,924		(1,018,458)
Decrease (Increase) in deferred inflows of resources - pensions		2,094		5,830
Decrease (Increase) in deferred inflows of resources - OPEB		(2,317,465)		156,737
Transfer (from) to capital project		<u>10,140,000</u>		<u>8,050,000</u>
Change in net position		<u>\$ 10,964,142</u>		<u>\$ 1,899,508</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 (USES)

BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ -	\$ 205,714	\$ 25,086	\$ 230,800
Total revenues	-	205,714	25,086	230,800
Expenditures:				
Capital outlay:				
Construction	23,020,016	7,124,564	10,845,774	17,970,338
Total expenditures	23,020,016	7,124,564	10,845,774	17,970,338
Revenues over (under) expenditures	(23,020,016)	(6,918,850)	(10,820,688)	(17,739,538)
Other Financing Sources (Uses):				
Transfers from other funds	23,770,016	14,508,612	9,261,404	23,770,016
Transfers to other funds	(750,000)	(750,000)	-	(750,000)
Total other financing sources (uses)	23,020,016	13,758,612	9,261,404	23,020,016
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 6,839,762	\$ (1,559,284)	\$ 5,280,478

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 (USES)

BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ -	\$ 70,109	\$ 7,298	\$ 77,407
Total revenues	-	70,109	7,298	77,407
Expenditures:				
Contracted services	-	-	164,935	164,935
Capital outlay:				
Construction	6,400,000	4,496,460	248,940	4,745,400
Total expenditures	6,400,000	4,496,460	413,875	4,910,335
Revenues over (under) expenditures	(6,400,000)	(4,426,351)	(406,577)	(4,832,928)
Other Financing Sources (Uses):				
Transfers from other funds	6,400,000	6,100,000	300,000	6,400,000
Total other financing sources (uses)	6,400,000	6,100,000	300,000	6,400,000
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 1,673,649	\$ (106,577)	\$ 1,567,072

NEW HANOVER COUNTY, NORTH CAROLINA

ENVIRONMENTAL MANAGEMENT OPERATING FUND

ENVIRONMENTAL MANAGEMENT CAPITAL PROJECT VARIOUS

SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES (USES)

BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ -	\$ 46,256	\$ 5,756	\$ 52,012
Total revenues	-	46,256	5,756	52,012
Expenditures:				
Capital outlay:				
Construction	5,325,696	4,094,491	457,013	4,551,504
Total expenditures	5,325,696	4,094,491	457,013	4,551,504
Revenues over (under) expenditures	(5,325,696)	(4,048,235)	(451,257)	(4,499,492)
Other Financing Sources (Uses):				
Transfers from other funds	7,247,100	5,347,100	1,900,000	7,247,100
Transfers to other funds	(1,921,404)	-	(1,921,404)	(1,921,404)
Total other financing sources (uses)	5,325,696	5,347,100	(21,404)	5,325,696
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 1,298,865	\$ (472,661)	\$ 826,204

NEW HANOVER COUNTY, NORTH CAROLINA

ENVIRONMENTAL MANAGEMENT OPERATING FUND

LANDFILL SOUTHERN PROPERTY CONSTRUCTION

SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES (USES)

BUDGET (MODIFIED ACCRUAL BASIS) AND ACTUAL

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ -	\$ 180,674	\$ 15,493	\$ 196,167
Total revenues	-	180,674	15,493	196,167
Expenditures:				
Capital outlay:				
Construction	14,463,944	10,414,527	771,495	11,186,022
Total expenditures	14,463,944	10,414,527	771,495	11,186,022
Revenues over (under) expenditures	(14,463,944)	(10,233,853)	(756,002)	(10,989,855)
Other Financing Sources (Uses):				
Transfers from other funds	14,463,944	13,863,944	600,000	14,463,944
Total other financing sources (uses)	14,463,944	13,863,944	600,000	14,463,944
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 3,630,091	\$ (156,002)	\$ 3,474,089

NEW HANOVER COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF FIDUCIARY NET POSITION

PENSION TRUST FUNDS

JUNE 30, 2021

	New Hanover Regional Medical Center Employee Trust Fund	New Hanover Regional Medical Center Qualified Excess Trust Fund	Total Pension Trust Funds
Assets:			
Cash and investments	\$ 445,161,928	\$ 3,080,385	\$ 448,242,313
Total assets	<u>\$ 445,161,928</u>	<u>\$ 3,080,385</u>	<u>\$ 448,242,313</u>
Liabilities and Net Position:			
Net Position:			
Restricted:			
Post employment benefits other than pensions individuals, organizations, and other governments	\$ 445,161,928	\$ 3,080,385	\$ 448,242,313
Total net position	<u>445,161,928</u>	<u>3,080,385</u>	<u>448,242,313</u>
Total liabilities and fund balance	<u>\$ 445,161,928</u>	<u>\$ 3,080,385</u>	<u>\$ 448,242,313</u>

NEW HANOVER COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	New Hanover Regional Medical Center Employee Trust Fund	New Hanover Regional Medical Center Qualified Excess Trust Fund	Total Pension Trust Funds
Additions:			
Investment income:			
Net appreciation (depreciation) in fair value of investments	\$ -		
Interest and dividends	\$ 336,846,677	\$ 3,118,594	\$ 339,965,271
Less investment expense	2,142,092	15,371	2,157,463
	(326,586,765)	(2,138,272)	(328,725,037)
Special item - sale of NHRMC	445,176,954	2,088,867	447,265,821
Total additions	<u>457,578,958</u>	<u>3,084,560</u>	<u>460,663,518</u>
Deductions:			
Benefit payments	11,057,745		11,057,745
Administrative expense	<u>1,359,285</u>	<u>4,175</u>	<u>1,363,460</u>
Total deductions	<u>12,417,030</u>	<u>4,175</u>	<u>12,421,205</u>
Net change in net position	\$ 445,161,928	\$ 3,080,385	\$ 448,242,313
Net position, beginning	<u>-</u>	<u>-</u>	<u>-</u>
Net position, ending	<u>\$ 445,161,928</u>	<u>\$ 3,080,385</u>	<u>\$ 448,242,313</u>

NEW HANOVER COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF FIDUCIARY NET POSITION

CUSTODIAL FUNDS

JUNE 30, 2021

	Room Occupancy Tax Fund	Tax Clearing Fund	Public Safety Fund	Fireman's Relief Fund
Assets:				
Cash and investments	\$ 1,133,997	\$ 286,665	\$ 185,374	\$ 642,945
Receivables:				
Tax receivable	1,450,858	3,676,910	-	-
Total assets	<u>\$ 2,584,855</u>	<u>\$ 3,963,575</u>	<u>\$ 185,374</u>	<u>\$ 642,945</u>
Liabilities and Net Position:				
Liabilities:				
Accounts payable and accrued expenses	\$ 2,584,855	\$ 50,760	\$ 90	\$ -
Due to other governments	-	3,901,400	-	-
Total liabilities	<u>2,584,855</u>	<u>3,952,160</u>	<u>90</u>	<u>-</u>
Net Position:				
Restricted:				
Individuals, organizations and other governments	-	11,415	181,345	642,945
Unassigned	-	-	3,939	-
Total net position	<u>-</u>	<u>11,415</u>	<u>185,284</u>	<u>642,945</u>
Total liabilities and fund balance	<u>\$ 2,584,855</u>	<u>\$ 3,963,575</u>	<u>\$ 185,374</u>	<u>\$ 642,945</u>

NEW HANOVER COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF FIDUCIARY NET POSITION

CUSTODIAL FUNDS

JUNE 30, 2021

	Children's Trust Fund	Soil & Water Fund	EnerGov Fund	Total Custodial Funds
Assets:				
Cash and investments	\$ 1,542	\$ 31,148	\$ 17,519	\$ 2,281,671
Receivables:				
Tax receivable	-	-	-	5,127,768
Total assets	<u>\$ 1,542</u>	<u>\$ 31,148</u>	<u>\$ 17,519</u>	<u>\$ 7,409,439</u>
Liabilities and Net Position:				
Liabilities:				
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ 2,635,705
Due to other governments	865	-	17,519	3,902,265
Total liabilities	<u>865</u>	<u>-</u>	<u>17,519</u>	<u>6,537,970</u>
Net Position:				
Restricted:				
Individuals, organizations and other governments	677	31,148	-	867,530
Unassigned	-	-	-	3,939
Total net position	<u>677</u>	<u>31,148</u>	<u>-</u>	<u>871,469</u>
Total liabilities and fund balance	<u>\$ 1,542</u>	<u>\$ 31,148</u>	<u>\$ 17,519</u>	<u>\$ 7,409,439</u>

NEW HANOVER COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021

	Room Occupancy Tax Fund	Tax Clearing Fund	Public Safety Fund	Fireman's Relief Fund
Additions:				
Taxes for other governments	\$ 9,089,074	\$ 96,672,052	\$ -	\$ -
Collections on behalf of inmates	-	-	1,333,999	-
Civil collections	-	-	444,791	-
Collections on behalf of Fireman's Relief	-	-	-	106,379
Fees	-	-	-	-
Investment earnings	-	11,415	-	2,769
Miscellaneous	-	-	-	-
Total additions	<u>9,089,074</u>	<u>96,683,467</u>	<u>1,778,790</u>	<u>109,148</u>
Deductions:				
Tax distributions to other governments	9,089,074	96,672,052	-	-
Payments on behalf of inmates	-	-	1,280,001	-
Civil collection payments	-	-	442,882	-
Payments on behalf of Fireman's Relief Board	-	-	-	38,785
Payments to other governments	-	-	-	-
Debt set-off collection payments	-	-	-	-
Total deductions	<u>9,089,074</u>	<u>96,672,052</u>	<u>1,722,883</u>	<u>38,785</u>
Net change in net position	\$ -	\$ 11,415	\$ 55,907	\$ 70,363
Net position, beginning, as previously reported	-	-	-	-
Prior period restatement - change in accounting principle	-	-	129,377	572,582
Net position, beginning, as restated	-	-	129,377	572,582
Net position, ending	<u>\$ -</u>	<u>\$ 11,415</u>	<u>\$ 185,284</u>	<u>\$ 642,945</u>

NEW HANOVER COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021

	Children's Trust Fund	Soil & Water Fund	NHRMC Debt Setoff Fund	EnerGov Fund	Total Custodial Funds
Additions:					
Taxes for other governments	\$ -	\$ -	\$ -	\$ -	\$ 105,761,126
Collections on behalf of inmates	-	-	-	-	1,333,999
Civil collections	-	-	-	-	444,791
Collections on behalf of Fireman's Relief	-	-	-	-	106,379
Fees	10,205	-	-	97,658	107,863
Investment earnings	-	-	-	-	14,184
Miscellaneous	-	-	21,051	-	21,051
Total additions	10,205	-	21,051	97,658	107,789,393
Deductions:					
Tax distributions to other governments	-	-	-	-	105,761,126
Payments on behalf of inmates	-	-	-	-	1,280,001
Civil collection payments	-	-	-	-	442,882
Payments on behalf of Fireman's Relief Board	-	-	-	-	38,785
Payments to other governments	24,020	-	-	97,658	121,678
Debt set-off collection payments	-	-	21,051	-	21,051
Total deductions	24,020	-	21,051	97,658	107,665,523
Net change in net position	\$ (13,815)	\$ -	\$ -	\$ -	\$ 123,870
Net position, beginning, as previously reported	-	-	-	-	-
Prior period restatement - change in accounting principle	14,492	31,148	-	-	747,599
Net position, beginning, as restated	14,492	31,148	-	-	747,599
Net position, ending	<u>\$ 677</u>	<u>\$ 31,148</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 871,469</u>

NEW HANOVER COUNTY, NORTH CAROLINA**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS****SCHEDULE BY SOURCE****JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Governmental Funds Capital Assets:		
Land	\$ 47,258,175	\$ 45,924,058
Buildings	195,294,352	183,859,412
Improvements other than buildings	39,023,524	35,892,484
Equipment and buildings	76,726,449	73,192,143
Construction in progress	14,498,025	14,161,122
Total governmental funds capital assets	<u>\$ 372,800,525</u>	<u>\$ 353,029,219</u>
 Investment in Governmental Funds Capital Assets by Source:		
General obligation bonds	\$ 18,081,929	\$ 18,081,929
Federal and state grants	29,457,535	27,448,631
General Fund revenues	317,012,145	299,249,744
Contributions	5,134,381	5,134,381
Gifts and other donated	3,114,535	3,114,534
Total governmental funds capital assets	<u>\$ 372,800,525</u>	<u>\$ 353,029,219</u>

NEW HANOVER COUNTY, NORTH CAROLINA

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
JUNE 30, 2021

Function and Activity	Total	Land	Buildings	Improvements Other Than Buildings	Equipment and Vehicles
General Government:					
Governing Body	\$ 25,618,366	\$ 855,737	\$ 23,117,586	\$ 1,404,717	\$ 240,326
County Manager	18,641,333	591,852	16,478,929	60,366	1,510,186
Human Resources	53,057	-	-	5,466	47,591
Soil and Water Conservation	22,762	-	-	-	22,762
Finance	704,390	-	-	-	704,390
Information Technology	8,334,920	-	-	150,405	8,184,515
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	2,925,534	-	620,282	376,869	1,928,383
Engineering	1,061,612	876,890	-	-	184,722
Planning	6,974,907	6,933,555	-	-	41,352
Total general government	66,903,601	9,274,495	40,216,797	2,307,628	15,104,681
Human Services:					
Human Services	24,437,518	-	24,396,325	-	41,193
Health	2,984,753	-	146,126	154,186	2,684,441
Public Assistance	2,947,196	500,000	5,315	-	2,441,881
Human Services Transportation System	66,571	-	-	-	66,571
Human Relations	11,970	-	-	-	11,970
Aging Services	4,568,290	-	2,017,354	2,266,565	284,371
Total human services	35,016,298	500,000	26,565,120	2,420,751	5,530,427
Public Safety:					
Public Safety Communications Center	3,560,367	-	-	310,044	3,250,323
Sheriff	79,025,408	5,396,703	51,699,448	1,691,785	20,237,472
Emergency Management	17,103,052	-	2,263,381	764,063	14,075,608
Clerk of Court	23,753,907	-	21,801,404	1,730,275	222,228
Inspections	348,328	-	-	20,855	327,473
Recovery Coordination Office	1,317,809	1,317,809	-	-	-
Fire Operations	24,287,093	1,027,686	9,081,061	1,493,332	12,685,014
Juvenile Services	17,485,809	7,000	17,365,385	-	113,424
Total public safety	166,881,773	7,749,198	102,210,679	6,010,354	50,911,542
Culture and Recreation:					
Library	22,175,224	863,120	19,267,646	497,265	1,547,193
Parks and Recreation	46,907,128	17,201,967	1,968,838	24,862,328	2,873,995
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	13,548,483	11,469,288	822,406	971,448	285,341
Total culture and recreation	89,500,828	29,734,482	26,301,756	28,284,791	5,179,799
Total	358,302,500	\$ 47,258,175	\$ 195,294,352	\$ 39,023,524	\$ 76,726,449
Construction in Progress	14,498,025				
Total governmental funds capital assets	\$ 372,800,525				

NEW HANOVER COUNTY, NORTH CAROLINA

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
JUNE 30, 2021

Function and Activity	Governmental Funds Capital Assets			Governmental Funds Capital Assets	
	June 30, 2020	Additions	Deductions	June 30, 2021	
General Government:					
Governing Body	\$ 25,618,365	\$ -	\$ -	\$ 25,618,365	
County Manager	18,611,221	30,115	-	18,641,336	
Human Resources	53,057	-	-	53,057	
Soil and Water Conservation	22,762	-	-	22,762	
Finance	81,149	623,241	-	704,390	
Information Technology Systems	7,877,665	457,255	-	8,334,920	
Tax Administration	604,613	-	-	604,613	
Legal	38,020	-	-	38,020	
Elections	724,734	-	-	724,734	
Register of Deeds	1,199,353	-	-	1,199,353	
Property Management	2,728,274	197,260	-	2,925,534	
Engineering	1,024,628	36,984	-	1,061,612	
Planning	6,974,907	-	-	6,974,907	
Total general government	65,558,748	1,344,855	-	66,903,603	
Human Services:					
Human Service	24,361,132	76,386	-	24,437,518	
Health	2,997,389	-	12,636	2,984,753	
Public Assistance	8,591,724	16,577	5,661,107	2,947,194	
Human Services Transportation System	66,571	-	-	66,571	
Human Relations	11,970	-	-	11,970	
Aging Services	2,681,996	1,886,294	-	4,568,290	
Total human services	38,710,782	1,979,257	5,673,743	35,016,296	
Public Safety:					
Public Safety Communications Center	3,290,387	269,980	-	3,560,367	
Sheriff	77,890,906	1,456,727	322,225	79,025,408	
Emergency Management	16,714,288	388,764	-	17,103,052	
Clerk of Court	24,923,660	125,515	1,295,268	23,753,907	
Inspections	348,328	-	-	348,328	
Recovery Coordination Office	-	1,317,809	-	1,317,809	
Fire Operations	22,886,117	1,674,781	273,805	24,287,093	
Juvenile Services	1,248,982	16,236,827	-	17,485,809	
Total public safety	147,302,668	21,470,403	1,891,298	166,881,773	
Culture and Recreation:					
Library	22,151,874	23,350	-	22,175,224	
Parks and Recreation	44,721,445	2,190,713	5,030	46,907,128	
Museum	5,972,288	-	-	5,972,288	
Cooperative Extension Service	897,705	-	-	897,705	
Airlie Gardens	13,552,587	-	4,104	13,548,483	
Total culture and recreation	87,295,899	2,214,063	9,134	89,500,828	
Total	338,868,097	27,008,578	7,574,175	358,302,500	
Construction in Progress	14,161,122	24,727,617	24,390,714	14,498,025	
Total governmental funds capital assets	\$ 353,029,219	\$ 51,736,195	\$ 31,964,889	\$ 372,800,525	

Statistical Section

This part of New Hanover County's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the county's overall financial health.

Financial Trends

These schedules contain information to help the reader understand how the County's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the County's most significant revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

NEW HANOVER COUNTY, NORTH CAROLINA

Table 1

Net Position by Component

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	2012	2013	2014	2015	2016
Governmental activities:					
Net investment in capital assets	\$ 65,250,159	\$ 74,453,841	\$ 74,316,658	\$ 66,308,962	\$ 67,595,795
Restricted	89,136,681	133,680,657	112,349,642	95,335,699	146,421,177
Unrestricted (deficit)	(221,590,023)	(277,357,778)	(271,537,339)	(254,460,279)	(319,591,270)
Total governmental activities net position	\$ (67,203,183)	\$ (69,223,280)	\$ (84,871,039)	\$ (92,815,618)	\$ (105,574,298)
Business-type activities:					
Net investment in capital assets	\$ 13,081,015	\$ 12,192,927	\$ 11,577,960	\$ 16,072,772	\$ 20,591,760
Restricted	-	-	-	-	-
Unrestricted	(7,405,541)	(2,118,922)	(1,915,003)	(12,775,777)	(12,112,302)
Total business-type activities net position	\$ 5,675,474	\$ 10,074,005	\$ 9,662,957	\$ 3,296,995	\$ 8,479,458
Primary government:					
Net investment in capital assets	\$ 78,331,174	\$ 86,646,768	\$ 85,894,618	\$ 82,381,734	\$ 88,187,555
Restricted	89,136,681	133,680,657	112,349,642	95,335,699	146,421,177
Unrestricted (deficit)	(228,995,564)	(279,476,700)	(273,452,342)	(267,236,056)	(331,703,572)
Total primary government net position	\$ (61,527,709)	\$ (59,149,275)	\$ (75,208,082)	\$ (89,518,623)	\$ (97,094,840)

Source: County records.

NEW HANOVER COUNTY, NORTH CAROLINA

Table 1

Net Position by Component

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	2017	2018	2019	2020	2021
Governmental activities:					
Net investment in capital assets	\$ 71,726,908	\$ 78,746,968	\$ 95,283,987	\$ 50,305,882	96,710,996
Restricted	99,550,831	88,940,036	149,743,427	125,441,841	523,191,954
Unrestricted (deficit)	(313,900,338)	(541,633,599)	(638,055,985)	(608,528,000)	(671,365,229)
Total governmental activities net position	\$ (142,622,599)	\$ (373,946,595)	\$ (393,028,571)	\$ (432,780,277)	\$ (51,462,279)
Business-type activities:					
Net investment in capital assets	\$ 21,273,644	\$ 25,073,835	\$ 28,835,550	\$ 33,027,132	41,007,489
Restricted	-	-	-	-	-
Unrestricted	2,960,294	27,055	(4,963,567)	(7,255,641)	(4,271,856)
Total business-type activities net position	\$ 24,233,938	\$ 25,100,890	\$ 23,871,983	\$ 25,771,491	\$ 36,735,633
Primary government:					
Net investment in capital assets	\$ 93,000,552	\$ 103,820,803	\$ 124,119,537	\$ 83,333,014	137,718,485
Restricted	99,550,831	88,940,036	149,743,427	125,441,841	523,191,954
Unrestricted (deficit)	(310,940,044)	(541,606,544)	(643,019,552)	(615,783,641)	(675,637,085)
Total primary government net position	\$ (118,388,661)	\$ (348,845,705)	\$ (369,156,588)	\$ (407,008,786)	\$ (14,726,646)

Source: County records.

NEW HANOVER COUNTY, NORTH CAROLINA

Table 2

Changes in Net Position

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	2012	2013	2014	2015	2016
Expenses:					
Governmental activities:					
General government	\$ 41,972,224	\$ 42,674,900	\$ 37,553,932	\$ 35,187,632	\$ 37,641,352
Human services	57,254,304	52,229,154	19,588,020	55,395,685	55,936,158
Public safety	61,249,146	64,335,363	57,140,565	69,683,033	68,570,106
Economic and physical development	3,269,578	16,204,467	12,148,257	21,859,872	18,887,312
Culture and recreation	13,040,089	13,982,770	10,381,314	18,001,584	19,186,564
Education	105,836,858	93,167,945	107,485,506	97,491,199	117,592,708
Interest and fees on long-term debt	16,665,752	13,105,962	13,175,816	12,638,190	12,286,140
Total governmental activities expenses	299,287,951	295,700,561	257,473,410	310,257,195	330,100,340
Business-type activities:					
Environmental Management	13,332,838	8,627,414	195,900	20,933,977	6,308,102
Total business-type activities expenses	13,332,838	8,627,414	195,900	20,933,977	6,308,102
Total primary government expenses	\$ 312,620,789	\$ 304,327,975	\$ 257,669,310	\$ 331,191,172	\$ 336,408,442
Program revenues:					
Governmental activities:					
Charges for services:					
General government	\$ 3,511,381	\$ 3,595,872	\$ 2,712,105	\$ 2,858,123	\$ 3,107,100
Human services	2,108,510	1,467,806	1,506,738	1,626,187	1,031,472
Public safety	4,054,577	5,423,054	5,915,414	5,909,430	6,138,665
Culture and recreation	1,071,174	1,768,511	1,791,313	1,536,183	1,714,082
Operating grants and contributions	46,239,886	49,386,172	43,949,158	47,204,758	42,552,200
Capital grants and contributions	3,878,594	3,142,533	3,920,153	3,743,615	4,138,916
Total governmental activities program revenues	60,864,122	64,783,948	59,794,881	62,878,296	58,682,435
Business-type activities:					
Charges for services:					
Water and Sewer District	-	-	-	-	-
Environmental Management	12,260,605	12,570,415	13,092,272	13,409,733	13,573,138
Operating grants and contributions	-	-	-	-	-
Total business-type activities program revenues	12,922,262	13,023,486	13,658,802	13,906,032	14,070,549
Total primary government program revenues	\$ 73,786,384	\$ 77,807,434	\$ 73,453,683	\$ 76,784,328	\$ 72,752,984

Source: County records.

NEW HANOVER COUNTY, NORTH CAROLINA

Table 2

Changes in Net Position

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	2017	2018	2019	2020	2021
Expenses:					
Governmental activities:					
General government	\$ 63,550,309	\$ 38,930,763	\$ 65,355,755	\$ 82,619,962	\$ 89,738,420
Human services	58,900,841	58,523,024	37,138,533	54,437,664	67,996,364
Public safety	71,718,376	78,154,204	90,794,737	95,807,149	98,290,786
Economic and physical development	9,412,853	14,157,244	5,639,002	16,137,497	7,674,027
Culture and recreation	17,185,659	15,221,575	15,021,880	14,865,002	13,847,790
Education	141,911,581	126,671,173	149,024,845	127,215,472	106,916,628
Interest and fees on long-term debt	11,799,567	11,943,613	12,655,525	12,715,080	8,311,605
Total governmental activities expenses	374,479,186	343,601,596	375,630,277	403,797,826	392,775,620
Business-type activities:					
Environmental Management	10,540,337	9,931,394	36,457,846	20,879,103	9,121,913
Total business-type activities expenses	10,540,337	9,931,394	36,457,846	20,879,103	9,121,913
Total primary government expenses	\$ 385,019,523	\$ 353,532,990	\$ 412,088,123	\$ 424,676,929	\$ 401,897,533
Program revenues:					
Governmental activities:					
Charges for services:					
General government	\$ 3,254,738	\$ 3,388,808	\$ 3,198,338	\$ 3,557,369	\$ 3,860,462
Human services	1,126,623	1,013,540	1,035,513	903,724	891,039
Public safety	6,610,265	6,626,167	7,425,802	7,571,183	8,580,602
Culture and recreation	1,843,382	2,006,195	2,127,034	1,928,664	2,192,726
Operating grants and contributions	47,702,834	43,863,583	53,120,765	65,980,151	66,738,744
Capital grants and contributions	3,438,895	3,350,799	187,470	619,335	1,589,564
Total governmental activities program revenues	63,976,737	60,249,092	67,094,922	80,560,426	83,853,137
Business-type activities:					
Charges for services:					
Water and Sewer District	-	-	-	-	-
Environmental Management	24,851,734	15,694,433	19,640,122	18,689,983	18,473,357
Operating grants and contributions	1,343,023	894,059	552,533	3,640,981	1,512,896
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	26,194,757	16,588,492	20,192,655	22,330,964	19,986,253
Total primary government program revenues	\$ 90,171,494	\$ 76,837,584	\$ 87,287,577	\$ 102,891,390	\$ 103,839,390

Source: County records.

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

	2012	2013	2014	2015	2016
Net (expense)/revenue:					
Governmental activities	\$ (238,423,829)	\$ (230,916,613)	\$ (197,678,529)	\$ (247,378,899)	\$ (271,417,905)
Business-type activities	(410,576)	4,396,072	13,462,902	(7,027,945)	10,404,650
Total primary government net expense	\$ (238,834,405)	\$ (226,520,541)	\$ (184,215,627)	\$ (254,406,844)	\$ (261,013,255)
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property taxes	\$ 169,636,356	\$ 168,655,909	\$ 173,492,200	\$ 173,851,757	\$ 181,733,215
Sales taxes	52,668,352	54,733,023	56,379,614	62,184,952	65,640,268
Room occupancy taxes	4,163,935	4,135,580	4,416,767	4,818,906	5,130,592
Other taxes	2,733,756	2,955,492	6,815,556	3,268,656	3,593,014
Investment earnings	395,353	459,846	490,514	-	840,020
Miscellaneous	-	-	-	494,457	-
Transfers	-	-	231,000	-	-
Special Item	-	-	-	-	-
Total governmental activities	229,597,752	230,939,850	241,825,651	244,618,728	256,937,109
Business-type activities:					
Investment earnings	1,424	10,084	15,852	29,094	62,219
Transfers	-	-	(231,000)	-	-
Total business-type activities	1,424	10,084	(215,148)	29,094	62,219
Total primary government	\$ 229,599,176	\$ 230,949,934	\$ 241,610,503	\$ 244,647,822	\$ 256,999,328
Change in net position:					
Governmental activities	\$ (8,826,077)	\$ 23,237	\$ (15,647,759)	\$ (2,760,171)	\$ (14,480,796)
Business-type activities	(409,152)	4,406,156	(411,048)	(6,998,851)	5,182,463
Total primary government	\$ (9,235,229)	\$ 4,429,393	\$ (16,058,807)	\$ (9,759,022)	\$ (9,298,333)

Source: County records.

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

	2017	2018	2019	2020	2021
Net (expense)/revenue:					
Governmental activities	\$ (310,502,449)	\$ (283,352,504)	\$ (308,535,355)	\$ (323,237,400)	\$ (308,922,483)
Business-type activities	15,654,420	6,657,098	(16,265,191)	1,451,861	10,864,340
Total primary government net expense	\$ (294,848,029)	\$ (276,695,406)	\$ (324,800,546)	\$ (321,785,539)	\$ (298,058,143)
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property taxes	\$ 200,894,989	\$ 203,167,790	\$ 216,754,433	\$ 220,806,788	\$ 228,840,731
Sales taxes	69,521,803	73,914,010	66,994,670	66,881,816	79,545,165
Room occupancy taxes	5,879,406	6,022,051	7,152,943	6,119,764	8,795,858
Other taxes	3,214,296	3,070,136	7,610,330	3,992,191	4,638,593
Investment earnings	1,584,116	2,660,536	3,956,891	2,896,357	2,625,278
Miscellaneous	-	-	1,734,906	2,877,641	7,700,683
Transfers	-	-	(14,750,794)	(125,000)	-
Special Item	-	-	-	-	350,000,000
Total governmental activities	281,094,610	288,834,523	289,453,379	303,449,557	682,146,308
Business-type activities:					
Investment earnings	100,060	193,805	285,490	322,647	99,802
Transfers	-	-	14,750,794	125,000	-
Total business-type activities	100,060	193,805	15,036,284	447,647	99,802
Total primary government	\$ 281,194,670	\$ 289,028,328	\$ 304,489,663	\$ 303,897,204	\$ 682,246,110
Change in net position:					
Governmental activities	\$ (29,407,839)	\$ 5,482,019	\$ (19,081,976)	\$ (19,787,843)	\$ 373,223,825
Business-type activities	15,754,480	6,850,903	(1,228,907)	1,899,508	10,964,142
Total primary government	\$ (13,653,359)	\$ 12,332,922	\$ (20,310,883)	\$ (17,888,335)	\$ 384,187,967

Source: County records.

NEW HANOVER COUNTY, NORTH CAROLINA

Table 3

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	2012	2013	2014	2015	2016
General Fund:					
Nonspendable	\$ 46,790	\$ 42,635	\$ 128,721	\$ 130,094	\$ 265,237
Restricted	21,768,800	23,185,423	24,103,644	27,788,826	28,347,292
Committed	-	-	-	-	2,121,598
Assigned	11,454,087	13,880,627	14,088,884	11,738,867	4,036,339
Unassigned	60,926,423	62,334,516	63,653,791	54,891,327	61,406,864
Total general fund	\$94,196,100	\$99,443,201	\$ 101,975,040	\$ 94,549,114	\$ 96,177,330
All other governmental funds:					
Nonspendable	\$ 1,802	\$ 850	\$ 850	\$ 400	\$ 1,650
Restricted	44,001,373	44,594,014	65,686,061	51,732,264	50,464,699
Restricted, reported in capital					
Projects funds	23,366,508	65,901,220	22,213,748	16,576,845	67,926,102
Committed	4,226,116	-	972,801	1,179,690	157,674
Committed, reported in capital					
Projects funds	74,831	1,130,942	-	-	834,853
Assigned	68,966	63,893	61,578	62,845	64,073
Unassigned	-	-	-	-	-
Unassigned, reported in capital					
Projects funds	(302,827)	(1,564,138)	4,905,148	(6,719,253)	(2,209,937)
Total all other governmental funds	\$71,436,769	\$110,126,781	\$ 93,840,186	\$ 62,832,791	\$ 117,239,114

Source: County records.

NEW HANOVER COUNTY, NORTH CAROLINA

Table 3

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	2017	2018	2019	2020	2021
General Fund:					
Nonspendable	\$ 142,297	\$ 112,773	\$ 95,603	\$ 163,144	\$ 109,789
Restricted	31,219,239	27,868,626	34,717,177	36,260,182	383,644,255
Committed	2,565,632	3,001,121	3,391,592	3,703,365	4,022,219
Assigned	13,807,244	14,396,251	6,538,231	9,381,175	19,182,528
Unassigned	60,087,888	61,827,734	52,656,637	57,102,925	66,035,381
Total general fund	\$ 107,822,300	\$ 107,206,505	\$ 97,399,240	\$ 106,610,791	\$ 472,994,172
All other governmental funds:					
Nonspendable	\$ 2,856	\$ 500	\$ 15,959	\$ 47,710	\$ 56,077
Restricted	47,614,516	37,663,727	46,258,301	50,070,733	70,047,810
Restricted, reported in capital					
Projects funds	21,627,731	26,001,092	68,767,949	39,110,926	71,006,158
Committed	2,294,447	4,967,820	-	-	-
Committed, reported in capital					
Projects funds	96,233	1,352,350	37,734	8,179	19,677,106
Assigned	72,326	417,474	5,270,155	1,269,460	6,483,717
Unassigned	-	-	(2,207,524)	(1,372,827)	(1,258,758)
Unassigned, reported in capital					
Projects funds	(6,283,033)	10,738,483	(5,055,812)	11,336,407	(630,819)
Total all other governmental funds	\$ 65,425,076	\$ 81,141,446	\$ 113,086,762	\$ 100,470,588	\$ 165,381,291

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)

	2012	2013	2014	2015	2016
Revenues:					
Taxes	\$ 229,052,284	\$ 230,253,340	\$ 238,258,952	\$ 243,904,184	\$ 255,690,698
Intergovernmental revenue	51,294,237	51,435,873	47,736,506	47,956,049	50,149,939
Special assessments	485,862	309,431	2,894,325	406,705	454,205
Charges for services	10,745,642	12,283,293	11,925,569	11,929,923	11,991,319
Miscellaneous	2,843,795	5,863,970	1,987,912	1,206,663	2,278,390
Total revenues	294,421,820	300,145,907	302,803,264	305,403,524	320,564,551
Expenditures:					
General government	30,553,554	32,322,623	32,535,630	33,646,446	36,508,431
Human services	53,674,258	52,659,109	53,615,690	55,251,211	55,421,335
Public safety	59,406,202	59,862,271	62,459,338	64,681,983	67,587,820
Economic and physical development	3,114,839	12,487,481	5,427,845	4,976,715	10,240,407
Culture and recreation	10,732,645	12,358,781	12,133,804	12,905,043	13,051,449
Education-community college and schools	68,750,207	70,026,998	75,539,163	81,254,714	83,986,530
Stormwater drainage	-	-	-	-	-
Capital outlay	44,277,295	28,971,627	46,293,728	41,849,582	51,107,252
Debt service:					
Interest and fees - bonds	13,369,517	12,779,764	12,003,385	8,942,405	12,188,464
Principal - bonds	22,400,000	21,075,000	22,115,000	24,590,000	24,385,000
Principal, interest and fees - installment debt	15,989,055	14,826,923	14,120,578	17,305,075	14,692,495
Bond issuance costs	-	-	562,701	-	75,062
Total expenditures	322,267,572	317,370,577	336,806,862	345,403,174	369,244,245
Revenues over (under) expenditures	(27,845,752)	(17,224,670)	(34,003,598)	(39,999,650)	(48,679,694)
Other financing sources (uses):					
Sale of capital assets	166,526	30,999	129,093	40,839	780,467
Insurance claim proceeds	40,140	29,161	46,288	100,092	62,963
Long-term debt issued	1,696	61,101,623	18,267,846	2,428,358	93,261,467
Premium on long-term debt issued	-	-	1,011,914	-	8,887,220
Refunding bonds issued	-	-	63,555,000	-	-
Premium on refunding bonds	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	(62,992,299)	-	-
Transfers from other funds	1,516,547	6,735,806	2,063,189	3,455,195	12,841,205
Transfers to other funds	(1,516,547)	(6,735,806)	(1,832,189)	(3,455,195)	(12,841,205)
Special item - sale of NHRMC	-	-	-	-	-
Total other financing sources (uses)	208,362	61,161,783	20,248,842	2,569,289	102,992,117
Net change in fund balances	\$ (27,637,390)	\$ 43,937,113	\$ (13,754,756)	\$ (37,430,361)	\$ 54,312,423
Debt service as % of noncapital expenditures	16.50%	15.55%	14.59%	15.43%	14.24%

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)

	2017	2018	2019	2020	2021
Revenues:					
Taxes	\$ 278,959,494	\$ 286,302,388	\$ 295,260,834	\$ 296,628,104	\$ 321,673,780
Intergovernmental revenue	52,053,568	43,255,951	55,237,300	65,613,807	71,557,320
Special assessments	186,884	107,932	3,526,540	118,929	79,775
Charges for services	12,835,008	13,034,710	13,786,687	13,960,940	15,524,829
Miscellaneous	3,398,748	4,910,569	4,990,809	3,573,893	4,724,589
Total revenues	347,433,702	347,611,550	372,802,170	379,895,673	413,560,293
Expenditures:					
General government	38,370,780	44,529,458	44,044,846	46,924,764	53,245,684
Human services	58,259,230	50,947,296	51,412,360	53,973,512	63,615,737
Public safety	69,804,249	75,258,247	86,907,545	90,275,272	93,543,628
Economic and physical development	4,623,864	14,023,013	5,347,980	6,665,841	6,134,604
Culture and recreation	13,447,255	13,151,974	14,689,060	13,926,054	13,839,720
Education-community college and schools	85,735,238	88,103,829	93,374,285	92,881,620	94,198,219
Stormwater drainage	-	-	-	-	-
Capital outlay	63,984,919	50,749,085	67,821,513	65,605,747	35,332,834
Debt service:					
Interest and fees - bonds	12,528,430	12,803,143	13,474,353	14,032,537	15,828,723
Principal - bonds	28,825,000	28,895,000	29,715,000	33,745,000	33,470,000
Principal, Interest and fees - installment debt	14,295,135	13,528,552	11,907,539	13,042,144	14,323,649
Bond issuance costs	-	133,533	158,177	114,691	3,821,245
Total expenditures	389,874,100	392,123,130	418,852,658	431,187,182	427,354,043
Revenues over (under) expenditures	(42,440,398)	(44,511,580)	(46,050,488)	(51,291,509)	(13,793,750)
Other financing sources (uses):					
Sale of capital assets	53,174	12,257,748	7,114,310	1,743,314	441,260
Insurance claim proceeds	128,419	58,399	524,497	641,631	421,442
Long-term debt issued	2,222,718	44,240,543	70,100,876	39,865,000	70,084,512
Premium on long-term debt issued	-	2,922,484	5,199,650	5,761,941	12,666,325
Refunding bonds issued	-	-	-	-	63,870,000
Premium on refunding bonds	-	-	-	-	6,109,374
Payment to refunded bond escrow agent	-	-	-	-	(66,599,252)
Transfers from other funds	35,954,952	37,089,896	25,031,092	19,273,687	18,318,402
Transfers to other funds	(35,954,952)	(37,089,896)	(39,781,886)	(19,398,687)	(18,318,402)
Special item - sale of NHRMC	-	-	-	-	350,000,000
Total other financing sources (uses)	2,404,311	59,479,174	68,188,539	47,886,886	436,993,661
Net change in fund balances	\$ (40,036,087)	\$ 14,967,594	\$ 22,138,051	\$ (3,404,623)	\$ 423,199,911
Debt service as % of noncapital expenditures	14.47%	14.27%	14.14%	15.01%	15.91%

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
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
2021	228,841	79,545	8,796	4,528	111	321,821

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
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
2021		30,575,940,663		4,927,262,292		689,537,819		36,192,740,774	\$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	2021			2012		
	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.	\$ 508,851,392	1	1.41%	\$ 277,606,162	2	0.81%
Corning, Inc.	229,982,837	2	0.65%	221,664,226	3	0.65%
General Electric Company	210,143,009	3	0.58%	295,282,009	1	0.86%
Live Oak Bank	116,655,229	4	0.32%	--	--	--
Bedrock Holdings II LLC	98,565,300	5	0.27%	--	--	--
Fortron Industries	90,467,954	6	0.25%	--	--	--
River Ventures	74,933,400	7	0.21%	55,803,840	7	0.16%
Mayfaire Town Center LP	69,712,271	8	0.19%	--	--	--
GF Management Company	62,473,130	9	0.17%	--	--	--
Global Nuclear Fuel Americas	56,851,706	10	0.16%	46,996,981	10	0.14%
Celanese Corporation	--	--	--	80,728,456	4	0.24%
Bell South	--	--	--	65,933,702	5	0.19%
Arteva Specialities	--	--	--	59,474,463	6	0.17%
Centro Independence LLC	--	--	--	50,442,138	9	0.15%
Wal Mart	--	--	--	50,981,353	8	0.15%
Total	\$ 1,518,636,228		4.21%	\$ 1,204,913,330		3.52%
Total taxable assessed value	\$ 36,192,740,774			\$ 34,190,526,948		

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				
				Percentage of Levy						
		Amount				Amount	Percentage of Levy			
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%
2021		201,275,470		199,911,580	99.32		1,026,326		200,937,906	99.83%

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 Hanove County	Special Fire District	City of Wilmington*	Wrightsville Beach	Carolina Beach	Kure Beach
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
2021	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 Count 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 i 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			
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	3.96%	1,877
2020	341,622,496	-	101,507,634	-	870,308	444,000,438	N/A	1,856
2021	305,058,136	-	168,858,062	-	722,995	474,639,193	N/A	1,999

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

Source: County records.

Note: Amounts presented for 2017 through 2021 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**
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
2021	305,058,136	0.84%	1,284.74

* 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 2021 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, 2021**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
County direct debt		100.00%	\$ 473,916,198
City of Wilmington debt		100.00%	230,758,950
Town of Wrightsville Beach debt		100.00%	850,000
Town of Carolina Beach debt		100.00%	4,132,317
Town of Kure Beach debt		100.00%	4,536,073
Subtotal, overlapping debt			240,277,340
Total direct and overlapping debt:			\$ 714,193,538

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

	2012	2013	2014	2015	2016
Debt limit	\$ 2,735,242,156	\$ 2,310,367,729	\$ 2,377,170,770	\$ 2,379,658,915	\$ 2,415,784,706
Total net debt applicable to limit	437,524,997	392,163,053	385,619,330	350,107,072	408,148,717
Legal debt margin	<u>\$ 2,297,717,159</u>	<u>\$ 1,918,204,676</u>	<u>\$ 1,991,551,440</u>	<u>\$ 2,029,551,843</u>	<u>\$ 2,007,635,989</u>
Total net debt applicable to the limit as a percentage of debt limit	16.00%	16.97%	16.22%	14.71%	16.90%

Note: Amounts presented for 2017 through 2021 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, 2021				
Total assessed value				\$ 36,192,740,774
Debt limit (8% of assessed value)				<u>2,895,419,262</u>
Debt applicable to limit:				
General obligation bonds				285,139,997
Certificates of participation				-
Installment				149,954,024
Authorized but unissued debt				9,405,000
Less:				
Water Sewer				(6,750,000)
Authorized but unissued debt				<u>(9,405,000)</u>
Total net applicable to limit				<u>428,344,021</u>
Legal debt margin				<u>\$ 2,467,075,241</u>
2017	2018	2019	2020	2021
\$ 2,465,327,783	\$ 2,698,898,172	\$ 2,764,407,494	\$ 2,811,088,762	\$ 2,895,419,262
371,926,370	378,307,851	410,571,726	442,219,550	428,344,021
\$ 2,093,401,413	\$ 2,320,590,321	\$ 2,353,835,768	\$ 2,368,869,212	\$ 2,467,075,241
15.09%	14.02%	14.85%	15.73%	14.79%

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 Enrolment ⁴	Unemployment Rate ⁵
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	11,261,502	48,029	39.2	25,512	4.10%
2020	239,272	N/A	N/A	39.8	25,617	7.20%
2021	237,448	N/A	N/A	40.4	24,302	4.40%

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)	2021			2012		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
New Hanover Regional Medical Center	7,477	1	6.26%	4,738	1	4.90%
New Hanover County Schools	4,187	2	3.51%	3,666	2	3.79%
General Electric Company	2,650	3	2.22%	2,100	4	2.17%
Wal-Mart Stores	2,519	4	2.11%	2,592	3	2.68%
University of NC at Wilmington	2,479	5	2.08%	1,898	5	1.96%
New Hanover County Government	1,843	6	1.54%	1,571	6	1.63%
PPD, Inc.	1,800	7	1.51%	1,500	7	1.55%
Duke Energy Progress	1,100	8	0.92%	1,070	9	1.11%
City of Wilmington	1,050	9	0.88%	-----	-----	-----
Corning, Inc.	1,000	10	0.84%	1,000	10	1.03%
Verizon Wireless	-----	-----	-----	1,346	8	1.39%
Total New Hanover County Employment	<u>119,378</u>			<u>96,627</u>		

Sources: Greater Wilmington Business Journal 2021 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 CAROLIN

Table 16

**Full-Time Equivalent Government Employees by Function
Last Ten Fiscal Years**

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government	268	265	263	255	271	282	295	295	291	284
Human services	495	471	497	506	493	505	507	513	524	536
Public safety	651	680	727	762	765	797	790	811	826	838
Culture and recreation	126	127	136	136	136	128	129	134	135	135
Environmental Management	31	31	31	31	32	33	35	34	37	37
Stormwater Services	0	0	0	0	0	0	0	0	0	13
Total	1,571	1,574	1,654	1,690	1,697	1,745	1,756	1,787	1,813	1,843

Source: County Budget Department.

NEW HANOVER COUNTY, NORTH CAROLINA

Table 17

Operating Indicators by Function

Last Ten Fiscal Years

Function	2012	2013	2014	2015	2016
Public safety:					
Sheriff:					
# of divisions	6	8	8	7	8
# of sheriff personnel	423	455	473	482	486
# of arrests made	6,506	5,536	5,397	4,935	4,625
# of service calls	132,492	137,954	139,964	138,932	133,684
Fire Services:					
# of stations	8	8	8	8	8
# of fire personnel	217	197	172	191	197
# of calls answered	5,600	5,242	5,862	6,449	6,420
Culture and recreation:					
Library:					
# of circulations	1,387,929	1,398,310	1,365,134	1,357,505	1,314,648
Museum:					
Attendance	47,223	42,877	37,858	40,680	47,080

Source: County records.

NEW HANOVER COUNTY, NORTH CAROLINA

Table 17

Operating Indicators by Function

Last Ten Fiscal Years

Function	2017	2018	2019	2020	2021
Public safety:					
Sheriff:					
# of divisions	8	8	8	8	8
# of sheriff personnel	503	510	529	538	548
# of arrests made	4,317	4,289	4,030	3,941	3,866
# of service calls	134,749	132,061	123,120	116,347	113,154
Fire Services:					
# of stations	8	8	8	8	8
# of fire personnel	160	154	161	165	178
# of calls answered	6,630	6,610	7,291	6,353	6,271
Culture and recreation:					
Library:					
# of circulations	1,289,761	1,300,387	1,259,225	1,055,270	1,047,294
Museum:					
Attendance	57,592	55,662	52,682	42,213	14,237

Source: County records.

NEW HANOVER COUNTY, NORTH CAROLINA

Table 18

Capital Asset Statistics by Function

Last Ten Fiscal Years

Function	2012	2013	2014	2015	2016
Public safety:					
Sheriff:					
# of stations	2	2	8	8	8
# of vehicles	279	298	311	305	347
Human services:					
Health Department:					
# of vehicles	23	22	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	2017	2018	2019	2020	2021
Public safety:					
Sheriff:					
# of stations	8	8	8	8	8
# of vehicles	368	413	433	439	440
Human services:					
Health Department:					
# of vehicles	21	21	21	21	21
Culture and recreation:					
Parks:					
# of parks/open spaces	23	24	24	25	25
Park/open space acreage	1,551	1,565	1,566	1,591	1,580

Source: County records.

NEW HANOVER COUNTY, NORTH CAROLINA

Table 19

ANALYSIS OF CURRENT TAX LEVY

COUNTY - WIDE LEVY

June 30, 2021

	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	\$ 33,565,666,306	\$0.5550	\$ 186,289,448	\$ 186,289,448	\$ -
Motor vehicles	2,661,889,730	0.5550	14,773,488	-	14,773,488
Penalties	-		252,208	252,208	-
Total	36,227,556,036		201,315,144	186,541,656	14,773,488
Discoveries:					
Current year	-		171,731	171,731	-
	-		171,731	171,731	-
Abatements	(34,815,262)		(211,405)	(211,405)	-
Total property valuation	<u>\$ 36,192,740,774</u>				
Net levy			201,275,470	186,501,982	14,773,488
Uncollected taxes at June 30, 2021			1,363,890	1,363,890	-
Current year's taxes collected			<u>\$ 199,911,580</u>	<u>\$ 185,138,092</u>	<u>\$ 14,773,488</u>
Current levy collection percentage			99.32%	99.27%	100.00%

Secondary Market Disclosures:

Assessed Valuation:

Assessment Ratio	100%
Real Property	\$ 30,575,940,663
Personal Property	2,265,372,562
Motor Vehicle	2,661,889,730
Public Service Companies	689,537,819
Total Assessed Valuation	36,192,740,774
Tax rate per \$100	0.5550
Levy (includes discoveries, abatements, penalties)	<u>\$ 201,275,470</u>

Fire District \$ 11,060,793



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2021

